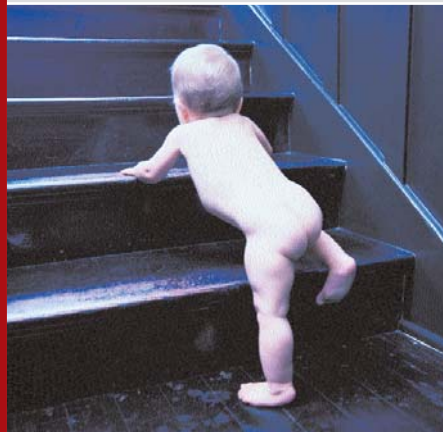
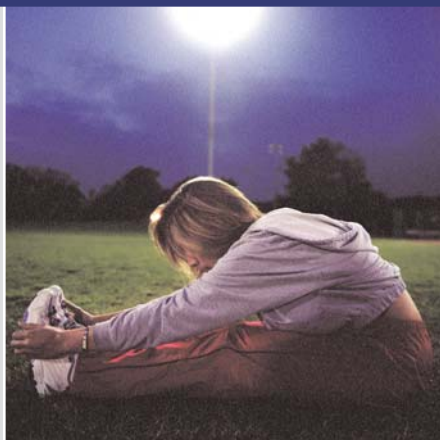


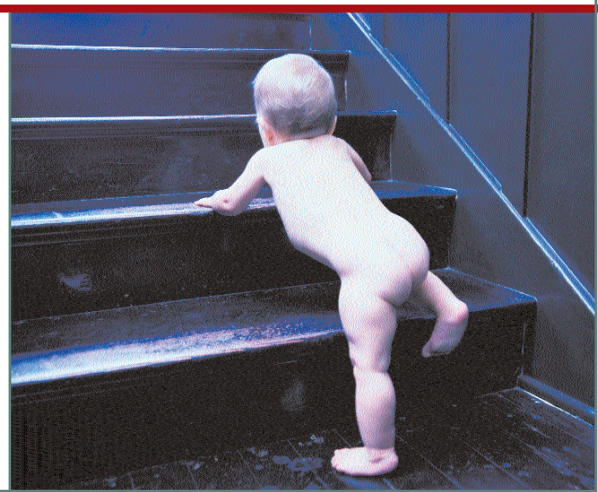
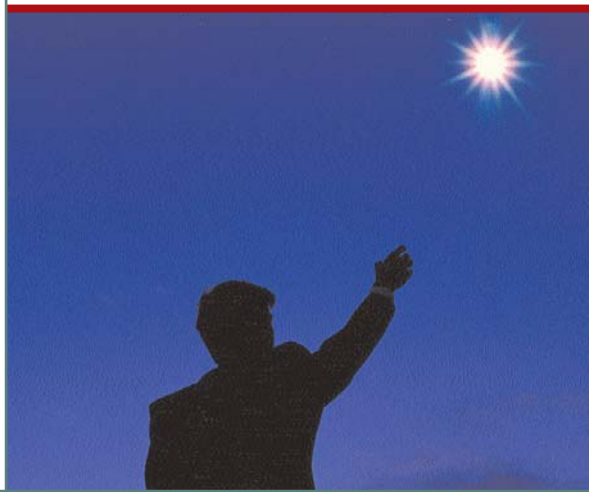
AICORP HOLDINGS

Annual Report 2003



Striving for the extraordinary

Our intent and drive is to grow exponentially, to aim for **the extraordinary**



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Mission statement

Adcorp's mission is to position the group as the most valued partner in professional business services specialising in human capital management and marketing advisory services.



Focus of activities

Human capital management

The attraction, retention and development of people, providing services in:

- Permanent recruitment
- Flexible staffing
- Education and training

Marketing advisory services

Providing marketing advisory services in the areas of:

- Corporate communications
- Public relations
- Marketing research
- Graphic design
- Multimedia

Target markets

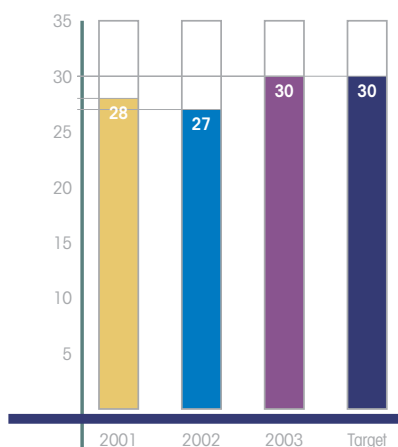
- Public and private business sectors
- Predominantly South Africa
- Selective opportunities in Africa and internationally

Achievements 2003

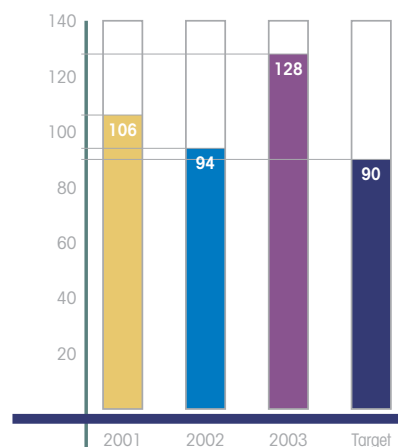
- Clarified Group strategy
- Business structure significantly simplified
- All businesses now contributing positively
- The Group and, in particular, the Flexible Staffing and Corporate Communications divisions, are now substantially empowered
- The Group has been successful in retaining key people
- There is a practice of sound corporate governance
- The Group has clear financial goals
- The financial position of the Group is sound
- Given the extraordinary businesses that make up the Group, the extraordinary people that staff these businesses, the extraordinary clients we serve as well as the extraordinary professional business service offerings of the Group, Adcorp is indeed now positioned as an **extraordinary organisation**

Performance against stated targets

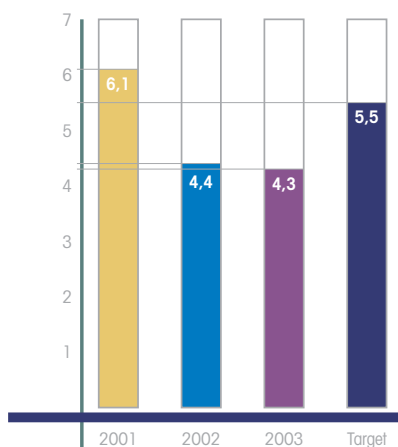
**RETURN ON ASSETS
MANAGED (%)**



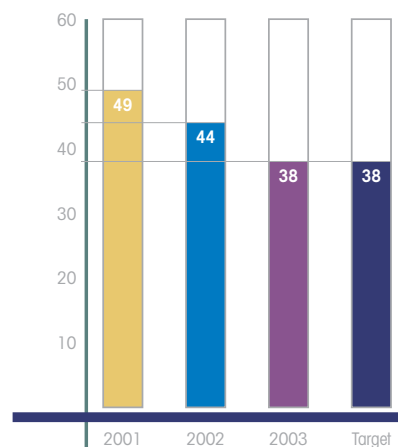
**CASH GENERATED TO
OPERATING PROFIT (%)**



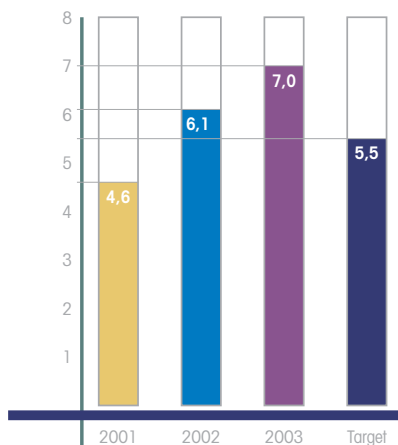
RETURN ON SALES (%)



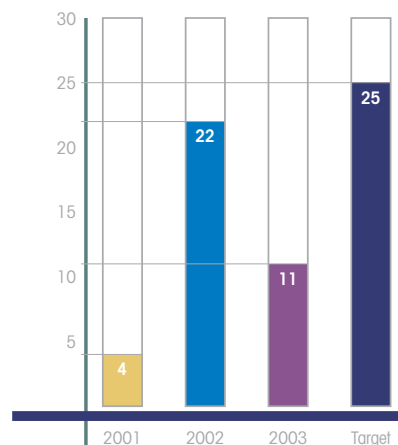
DEBTORS DAYS (NUMBER)



ASSET TURNOVER (%)



GEARING (%)



About the business



	Brands	Service offerings
Permanent Recruitment	<ul style="list-style-type: none"> Admark Recruitment Altoslevel DAV Gobodo_Grey JobVest (formerly Simeka Recruitment Advertising) The Oval Office Premier Personnel Career Junction (associate) Sandton Group (associate) 	<ul style="list-style-type: none"> Strategic staffing advisory services Recruitment advertising Talent search Executive search Internet recruitment Job profiling Candidate response management Candidate assessment and selection Turn key managed staffing solutions
Flexible Staffing	<ul style="list-style-type: none"> Capacity Charisma Nursing Services Emmanuels Quest Flexible Staffing Solutions 	<p>Variety of staffing services and solutions in a multiple number of job types and industries, including:</p> <ul style="list-style-type: none"> Temporary staffing assignments Contract staffing solutions Workforce optimisation Learnership implementation and administration
Education and Training	<ul style="list-style-type: none"> Knovation 	<ul style="list-style-type: none"> Leadership and management development Customised, strategically aligned, corporate training solutions Comprehensive offering of business relevant, accredited education and training programmes
Corporate Communications	<ul style="list-style-type: none"> Graphicor PR Connections Simeka TWS Communications 	<ul style="list-style-type: none"> Public relations Brand development Project management of marketing and communication plans Design and producing of annual reports Design and production of various stakeholder communication reports Financial advertising Graphic design Design and production of multimedia presentations
Marketing Research	<ul style="list-style-type: none"> Research Surveys Customer Equity Company (associate) 	<ul style="list-style-type: none"> Leading market research products and methodologies Specialist consumer research Brand strategy Shopper behaviour research Employee commitment surveys Socio-political surveys Qualitative and quantitative techniques

Differentiators	Opportunities
<ul style="list-style-type: none"> • Uniquely broad range of recruitment services enabling fully outsourced recruitment offerings • Candidate sourcing spanning nine leading, branded consultancies combining unrivalled knowledge, experience, databases and advertising reach • Job profiling, candidate assessment and selection profiling within a quantifiable, consistent, scientifically verified and legally compliant framework • Intimate client relationships facilitating the development of unique human capital strategies and resource planning 	<ul style="list-style-type: none"> • Requirement for recruitment of top intellectual capital in business • Employment equity • Complexity of correct recruitment of candidates • The cost of poor hiring decisions • Quantifiable cost and time savings of outsourced recruitment
<ul style="list-style-type: none"> • Productivity enhancing service offerings • Market leaders in differentiated recruitment practices • Learning as an integrated part of a flexible workforce management solution • Sophisticated workforce optimisation technology to unlock optimum client benefits • Database in excess of 250 000 candidates over all levels, skills sets and various industries • Measurable performance against defined service level agreements • Employment equity record of 68% PDI (previously disadvantaged individuals) placements • Credible black economic empowerment profile 	<ul style="list-style-type: none"> • Businesses susceptible to fluctuating market demand (ability to vary input costs with variable market demand) • Availability of highly skilled staff seeking temporary employment as a lifestyle preference • Labour law and employment equity • Business move to outsourcing of non-core and labour intensive activities
<ul style="list-style-type: none"> • Action-based training approach: learn – apply – measure • Fully accredited training offerings • Ability to measure efficiency of training in the working environment • Sustainability of benefits for clients • Ability to customise offerings 	<ul style="list-style-type: none"> • Upliftment, upskilling and acceleration programmes • Employment equity • Building intellectual capacity for companies • Filling technical and management voids • Acute skills shortage in Africa • Training levy and learnerships
<ul style="list-style-type: none"> • Diverse talent pool uniquely positioned to match the demands of the market • Credible black economic empowerment profile • Dominant market position • Unique, market leading product and service offerings 	<ul style="list-style-type: none"> • Demand for corporate transparency • New media • New companies entering the South African market • Assisting government meet the demand, to deliver and communicate effectively • Understanding and skills to work across the African continent
<ul style="list-style-type: none"> • The leading marketing knowledge and research company in South Africa • Successful track record of developing cutting edge marketing research products, for both the local and international markets • A people-centred organisation with a culture of deliberate curiosity staffed by talented professionals • Extraordinary relationships with clients • Cutting edge thinking supported by technical and process excellence 	<ul style="list-style-type: none"> • The exponential rate of change in business requires intimate market knowledge • Export of products to global network (joint venture with leading international research house, TNS) • The need for reliable brand tracking in the FMCG environment • New companies entering the South African market

Strategic priorities

EXCEED EXPECTATIONS



- Achieving aggressive organic growth through innovative differentiated, cost-effective business solutions

Striving for the

- Leveraging inter-Group opportunities
- Being vigilant with regard to non-performing assets



AWARE OF OPPORTUNITIES

FOCUSED ENERGY



- Driving the Group cash flows
- Focusing on margin management

extraordinary

- Raising the profile of the Adcorp brand
- Leveraging the recently concluded empowerment deals
- Maintaining exemplary corporate governance standards

AIMING HIGH



Report to shareholders



Following a period of significant restructuring the Group is now well positioned for the future.

CEO Richard Pike and Chairman Dr Van Zyl Slabbert

Overview

Following a period of significant repositioning and restructuring carried out during 2002 and 2003, the Group has settled down extremely well. The financial performance of the ongoing operations is pleasing and the Group is now well positioned for the future.

Operating profit from ongoing operations increased by 21% compared to the prior year whilst headline earnings per share from these operations was 16% higher than for the same period in the prior year.

Subsequent to the aggressive acquisition strategy embarked upon by the Adcorp Group during the 1990s culminating in the acquisition of around forty different business brands, it became a necessity to consolidate and focus the Group's activities following this era of rapid expansion.

On reflection, whilst this aggressive acquisition strategy of the 1990s delivered successes for the Group, it also had certain shortcomings.

On the positive side, the Group bought good assets and market leading brands in its chosen fields of Human Capital Management and Marketing Advisory Services. In addition, these two areas of industrial focus have proven to be strong growth industries. As a result of the acquisitions of these market leading brands, the Group has also acquired and retained outstanding people, a critical ingredient in a professional services business such as Adcorp. During this period of aggressive acquisitions and rapid expansion, the Group achieved impressive earnings growth although its sustainability was dependent on this strategy of continued acquisitions which clearly could not endure indefinitely.

The shortcomings of this strategy manifested themselves in a lack of operational focus and, in particular, a lack of focus on key business drivers such as **cash** and **margin** management. The focus was very much on identifying, negotiating and concluding target acquisitions.

In addition, whilst the Group acquired a number of outstanding market leading businesses, generally the prices



paid were excessive rendering returns on these investments modest at best. Also, too many businesses were acquired resulting in a disfocused Group whereby synergies were rarely realised.

A number of businesses acquired were also relatively small, being dependent on one or two key individuals thereby rendering them particularly vulnerable to these individuals.

In order to address these problems, the Group embarked on a significant process of repositioning and restructuring carried out during the 2002 and 2003 financial years.

Some of the successes of this repositioning and restructuring include the fact that the Group structure has been greatly simplified resulting in a far more manageable business, all non-performing assets have either been fixed or disposed of whilst the strong focus on cash generation has been highly successful.

In addition, the need to raise the black economic empowerment profile of the Group has been realised following the conclusion of two significant empowerment transactions at operational level. These involved the introduction of a consortium comprising the Black Management Forum Investments Company (Pty) Limited (BMFI) and Zungu Investments Company (Pty) Limited (ZICO) as 25% shareholders in the Flexible Staffing operations, whilst a consortium comprising Black Management Forum Investment Company (Pty) Limited and Tshirundu Investment Holdings (Pty) Limited (Tshirundu) acquired a 25% stake in the Corporate Communications operations. These transactions carry unique profit sharing arrangements as disclosed in the circulars to shareholders issued at the time of the deals.

Other key initiatives in terms of repositioning the Group included clarifying the strategic positioning of the Group and raising the emphasis on sound corporate governance

which has seen a restructuring of the board of directors in 2002 coupled with a restructuring of the Remuneration and Nominations Committee as well as the Audit Committee and the appointment of Deloitte & Touche as joint auditors to the Group.

Having restructured and repositioned the Group, the challenge now is to focus on growing the Group for the future.

When weighing up the options available to the Group relative to achieving the extraordinary growth we now seek, clearly a strategy of focusing on organic growth makes the most sense.

In this regard, the Group is focused on aggressively expanding market shares in those areas where, although we are market leaders, our share of the market is relatively small as well as exploring new domestic markets for our products and services and carving out unique market niches for those products and services.

Given the competitive nature of the markets we serve, this organic focus requires constant innovation and a requirement to approach the market with differentiated, cost-effective business solutions in addition to continuing to promote existing, conventional product and service offerings.

In terms of strategic and operational priorities, the Group is therefore focused in the following key areas:

- Innovating differentiated, cost-effective business solutions in order to achieve aggressive organic growth
- Raising the profile of the Adcorp brand
- Driving the Group cash flows
- Leveraging the recently concluded empowerment deals
- Being vigilant with regard to non-performing assets
- Leveraging inter-Group opportunities
- Focusing on margin management
- Maintaining exemplary corporate governance standards

Report to shareholders CONTINUED

Divisional overview

Permanent Recruitment

Recruitment advertising had an outstanding year primarily due to the success of its response handling offerings and their increasing acceptance in the market as an excellent recruitment model.

In addition, significant public sector gains were achieved in recruitment advertising.

Internet recruitment company, Career Junction, in which Adcorp owns a 25% stake, also had a successful year having consolidated its position as the number one job site in South Africa.

The site now carries an average of 11 000 jobs per month and has over 210 000 registered career seekers on the site.

The search and selection operations of the division once again had mixed fortunes mainly as the result of structural changes implemented within some of the operations as part of the overall Group strategy of repositioning and restructuring the operations.

Both DAV and Premier Personnel continued to perform well whilst The Oval Office and Gobodo_Grey had difficult years due mainly to the structural changes and realignment of their business focus as mentioned above.

The Oval Office has been repositioned to focus on the executive placements market which began to show positive results at the end of the 2003 financial year and bodes well for 2004.

Gobodo_Grey was completely re-launched as a brand during 2003 coupled with a restructuring of the business which took longer and was more costly than was initially anticipated.

In terms of positioning this division for the future, the division has developed a comprehensive service offering known as the "Adcorp Managed Staffing Solution".

It is a unique recruitment solution consisting of twenty-two separate offerings which can be packaged in various combinations in order to meet specific client requirements.

The Adcorp Managed Staffing Solution has proved very successful in positioning Adcorp as the foremost recruitment solution provider in South Africa and has resulted in the acquisition of a number of major blue-chip South African clients.

Flexible Staffing

The Flexible Staffing division continued to perform well and is by far the biggest profit contributor in the Adcorp Group.

The division has been successful in migrating a large proportion of its income from the less predictable contingency type business to more stable contractual work.

The division has now grown to become a major employer being one of the largest providers of contract staff in South Africa providing jobs for between 20 000 to 25 000 employees at any point in time through its brands Emmanuels, Quest Flexible Staffing Solutions, Capacity and nursing staffing business, Charisma.

A major success for the division has been the conclusion of the black empowerment deal whereby a black economic empowerment consortium comprising BMFI and ZICO acquired 25% of the equity of this division.

Given the requirement for significant transformation being demanded by both private and public sector clients alike, the empowerment transaction has proved critical in both protecting existing business and in securing sizeable new contracts.

Another major success of the division has been the securing of a large number of Seta learnerships which provides for the ability to improve the quality of contract staff by providing job specific, relevant training to these candidates. The division currently is one of the largest employers of learners in the country and by implication a huge facilitator towards fulfilling the objectives and spirit of the Skills Development Act.

As such, Adcorp now has the highest number of learnerships in the country.

In terms of these learnership initiatives, the operations of the Production Management Institute (PMI), formerly part of the Education and Training division, have now been incorporated with the operations of blue collar contracting business Capacity in order to take full advantage of the learnership opportunities in that business.

Other areas of operational focus remain cash and margin management.

Whilst cash generation has been outstanding, achieved through close management of the debtors book, margins have continued to come under pressure as a result of intensive competition.

Margin management is, therefore, an area receiving much management attention and has the potential to unlock sizeable profit opportunity for the division if well managed.

Education and Training

The Education and Training division has been the target of a major restructuring and repositioning exercise over the past two years although the 2003 financial year was more a year of consolidation following the significant overhead and cost reductions of the prior year.

The division was bolstered by the acquisition of 70% of Dimension Data Learning Solutions which both strengthened the positioning of the division in the leadership and management development markets as well as enabled the consolidation of all back office operations in one site.

The division has also consolidated all of its operations under one brand, Knovation, and recorded a modest profit in the 2003 financial year from its ongoing operations following a protracted period of sustained losses.

The division is now positioned as the largest private provider of business-to-business education and training solutions in the South African market and services over 40% of the top 100 companies in South Africa.

Corporate Communications

The division had an outstanding year. Operating profit before goodwill was 22% ahead of prior year profits.

Public relations company, Simeka TWS Communications continued to perform well and benefited from an environment of increasingly sophisticated communications' challenges amongst its blue-chip client base.

Simeka TWS is the largest public relations consultancy in South Africa and has further entrenched itself as the undisputed leader in this industry.

During the year, Simeka TWS was awarded the "Investors in People" standard, an international standard adopted by progressive employers in more than fifty countries around the world.

Financial communications company Graphicor also had an outstanding year.

The business secured a number of new clients in both the private and public sectors and has also been most successful

Report to shareholders CONTINUED

in extending the scope of its offerings beyond its traditional annual report and financial advertising offerings to include multi-media and graphic design products and services.

The business also benefited from a strong focus on margin management, cash generation and securing new business.

Information technology communications company, PR Connections, continued to experience difficult trading conditions given the depressed state of the information technology sector albeit, the business is a relatively small contributor to the overall division.

Following the conclusion of the black economic empowerment deal in this division involving the acquisition of 25% of the equity of these operations by an empowerment consortium comprising BMFI and Tshirundu, the division is now well positioned from an empowerment perspective and, coupled with its other transformation initiatives, should reap the rewards of being a truly transformed business.

Marketing Research

Marketing Research once again produced exceptional results with operating profit before goodwill being some 59% ahead of prior year's profits.

The marketing research environment showed strength in 2003 with Research Surveys experiencing a positive up-take for its offerings.

The business was successful in being awarded a number of sizeable public sector tenders which contributed positively to the overall financial performance of the division.

Over two years ago, Research Surveys initiated an "organisational renewal" programme focusing on positioning the business as a people-centred business.

The programme has continued to produce positive benefits for the business, having realised significantly improved levels of commitment from staff, resulting in a far more stable and consistent work force.

The Customer Equity Company (CEC), a Research Surveys associate owned jointly with United Kingdom-based research group TNS, exploits one of Research Surveys' leading products internationally, namely the Conversion Model, also performed well during the year.

During the year, TNS were successful in acquiring NFO, a significant international marketing research business which will afford the Conversion Model even greater distribution worldwide.

Needscope, a TNS product launched in South Africa by Research Surveys two years ago has proved to be a great success and continues to break new ground.

New initiatives in this division include the launch of a new observational research offering in the retail environment.

Human resources

Given the nature of the Group's operations, its human resources are the most vital ingredient to its success. As such, this is an area where much emphasis has been placed in order to ensure the attraction of top talent into the Group and to ensure the retention of this top talent.

In this regard, the Group remains committed to upholding a best practice human resource management approach ensuring that the management of Group human resources is effective, efficient and that there is fair treatment of all employees.



In terms of this best practice approach, particular emphasis is given to the following areas:

- Recruitment practices
- Retention policies and programmes
- Succession planning
- Performance management
- Training and development
- Employment equity and affirmative action
- Labour relations

Documentation in compliance with the Employment Equity Act and Skills Development Levies Act has been submitted to the relevant authorities.

An on-site review of the Group's progress in terms of the Employment Equity Act has been conducted by the Department of Labour with the review yielding a satisfactory result.

The Group has a set of comprehensive HIV/Aids policies which have been incorporated into a Group policy document and distributed to all Group employees.

Operating entities also incorporate HIV/Aids awareness and support services into their management practices.

The year ahead

Following the protracted period of repositioning and restructuring over the past two years, the process is now substantially complete and management focus and attention has been turned to delivering above average organic growth.

Following this process of successful repositioning and restructuring:

- the Group strategy is clear
- the business structure has been significantly simplified
- all businesses are contributing positively

- the Group and in particular, the Flexible Staffing and Corporate Communications divisions, are substantially empowered
- the Group has been successful in retaining key people
- there is a practice of sound corporate governance
- the Group has clear financial goals
- the financial position of the Group is sound
- given the extraordinary businesses that make up the Group, the extraordinary people that staff these businesses, the extraordinary clients we serve as well as the extraordinary professional business service offerings of the Group, Adcorp is indeed now positioned as an **extraordinary organisation**.

Given the clear financial objectives of the Group focused primarily on delivering an above average profit and cash return to shareholders, we believe that the Group is on course to achieve its true potential.

Management is strongly committed to achieving above average, sustainable earnings growth, above average cash generation and a business which justifies an above average rating in the market.

Appreciation

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



Dr van Zyl Slabbert
Chairman



Richard Pike
Chief Executive Officer

Board of directors and management committee



Dr Van Zyl Slabbert (63)

Chairman

Non-Executive Director – Independent

Appointed 16 September 1994

External member of management committee

Shepherd Shonhiwa (50)

Deputy Chairman

Non-Executive Director – Independent

Appointed 9 September 2002

Richard Pike (42)

Chief Executive Officer

Executive Director

Appointed 18 October 2000

Member of management committee



Vicky Baker (53)

Group Communications Director

Executive Director

Appointed 9 September 2002

Member of management committee

Faunce Burd (56)

Group Financial Director

Executive Director

Appointed 9 September 2002

Member of management committee

Henry Barenblatt (54)

Head of Research

Executive Director

Appointed 9 September 2002

Member of management committee

Matodzi Liphosa (59)

Group Human Resources Director

Executive Director

Appointed 9 September 2002

Member of management committee

Rob McGregor (58)

Head of Permanent Recruitment

Executive Director

Appointed 9 September 2002

Member of management committee



Nelis Swart (41)

Head of Flexible Staffing

Executive Director

Appointed 9 September 2002

Member of management committee

Neil Lilford (44)

Head of Education and Training

Executive Director

Appointed 3 June 2003

Member of management committee

Faith Khanyile (37)

Non-Executive Director – Independent

Appointed 11 September 2002



Sonja Sebotsa (32)

Non-Executive Director – Independent

Appointed 9 September 2002

George Negota (53)

Non-Executive Director – Independent

Appointed 11 March 2004

Campbell Bomela (55)

Chairman – Flexible Staffing

Non-Executive Director – Independent

Appointed 11 March 2004



Thendo Ratshitanga (29)

Member of management

committee and alternate director

Appointed 10 March 2004

Alec Rubinstein (58)

Member of management

committee

Siyabonga Zungu (38)

Alternate director

Appointed 5 August 2003

Board of directors

Dr Van Zyl Slabbert (63)

Chairman

Non-Executive Director – Independent

MA, DPhil

Appointed 16 September 1994

Outside directorships held

Metro Cash & Carry (Pty) Ltd – Chairman

Caxton (Pty) Ltd – Chairman

FirstRand Bank – Non-Executive Director

Van Zyl graduated from Stellenbosch University. He lectured at Stellenbosch, Rhodes, UCT and Wits from 1964 to 1974.

From 1974 to 1986 he was a member of Parliament and Leader of the Opposition Party. In 1986 he formed IDASA with A Boraine to promote internal/external dialogue.

Van Zyl received honorary Doctorates from Simon Fraser University in Vancouver, Canada, University of Natal and University of Orange Free State. He is currently involved with Soros Philanthropy in southern Africa and nine SADC countries.

Address

27 Kilkenny Road, Parkview, 2193

Shepherd Shonhiwa (50)

Deputy Chairman

Non-Executive Director – Independent

Dip SocSc, Dip Pers, BSc, BAdmin (Hons), MBA

Appointed 9 September 2002

Outside directorships held

Metro Cash & Carry Limited – Director

Institute of Directors (SA) – Chairman

Easigas (Pty) Ltd – Managing Director

Easigas Botswana (Pty) Ltd – Director

Graduated with degrees in Social Science (Honours), BAdmin and MBA from universities in Zimbabwe and South Africa. Entered the corporate world in mid 1970s and worked in the sugar, brewing, petroleum, milling, motor, manufacturing, FMCG and media sectors to date.

Shepherd has held general management/chief executive positions in the motor, media and petroleum industries in large organisations in central and southern Africa. This included leading black economic empowerment and

transformation at company, industry and national levels in these countries. His dominant competencies lie in management development, leadership skills enhancement, strategic planning and cross-cultural management.

Address

12 Martinique Jade Close, Calderwood Road, Lonehill, 2062

Richard Pike (42)

Chief Executive Officer

Executive Director

BCom (Hons), CA(SA)

Appointed 18 October 2000

No outside directorships held

After completing articles at Deloitte Haskins & Sells, he joined the Hunt Leuchars & Hepburn Group as Group Financial Manager, later being appointed as Financial Director of HL&H Mining Timber. In 1995 he co-founded Morgan University Alliance, a private education and business consulting initiative offering degree and diploma programmes in business management from the University of Warwick in the UK. In 1999, he listed Acumen Holdings Limited, a staffing and training group of companies.

Acumen was acquired by Adcorp Holdings Limited in the year 2000 where Richard assumed the position of Deputy Chief Executive Officer. In 2001 he was appointed as Chief Executive Officer of Adcorp Holdings Limited.

Address

4 Tambotie Close, Morningside, Sandton, 2057

Vicky Baker (53)

Group Communications Director

Executive Director

BA (Hons)

Appointed 9 September 2002

No outside directorships held

Vicky heads Simeka TWS Communications, which forms part of Adcorp Communication Solutions and is the largest public relations consultancy in the country. She is also Executive Director of Adcorp in charge of the marketing portfolio. A past President of the Public Relations Institute of Southern Africa and a member of the Investment

Analysts Society, Viccy is recognised as a leader in the field of communications.

Address

13 Bridgewater, 11th Street, Rivonia, 2128

Faunce Burd (56)

Group Financial Director

Executive Director

Appointed 9 September 2002

No outside directorships held

Faunce first joined the Adcorp Group in 1990 in the capacity of Managing Director of Adcorp Graphics. She then left the group in 1991 to take up the position of Financial Director of Mono Pumps (part of Murray and Roberts) for a period of five years. Faunce re-joined Adcorp in 1997, heading up the subsidiary Adcorp Management Services and a year later was appointed as Group Financial Director of Adcorp Holdings Limited.

Address

Plot 40, Corner Coach Lane and Trotting Close, Witpoort, 1685

Henry Barenblatt (54)

Head of Research

Executive Director

Appointed 9 September 2002

Outside directorships held

Saldanha Group of Companies

Non-Executive Director

Henry is the chairman of Research Surveys. Prior to becoming a founding partner of Research Surveys, Henry gained his initial business experience in a family business manufacturing and distributing polishes and detergents for the consumer and industrial markets. He has frequently addressed the South African Marketing Research Association conventions and was awarded the MRSA trophy in 1991 for his paper enhancing professional standards in the industry. In 1996 he was awarded the SAMRA trophy for the best paper presented at the 18th SAMRA Convention.

Address

89 Kloof Road, Bantry Bay, 8001

Matodzi Liphosa (59)

Group Human Resources Director

Executive Director

HDip ASWP

Appointed 9 September 2002

Outside directorships held

Totem Investment Holdings (Pty) Ltd – Director

Simeka Investment Holdings (Pty) Ltd – Director

Matodzi Liphosa joined Adcorp Holdings Limited in 1992. He has held leadership positions in community, business and sports organisations, and is on the Board of Directors of a private school. Matodzi has been both a member and has also held leadership positions in organisations such as the Black Management Forum, NAFCOC and The Free Market Foundation. He holds a Higher Diploma in Advanced Social Work Practice from the University of the Witwatersrand and has participated in management development programmes at the business schools of the University of Cape Town and the University of the Witwatersrand. He also completed a management development programme at the University of North Carolina at Chapel Hill in the USA as well as an executive management programme at the American Management Association.

Address

54 Judith Road, Emmarentia, 2195

Rob McGregor (58)

Head of Permanent Recruitment

Executive Director

Appointed 9 September 2002

No outside directorships held

Rob McGregor was employed by Argus Newspapers/- Independent Newspapers for the period 1981 – 1997. At the time of leaving the company he was General Manager of The Independent Newspaper Company and a member of the Executive Committee for Independent Newspapers, RSA. He joined the Board of Adcorp Holdings Limited in 1998 as Executive Director responsible for the Recruitment Advertising division. In 1999 he was appointed Divisional Director of both Recruitment Advertising and the

Board of directors CONTINUED

Communications divisions. In 2000 he was appointed Divisional Director of the Permanent Recruitment division which included all the permanent staffing companies and the recruitment advertising division of Adcorp Holdings. He was appointed to the board of Career Junction in 1999.

Address

4 Celtis Crescent, Fourways Gardens, 2055

Nelis Swart (41)

Head of Flexible Staffing

Executive Director

MCom

Appointed 9 September 2002

No outside directorships

Nelis lectured on the subjects of Strategic and Financial Management at the University of Pretoria. During the same period he was also a co-founder of a consulting and marketing research company. Thereafter he was involved with Deloitte & Touche and Byrne Fleming in a management consulting capacity during which period he gained significant consulting experience in a variety of industries. Prior to his appointment as Managing Director of Quest Flexible Staffing Solutions, he was the commercial director of Beier Industries in KwaZulu-Natal.

Address

3 Zambesi Road, Emmarentia Ridge, 2195

Neil Lilford (44)

Head of Education and Training

Executive Director

BCom, MBA

Appointed 3 June 2003

No outside directorships

Neil worked for Old Mutual for twelve years, six years of which were in IT. He was appointed manager of Management Accounting and Management Information Services in 1990 and finally Marketing Manager in Employee Benefits in 1993. Neil has lectured at business schools both locally and internationally on a part-time basis in the field of marketing strategy. He started his own company (Morgan University Alliance Cape) in 1996 focusing on management

consultancy, education and training. This company he sold to Acumen in 1999 which became part of Adcorp Holdings in the year 2000.

Address

3 Midhurst Way, Constantia, 7800

Faith Khanyile (37)

Non-Executive Director – Independent

BA Economics (Hons), MBA

Appointed 11 September 2002

Outside directorships held

WDB Investment Holdings (Pty) Ltd –

Non-Executive Director

Mintbrooke Investments (Pty) Ltd –

Non-Executive Director

Rennies Travel (Pty) Ltd – Non-Executive Director

BP (SA) (Pty) Ltd – Non-Executive Director

Ndalama-Schwela (Pty) Ltd – Non-Executive Director

Uthingo Management (Pty) Ltd –

Non-Executive Director

Faith started her career in private equity at Brait in 1995.

In 1999 Faith was instrumental in the establishment of a woman's empowerment company, Women's Development Business Investment Holding Company (WDB Investment Holdings). During the same year, Faith was part of the team in Uthingo that was successful in securing the first National Lottery Licence in South Africa.

Address

150 Mowbray Road, Greenside, 2193

Sonja Sebotsa (32)

Non-Executive Director – Independent

LLB Hons (LSE), MA, SFA

Appointed 9 September 2002

Outside directorships held

South African Post Office SA (Pty) Ltd –

Non-Executive Director

WDB Investment Holdings SA (Pty) Ltd –

Executive Director

Paracon (Pty) Ltd – Non-Executive Director

Dinatla Property Services – Non-Executive Director

Sonja is an Executive Director at WDB Investment Holdings, a women-focused empowerment company wholly owned

by the WDB Trust. Prior to joining WDB in late 2002, Sonja was a Vice President in the Corporate Finance Division of Deutsche Bank where she had worked since January 1997. Sonja has been a member of both the Association of Black Securities and Investment Professionals and the Investment Analysts Society of South Africa since 1997.

Address

15 Waterford Avenue, Parkview, 2193

George Negota (53)

Non-Executive Director – Independent

BA (Hons), Bluris, LLB, MCom, HDip Tax Law, HDip Co Law, Cert in Tax Law, BCom (Hons)

Appointed 11 March 2004

Outside directorships held

Phalaborwa Mining Co – Director

BKS Engineering – Director

Khuthele Projects (Pty) Ltd – Chairman

Infra-Africa (Pty) Ltd – Chairman

Negota Investment Holdings – Chairman

Tshirundu Investment Holdings – Director

Negota Inc Attorneys – Chairman

George Negota is a practising attorney and transport economist. He has worked for Mobil Oil where he got exposure to international trade law. He has also worked for SBDC as a senior consultant and whilst working for Edward Nathan & Friedland he acted as the lawyer responsible for the drafting of the founding documents for Khula Finance Corporation. He participated in the privatisation of Iscor and National Sorghum Breweries (NSB) whilst working for Edward Nathan & Friedland. Through his company Negota Incorporated, he was charged with the reorganisation of Eskom through the amendment of its founding legislation.

Address

Ptn 13 of Holding 269, Woburn Avenue,
Chartwell North Estate, Randburg

Campbell Bomela (55)

Chairman – Flexible Staffing

Non-Executive Director – Independent

BCom, MBA

Appointed 11 March 2004

Outside directorships held

Black Management Forum Investment Co Ltd – Managing Director

Peoples Bank – Non-Executive Director

Keboes Fruit Farms – Non-Executive Director

Mossbrooke Investments – Director

Westrade Investments – Director

Campbell Bomela is the MD of Black Management Forum Investments Company (BMFI). He has been a senior business professional for over 15 years and as part of his experience, he was seconded to start up the Department of Economic Affairs for the Eastern Cape Government after the 1994 general elections. Later he was seconded to assist with the amalgamation and rationalisation of the different economic development corporations which operated in the Eastern Cape prior to 1994. On completion, he started and ran his own businesses.

Address

128 Eccleston Crescent, Bryanston

Alec Rubinstein (58)

Member of management committee

BA, MBL

Address

301 Cliffside, Bantry Bay, 8001

Thendo Ratshitanga (29)

Member of the management committee

Alternate director to GM Negota

Post-graduate diploma in Public Policy and Development Management, diploma in Legislative Drafting

Appointed 11 March 2004

Address

467 Monica's Place, Noordwyk X11, Midrand

Bonga Zungu (38)

Alternate director to C Bomela

BCom, MBA

Diploma in Sport and Marketing Management

Appointed 11 March 2004

Address

59 Graceland, 25 Faraday Road, Sunninghill, 2157

Six-year review

	2003	2002	2001	2000	1999	1998
INCOME STATEMENT						
Turnover (R'000)	1 667 235	1 523 381	1 211 287	963 443	685 460	542 616
Operating profit (R'000)	68 333	61 549	76 305	93 364	65 981	50 434
Pre-tax/(loss)/profit (R'000)	16 831	(18 308)	78 665	99 228	74 597	49 641
Tax rate (%)	41,9	33,4	30,6	27,1	28,4	37,5
Attributable (loss)/profit (R'000)	(8 802)	(37 031)	54 026	72 314	52 831	30 950
BALANCE SHEET						
Fixed and other non-current assets (R'000)	132 791	175 871	205 805	198 012	68 326	281 430
Current assets (R'000)	278 240	258 843	258 893	178 409	206 545	171 610
Total assets	411 031	434 714	464 698	376 421	274 871	453 040
Shareholders' interest (R'000)	194 153	221 755	267 410	231 731	93 145	331 573
Minority shareholders' interest (R'000)	603	394	1 281	–	134	326
Non-current interest-bearing liabilities (R'000)	–	1 002	1 137	1 810	10 953	38 267
Deferred taxation (R'000)	–	–	–	3 362	192	304
Current liabilities (R'000)	216 275	211 563	194 870	139 518	170 447	82 570
Total equity and liabilities (R'000)	411 031	434 714	464 698	376 421	274 871	453 040
PROFITABILITY						
Return on assets managed (%)	30	27	28	71	42	21
Return on equity (%)	(4,2)	(15,1)	19,8	42,5	24,5	12,3
Operating margin (%)	4,3	4,4	6,1	9,7	9,6	9,3
EBITDA/turnover (%)	5,1	5,4	8,0	211,7	10,8	10,4
Number of employees	1 403	1 394	1 649	1 628	1 082	1 002
LIQUIDITY						
Cash generated by trading activities to operating profit (%)	132	94	106	86	90	141
Current ratio	1,3	1,2	1,3	1,3	1,2	2,1
Gearing (%)	11	22	4	0	10	11
Debtors days	38	44	49	55	N/avail	N/avail
STATISTICS						
Weighted average number of shares in issue ('000)	40 031	39 936	40 481	39 338	34 633	30 412
Headline earnings per share – ongoing operations (cents)	128	106	140	192	151	102
(Loss)/earnings per share (cents)	(20)	(93)	128	184	153	102
Total capital distribution/annual dividend per share (cents)	64	37	28	28	23	16
Capital distribution (times) based on HEPS	2,0	2,9	0,0	0,0	0,0	0,0
Dividend cover (times) based on EPS	–	0,0	4,6	6,6	6,6	6,4
Net asset value per share (cents)	485	555	674	596	272	1 021*

DEFINITIONS

Cash generated by trading activities as a percentage of operating profit

Cash generated by operations as a percentage of operating profit.

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 before 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.

Corporate governance

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 report and it is expected that Adcorp will be fully compliant by the end of 2004.

The only area of non-compliance is the composition of the board which is as a result of changes in the definition of non-executives.

Board of directors

The board of directors as set out on pages 14 to 19 of the annual report consists of eight executive directors and six non-executive directors all of whom are independent. The non-executive directors provide the board with independent judgement based on their significant range of skills and commercial experience. Six board members are black and four are women. The functions of chairman and CEO are not performed by the same person.

The board meets quarterly and on an ad hoc basis if considered necessary. The main function of the board is to determine strategy and direction and to lead the company in this direction with integrity and judgement. In addition it is responsible for the overall sustainability of the group including areas such as risk management, protection of group assets, monitoring key performance indicators as well as the adequacy of policies and systems. It is further required to ensure compliance with all legal and statutory requirements. Certain functions have been delegated to sub-committees, which currently consist of the audit committee, risk committee, transformation committee and the remuneration and nominations committee. The functions of these committees are described more fully under each of the relevant sub-headings in this report.

All new directors are given a presentation on the group's strategy as well as a document outlining the duties and liabilities of directors. Presentations covering director responsibilities and fiduciary duties are also arranged for board directors from time to time.

Executive directors do not have service contracts, and employment is subject to a maximum of three months' notice with the exception of the CEO where the notice period is six months. Restraint agreements have been signed and all executive and non-executive connected directors hold either shares or share options or both.

A declaration of interests is submitted by all directors annually in order to determine any conflict of interests. No conflicts of interest exist at present but if this were to occur it would be resolved by the board. All board directors have access to the advice of the company secretary and are at liberty to obtain external advice at the company's cost if necessary.

Board meetings

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

1st quarter:	S Shonhiwa
2nd quarter:	F Khanyile
3rd quarter:	F van Zyl Slabbert B Sibiyi
4th quarter:	S Sebotsa

Audit committee

The audit committee consists of:

Non-executive

S Sebotsa (Chairperson)	Appointed 2 October 2002
F Khanyile	Appointed 2 October 2002

Executive

FD Burd (Group Financial Director)	Appointed 9 September 2002
D Rademaker (Group Manager: Internal Audit)	Appointed 10 April 2000

Apologies were received from F Khanyile in respect of the October 2003 meeting. The members attended all the other meetings.

The audit committee has a charter setting out its functions and responsibilities and is chaired by a non-executive director. The committee met four times during the 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 checklist which includes, amongst other items, the following areas which are reviewed on an ongoing basis:

- Evaluation of critical risk areas and how these are being addressed.
- Review of internal and external audit reports.
- Assessment of control mechanisms and correctness of financial data.
- Level and competency of company and group management, particularly in the financial area.
- Disaster recovery procedures.

The auditors are appointed annually based on the recommendation of the audit committee. Currently the group auditors are Deloitte & Touche and Charter Financial & Auditing Inc.

The internal auditor reports to the audit committee. Relevant issues discussed by this committee are reported to the Adcorp board and the board is kept fully informed as to the workings of the committee.

Risk committee

The risk committee was established in 2004 and consists of

Non-executive

G Negota (Chairman)
F Khanyile
S Shonhiwa

Executive

R Pike
F Burd
D Rademaker (ex officio)

Transformation committee

The transformation committee was established in 2004 and consists of

Non-executive

C Bomela (Chairman)
Van Zyl Slabbert
M Liphosa
S Sebotsa (ex officio)

Executive

A Ramsden (ex officio)

Remuneration and nominations committee

This committee met once during the year and consists of:

Non-executive

S Shonhiwa (Chairman)	Appointed 2 October 2002
Dr Van Zyl Slabbert	Appointed 20 November 1995

Executive

FD Burd (ex officio)
RL Pike (ex officio)

The remuneration committee is responsible for approving the remuneration of all board directors as well as the allocation of share options to employees. Independent external consultants and market comparisons are used to ensure that remuneration is market related and is linked to both individual and company performance. Directors' remuneration is fully disclosed on pages 56 and 57.

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. These policies and procedures are reviewed continually and updated as necessary. The internal audit division conducts ongoing audits on all group companies and written reports are compiled. All items raised in these reports are addressed promptly. The group has a documented and tested business continuity plan which should enable it to recover from a disastrous incident. 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.

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.

Corporate governance CONTINUED

Social investment

Adcorp established a formal Social Investment Programme in January 2001. The achievements of this programme as well as its purpose and future direction are covered more fully under the section on "Corporate Social Responsibility" on pages 26 and 27.

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. The group has a formal HIV/Aids policy and has done assessments on the effect HIV/Aids could have in the workplace.

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 a National Health and Safety Manager who is responsible for the safety of all employees.

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 generally accepted accounting standards and with the consistent use of appropriate accounting policies supported by reasonable and prudent judgement.

Use of empowered suppliers

The group places significant importance on the use of empowered suppliers and sourcing of services and supplies from empowered companies is encouraged at all times.

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.

Human resources

The board of directors has 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. A table setting out the number of employees and the employment equity status of the group appears on the page opposite. In addition to 1 403 permanent employees the group also has approximately 24 000 contract and temporary employees which it places in employment across a wide spectrum of businesses. The group also trains these employees while in excess of 400 employees are expected to be trained using various learnership programmes during 2004.

Employment equity

	2003	2002
TOTAL WORKFORCE	1 403	1 394
TOTAL EMPLOYEES WITH DISABILITIES	17	22
WORKFORCE PROFILE		
RACIAL AND GENDER PROFILE		
Non-designated group	146	217
White females	628	658
Black males	175	129
Black females	454	390
OCCUPATIONAL LEVEL PROFILE		
Management	1 011	963
Non-management	392	431
MANAGEMENT PROFILE BY GENDER		
Female	769	733
Male	242	230
MANAGEMENT PROFILE BY RACE		
Whites	670	680
Designated groups	341	283
NON-MANAGEMENT PROFILE BY GENDER		
Females	313	373
Males	79	58
NON-MANAGEMENT PROFILE BY RACE		
Black	288	294
White	104	137
DISABILITY PROFILE		
Management	8	6
Non-management	9	16
PEOPLE WITH DISABILITIES BY GENDER		
Females	13	13
Males	4	9
TOTAL EMPLOYEES BEFORE REPORTING CYCLE	1 394	1 336
Less: Resignations	309	285
Death/other	26	20
Dismissals	14	13
Retirements	-	1
Retrenchments	12	6
TOTAL EMPLOYEES AS ON REPORTING DATE OF THE REPORTING CYCLE	1 403	1 394

Adcorp Holdings already complies with the targets submitted to the Department of Labour. Each Adcorp subsidiary company has submitted its own individual plan to the Department of Labour.

Corporate social responsibility



1

The Group's social investment activities focus on the support of black community based businesses and on the support and care of Aids sufferers and orphans. To this end, the Group has undertaken to commit up to 1% of its annual profits to supporting these causes.

In this regard, Adcorp has supported a number of social investment projects directed at uplifting certain rural and urban communities and improving the quality of life of the beneficiaries of these projects.

Over the past three years, five such projects have been supported in the Limpopo Province involving chicken farming, clay pottery and the farming of vegetables.

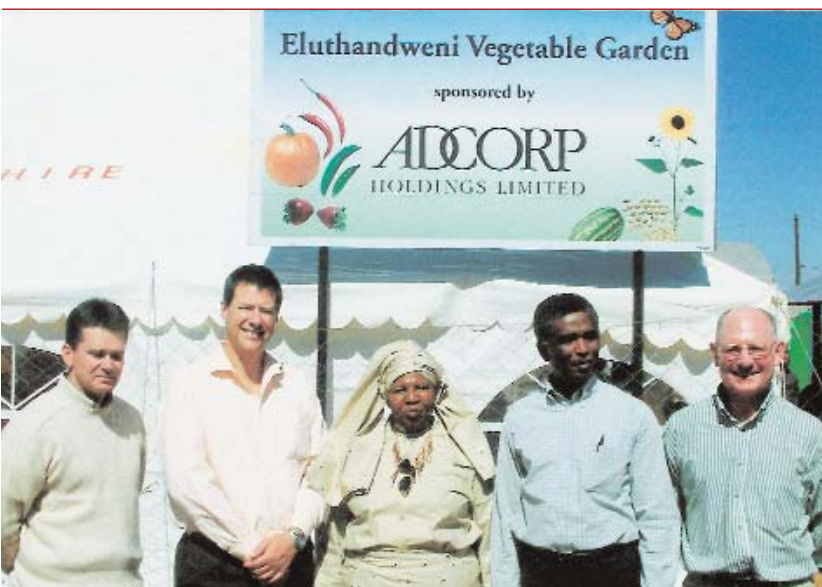
During 2003, a further social investment project was initiated in Vosloorus in collaboration with the Eluthandweni Maternity Clinic.

The project has created a unique opportunity for local women to grow vegetables for sale to their communities and also supplies nutritious vegetables to mothers attending the clinic, a number of whom suffer from HIV/Aids.

"Adcorp has supported a number of social investment projects directed at uplifting certain rural and urban communities and improving the quality of life of the beneficiaries of these projects."



3



2

The project has two greenhouse tunnels within which spinach, cabbage, tomatoes and green peppers are grown.

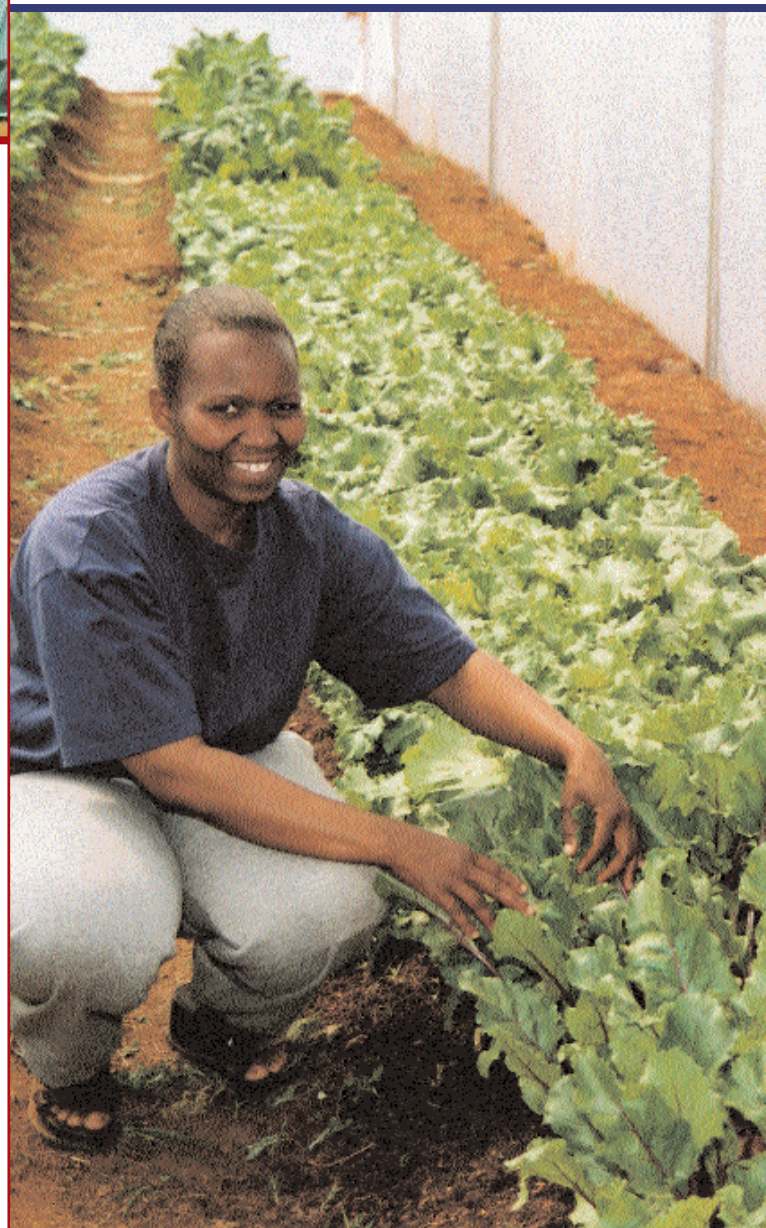
A similar project is currently underway in Tembisa in collaboration with the local Ikusasa Comprehensive School which caters for around 1 600 learners. Whilst local residents do the growing of the vegetables, the school also uses the project to teach subjects related to environmental studies.

The project will supply nutritious vegetables to the school feeding scheme providing meals to learners from poor families and will also provide vegetables for learners and local residents for home consumption.

Four more similar such projects are planned for 2004 in the Vaal Triangle, Lanseria, Diepsloot and Crown Mines areas also providing for vegetable gardens using greenhouse tunnels requiring limited land area whilst yielding high quality vegetables.

The Group has also been a major contributor to the Business Trust.

1. Learners at Ikusasa Comprehensive School learning about soil properties required for growing crops
2. Adcorp directors with Sister Dolly Dube at the launch of Eluthandweni Maternity Clinic vegetable garden
3. Tending seedlings in Ikusasa Comprehensive School greenhouse tunnel
4. Harvesting vegetables for sale at Eluthandweni Maternity Clinic greenhouse project



4

Shareholding analysis

Number of shares	Number of shareholders	%	Number of shares	%
SHAREHOLDER SPREAD				
1 – 1 000	785	63,4	255 876	0,6
1 001 – 10 000	280	22,6	896 285	2,2
10 001 – 100 000	110	8,9	4 276 331	10,7
100 001 – 1 000 000	52	4,2	15 553 188	38,9
1 000 000 and above	11	0,9	19 053 145	47,6
Total	1 238	100,0	40 299 377	100,0
DISTRIBUTION OF SHAREHOLDERS				
Banks	17	1,37	78 566	0,2
Close corporations	26	2,10	68 602	0,2
Endowment funds	5	0,40	253 262	0,6
Individuals	889	71,75	2 565 316	6,4
Insurance companies	8	0,65	7 354 651	18,2
Investment companies	9	0,73	1 102 517	2,7
Limited companies	2	0,16	265 030	0,7
Medical aid scheme	1	0,08	92 900	0,2
Mutual funds	60	4,84	12 597 432	31,3
Nominees and trusts	115	9,28	3 651 377	9,1
Other corporations	21	1,69	44 027	0,1
Pension funds	58	4,68	10 662 167	26,5
Private companies	27	2,18	1 298 978	3,2
Adcorp Empowerment Share Trust	1	0,08	264 552	0,06
Total	1 239	100,0	40 299 377	100,0
NON-PUBLIC/PUBLIC SHAREHOLDERS				
Non-public shareholders				
Adcorp Empowerment Share Trust	1	–	264 552	0,7
Directors and staff of the group	43	3,5	775 505	1,9
Shareholders holding a beneficial share interest of 10% or more	3	0,3	16 844 560	41,8
Public shareholders				
	1 191	96,2	22 414 760	55,6
Total	1 238	100,0	40 299 377	100,0
SHAREHOLDERS WITH AN INTEREST OF 5% OR MORE IN SHARES				
Fund manager holdings				
– Old Mutual Group (Holdings and Funds)			7 850 363	19,6
– Allan Gray (Holdings and Funds)			4 756 965	11,9
– Coronation Fund Managers			4 237 232	10,6
Total			16 844 560	42,1

Note:

1. Details of directors' shareholding appears in note 32, page 61 of the financial statements.
2. A reconciliation of the movement in shares appears in note 11, page 53 of the financial statements.

Shareholders' diary

Financial year-end
Annual general meeting

31 December
Tuesday, 29 June 2004

CAPITAL DISTRIBUTION

Forms of proxy for annual general meeting of
shareholders to be received by 10:00

Monday, 28 June 2004

Annual general meeting for shareholders held at 10:00

Tuesday, 29 June 2004

Results announcement published on SENS

Tuesday, 29 June 2004

Results announcement published in the press

Wednesday, 30 June 2004

Last day to trade to participate in the capital distribution

Friday, 16 July 2004

Shares trade ex-distribution

Monday, 19 July 2004

Record date to be recorded in the register to participate
in the capital distribution

Friday, 23 July 2004

Distribution to shareholders in respect of the capital distribution.

Posting of cheques or electronic bank transfers in respect of
certificated shareholders. Accounts credited at CSDP or broker
in respect of shareholders who have dematerialised their shares

Monday, 26 July 2004

REPORTS

- Interim
- Reviewed annual financial results
- Audited annual financial statements

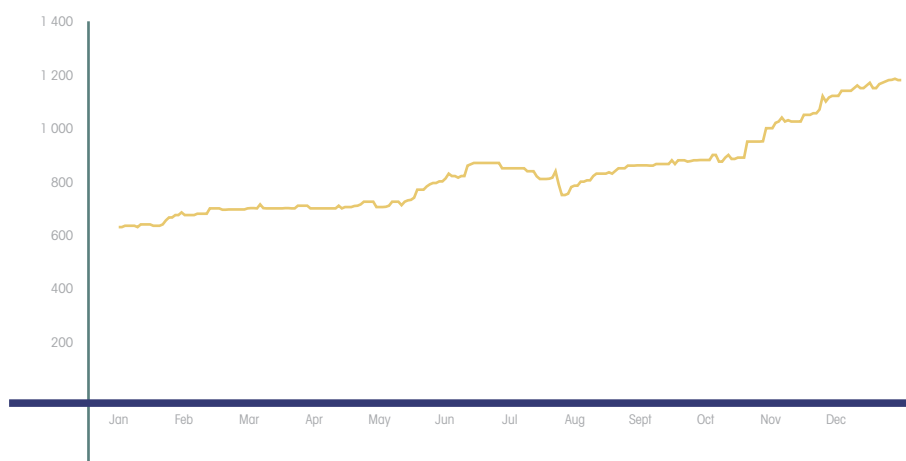
August
March
June

Note:

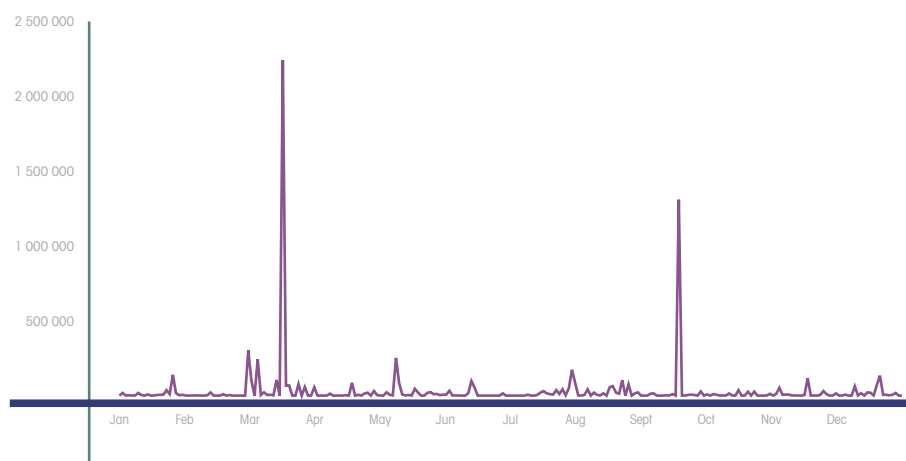
1. The above dates and times are subject to change. Any changes will be published in the press and on SENS.
2. Shares may not be dematerialised or rematerialised between Monday, 19 July 2004 and Friday, 23 July 2004, both days inclusive.

Adcorp share data

DAILY CLOSING PRICE (CENTS)



DAILY VOLUME TRADED



	2003	2002
Closing price of Adcorp Holdings (at 31 December) (cents)	1 180	630
Total number of shares traded	7 717 472	14 485 136
Total value of shares traded (rands)	60 790 000	115 056 300
Price of shares traded – highest (cents)	1 185	1 000
Price of shares traded – lowest (cents)	635	580
Total number of Adcorp transactions recorded on the JSE	647	1 230
Total value of shares traded as a % of total shares issued (%)	13,0	34,0

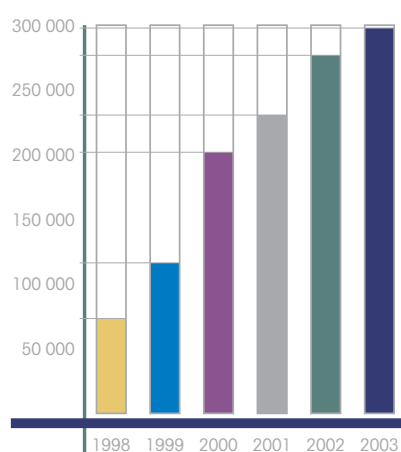
Value added statement

	2003 R'000	%	2002 R'000	%
Turnover	1 667 235		1 523 381	
Less: Net cost of products and services	(1 129 568)		(996 346)	
	537 667		527 035	
Add: Income from investments	18 600		12 543	
Value added	556 267		539 578	
Distributed as follows:				
Employees				
– Salaries, wages and other benefits	297 778	53,5	276 713	51,3
Providers of capital	43 251	7,8	28 888	5,4
– Interest on borrowings	24 435	4,4	17 794	3,3
– Capital distribution/dividends to ordinary shareholders	18 816	3,4	11 094	2,1
Government				
– Taxation (see note)	39 160	7,0	31 360	5,8
Portion of value added reinvested to sustain and expand the business	176 078	31,7	202 617	37,5
	556 267	100,0	539 578	100,0
Summary of taxes				
Central and local government				
– Taxation	26 105		18 803	
– Regional Services Council levies	5 426		4 699	
– Rates and taxes paid to local authorities	942		787	
– Skills development levy	6 687		7 071	
	39 160		31 360	

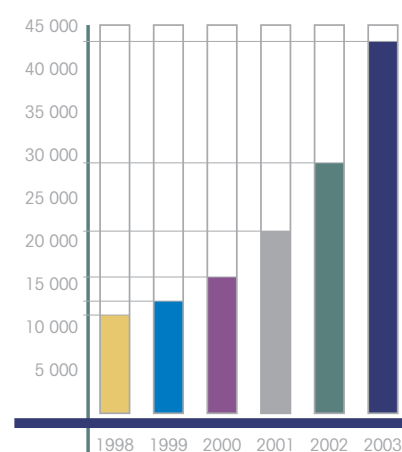
Value added statement CONTINUED

	2003 R'000	2002 R'000	2001 R'000	2000 R'000	1999 R'000	1998 R'000
TREND OF ADDED VALUE						
Employees (excludes flexible staffing direct salaries)	297 778	276 713	230 542	201 792	116 329	73 300
Providers of capital	43 251	28 888	21 115	15 797	12 997	11 385
Government	39 160	31 360	33 937	31 754	23 993	20 660
Portion reinvested by the group	176 078	202 617	202 617	170 630	113 967	83 623
	556 267	539 578	488 310	419 973	267 286	188 968

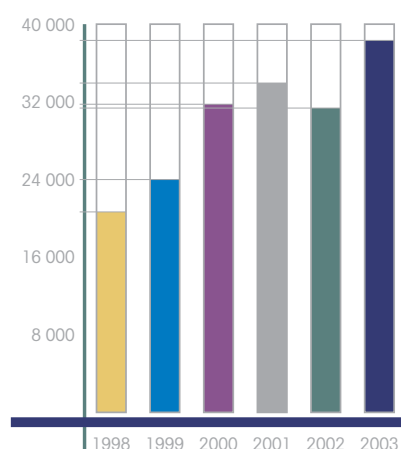
EMPLOYEES (R'000)
(EXCLUDES FLEXIBLE STAFFING DIRECT SALARIES)



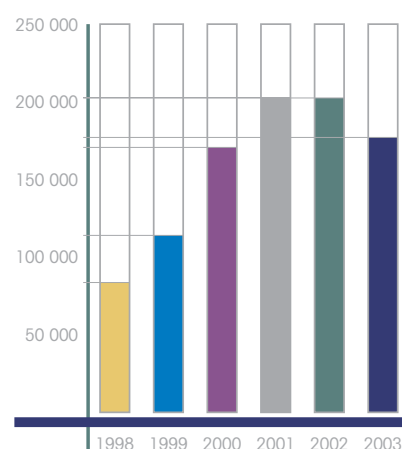
**PROVIDERS OF CAPITAL
(R'000)**



**GOVERNMENT
(R'000)**



**RETAINED IN THE GROUP
(R'000)**



Approval of the annual financial statements

as at 31 December 2003

TO THE MEMBERS OF ADCORP HOLDINGS LIMITED

The directors of the company are responsible for the preparation, integrity, objectivity and fair presentation of the annual financial statements and related financial information presented in this report.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. 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 company and group financial statements are prepared in accordance with the provisions of the South African Companies Act and comply with South African Statements of Generally Accepted Accounting Practice and incorporate full and reasonable disclosure in line with the accounting policies of the group.

The directors are of the opinion that the business will be a going concern for the foreseeable future, and accordingly the financial statements continue to be prepared on a going concern basis.

It is the responsibility of the independent auditors to report on the annual financial statements. Their response to the members is set out on page 34.

The annual financial statements set out on pages 35 to 65 were approved by the board of directors on 26 May 2004 and are signed on its behalf by:



RL Pike
Chief Executive Officer



FD Burd
Group Financial Director

Johannesburg
26 May 2004

Certification by company secretary

In accordance with section 268G(d) of the Companies Act, 61 of 1973 as amended, I certify 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

Appointed 1 May 1999

Johannesburg
26 May 2004

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 35 to 40 and pages 43 to 65 for the year ended 31 December 2003. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with Statements of 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 annual financial statements and group annual financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2003 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

Without qualifying our opinion above, we draw your attention to the supplementary income statements on pages 41 and 42. These do not form part of the annual financial statements and are presented for information purposes only.



Deloitte & Touche

Chartered Accountants (SA)

Registered Accountants and Auditors



Charter Financial & Auditing Incorporated

Chartered Accountants (SA)

Registered Accountants and Auditors

Johannesburg

28 May 2004

Directors' report

for the year ended 31 December 2003

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 2003.

NATURE OF BUSINESS

Adcorp Holdings Limited is an investment holding company whose subsidiaries and associates carry on business in the permanent recruitment and flexible staffing sectors as well as the education and training, communications and marketing research sectors of the service industry mainly in South Africa.

OVERVIEW

Following a period of significant restructure and repositioning carried out during 2002 and 2003, the group has settled down extremely well, the financial performance of the ongoing operations is pleasing and the group is now well positioned for the future.

Operating profit from ongoing operations increased by 21,4% compared to the prior year whilst headline earnings per share from these operations was 16,0% higher than for the same period in the prior year.

Some of the successes of this repositioning include the fact that the group structure has been greatly simplified resulting in a far more manageable business, all non-performing assets have either been fixed or disposed of whilst the strong focus on cash generation has been highly successful.

Debtors days of 38 days were reduced from the prior year level of 44 days which together with other factors contributed to the Group generating cash from operating activities of R95,5 million (2002: R62,9 million) which is 51,7% higher than for the corresponding prior year period.

Pleasing to note are the improved performances of the permanent recruitment and training divisions which, having experienced particularly difficult trading conditions over the recent past, have both benefited from the restructuring and repositioning of these divisions.

The flexible staffing, corporate communications and marketing research divisions of the Group once again achieved solid trading performances.

FINANCIAL OVERVIEW

The loss per share of 22 cents compared with the loss of 92,7 cents in 2002, resulted from the final stages of the restructure of non-profitable operations which commenced in 2002. Headline earnings per share of the Group at 96,4 cents are lower than the 110,4 cents for the previous year due to trading losses incurred by the closed operations of R9,4 million (including associate loans and interest). In addition, the current year includes a tax charge in respect of an underprovision in 2002 amounting to R1,2 million.

The effective tax rate in 2003 is 41,9% based on operating profit less interest. This is high due to the trading losses on disposed operations together with the fact that deferred tax has not been raised in respect of certain tax losses incurred by ongoing operations. In addition the current year tax charge includes an underprovision in respect of 2002 amounting to R1,2 million as mentioned above.

The impairment charge in 2003 of R11,4 million relates mainly to the Sandton Group where both the loan and investment were fully impaired as reported at the half year.

The R31,7 million loss on disposal of operations arose from the liquidation of Astbury Jones (Pty) Limited, as well as the disposal of the property company Endenburg (Pty) Limited and the closure of Perm Staffing operations D/ability (Pty) Limited and Finexec, a division of Emmanuel Staffing (Pty) Limited. In addition the training sector disposed of Warwick Institute (Pty) Limited and various other small training divisions as previously reported.

Directors' report continued

for the year ended 31 December 2003

Below is an analysis showing the operating profit of the group's ongoing operations:

	Operating profit before goodwill		Operating profit margin before goodwill	
	2003 R'000	2002 R'000	2003 %	2002 %
Ongoing operations				
Central costs	(15 383)	(7 191)	-	-
Permanent recruitment	6 666	4 894	2,9	2,7
Flexible staffing	57 652	54 537	5,2	5,4
Education and training	1 081	(7 422)	4,3	(20,3)
Corporate communications	18 721	15 304	11,9	9,8
Marketing research	11 088	6 976	12,8	0,7
Total ongoing operations	79 825	67 098	4,9	4,6
Total closed/disposed operations	(7 392)	(390)	(16,6)	(0,7)
Total	72 433	66 708	4,3	4,4

If closed operations are excluded, the margin for 2003 is 4,9% compared with 4,6% for the previous year. Losses in Gobodo_Grey and The Oval Office caused the low margin percentage in permanent recruitment, however these operations are now making a positive contribution.

Central costs for 2002 were understated due to the reversal of provisions which were no longer required. Certain changes in cost allocations also impacted these costs in 2003.

Gearing in the Group is considerably lower at 11,4% in 2003 compared with 22,4% in the previous year. This has been achieved through a strong focus on cash management, particularly the collection of debtors which also contributed significantly to the reduction in net bank overdraft from R49,7 million in 2002 to R22,1 million in 2003.

SHARE CAPITAL

Details of the authorised and issued share capital appear in notes 11 and 13 on pages 53 and 54 of the financial statements. The following changes took place during the year:

	Number 000's	R'000
Opening balance 1 January 2003		
- Issued shares	42 550	1 064
- Treasury shares	(2 520)	(35 894)
Employee share scheme (ordinary shares created) 5 000 shares at 2,5 cents	5	-
Cancellation of 2 255 979 treasury shares at nominal value from issued shares	(2 256)	(57)
Cancellation of 2 255 979 treasury shares at cost from treasury shares	2 256	31 316
Closing balance 31 December 2003		
- Shares in issue at nominal value	40 299	1 007
- Treasury shares at cost	264	(4 454)

SHARE PREMIUM

Movements in share premium during the year are shown below:

	R'000
Opening balance 1 January 2003	106 930
- Cancellation of 2 255 979 treasury shares at cost	(31 259)
- Employee combined option/deferred payment scheme (ordinary shares created) 5 000 shares at R3,25	16
- Capital distribution July 2003 37 cents and October 2003 10 cents	(18 940)
Closing balance 31 December 2003	56 747

DISTRIBUTION OF CAPITAL

The board has proposed a final capital distribution of 54 cents per share subject to shareholder approval. Together with the interim capital distribution of 10 cents per share, the total proposed capital distribution in respect of the 2003 financial year is 64 cents per share. This represents a cover of 2 times based on headline earnings from ongoing operations (2002: cover 2,9 times based on headline earnings from ongoing operations). The last day to trade "cum" the capital distribution will be Friday, 16 July 2004. Adcorp shares will commence trading "ex" the capital distribution from the commencement of business on Monday, 19 July 2004 and the record date for the distribution will be Friday, 23 July 2004. Payment in respect of the capital distribution will be made to Adcorp shareholders on Monday, 26 July 2004.

STRATE

Adcorp dematerialised its issued shares with effect from 9 July 2001 since which time settlement of any trade on or outside of the JSE can only be done in electronic format. All shareholders were circulated with a brochure at the time giving details of how to go about dematerialising their shares. Despite this, a 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 OPTION 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 option/deferred payment 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 2003 is 6 005 223.

Options to purchase shares have been granted on 3 269 091 shares as at 31 December 2003. The earliest years at which these options can be paid for and then created are as follows:

2004	2 720 091
2005	549 000
Total	3 269 091

Directors' report continued

for the year ended 31 December 2003

Movements for the year in the Adcorp Employee Share Option Scheme appear below:

Opening balance 1/1/2003			Options granted/(cancelled)/(exercised) 2003				Closing balance 31/12/2003			
Quantity	Price	Value	Date option granted	Quantity granted/ (cancelled)	Quantity exercised	Price	Value	Quantity	Price	Value
32 300	3,25	104 975		(7 200)	(5 000)	3,25	(39 650)	20 100	3,25	65 325
-	-	-	21 Jan 03	549 000	-	6,35	3 486 150	549 000	6,35	3 486 150
2 500	6,80	170 000		-	-	6,80	-	2 500	6,80	17 000
40 800	8,00	326 400		-	-	8,00	-	40 800	8,00	326 400
585 000	8,85	5 177 250		-	-	8,85	-	585 000	8,85	5 177 250
5 000	10,00	50 000		-	-	10,00	-	5 000	10,00	50 000
136 950	10,40	1 424 280		(3 450)	-	10,40	(35 880)	133 500	10,40	1 388 400
3 600	11,50	41 400		-	-	11,50	-	3 600	11,50	41 400
117 352	11,90	1 396 489		(9 519)	-	11,90	(113 276)	107 833	11,90	1 283 213
2 095 157	12,00	25 141 884		(337 399)	-	12,00	(4 048 788)	1 757 758	12,00	21 093 096
20 500	13,00	266 500		(19 500)	-	13,00	(253 500)	1 000	13,00	13 000
12 000	13,50	162 000		-	-	13,50	-	12 000	13,50	162 000
46 000	13,75	632 500		-	-	13,75	-	46 000	13,75	632 500
4 200	15,50	65 100		(4 200)	-	15,50	(65 100)	-	15,50	-
10 000	16,00	160 000		(10 000)	-	16,00	(160 000)	-	16,00	-
5 000	18,50	92 500		-	-	18,50	-	5 000	18,50	92 500
3 116 359		35 058 278		157 732	(5 000)		(1 230 044)	3 269 091		33 828 234

ADCORP EMPOWERMENT SHARE TRUST

The above trust owns 264 552 Adcorp shares of which 12 052 shares were unallocated as at 31 December 2003 as a result of employees leaving the group. These will be re-allocated during 2004. The earliest years at which these options can be paid for and the shares transferred into the employee's name are as follows:

2004	40 332
2005	168 332
2006	43 836
Unallocated	12 052
Total	264 552

PDI opening balance 1/1/2003			Options granted/(cancelled)/(exercised) 2003				PDI closing balance 2003			
Quantity	Price	Value	Date option granted	Quantity granted/ (cancelled)	Quantity exercised	Price	Value	Quantity	Price	Value
-	-	-	21 Jan 03	30 000	-	6,35	190 500	30 000	6,35	190 500
-	-	-	28 Jul 03	75 000	-	7,50	562 500	75 000	7,50	562 500
134 000	8,85	1 185 900		(16 500)	-	8,85	(146 025)	117 500	8,85	1 039 875
30 000	11,80	354 000		-	-	11,80	-	30 000	11,80	354 000
100 552	-	-		(88 500)	-	-	(606 975)	12 052	-	-
264 552		1 539 900		-	-	-	-	264 552		2 146 875

SUBSIDIARIES AND ASSOCIATES

Details of the company's operating subsidiaries and associates are set out in Annexure A on page 64.

The summarised attributable interest of the company in the profits and losses of its subsidiary companies is as follows:

	2003 R'000	2002 R'000
Total profit after taxation	277 169	52 483
Total losses after taxation	(32 740)	(21 479)
Total losses after taxation from disposed operations	(6 523)	217
	237 906	31 221

SIGNIFICANT SHAREHOLDERS

Details of significant shareholders are included on page 28.

SUBSEQUENT EVENTS

Subsequent to year-end and up to the date of this report no subsequent events took place which require any further information.

SPECIAL RESOLUTIONS

The special resolutions passed during 2003 were:

- The repurchase and cancellation of 2 255 979 of its own shares amounting to R31 316 395.
- The granting to the directors the ability to repurchase shares in the company.
- Amend the articles of association in respect of uncertificated securities.

STATUTORY INFORMATION

The company was incorporated in the Republic of South Africa on 16 July 1974. The registration number is 1974/001804/06. For details of the registered office, company secretary and auditors refer to inside back cover.

DIRECTORS' REMUNERATION AND INTEREST

Details of directors' remuneration and interests appear in notes 32 and 33 of the annual financial statements.

DIRECTORATE AND SECRETARY

The names of the directorate and company secretary are set out on pages 14 to 19 and 33 respectively. Changes to the directorate are set out in note 34 on page 63.

Balance sheets

as at 31 December 2003

		Group		Company	
	Notes	2003 R'000	2002 R'000	2003 R'000	2002 R'000
ASSETS					
<i>Non-current assets</i>					
		132 791	175 871	470 991	127 546
Property and equipment	2	39 055	40 432	530	681
Goodwill	3	68 310	89 098	-	-
Investment in subsidiaries	4	-	-	462 347	101 397
Investment in associates	5	3 059	20 208	1 855	16 438
Other financial assets	7	-	-	4 111	4 328
Vendors for sale of business	8	2 148	4 702	2 148	4 702
Deferred taxation	9	20 219	21 431	-	-
<i>Current assets</i>					
		278 240	258 843	141 340	173 225
Trade and other receivables	10	197 090	200 216	3 974	8 430
Vendors for sale of business	8	259	231	259	231
Amounts due by subsidiary companies	17	-	-	137 106	163 842
Cash resources		77 709	54 523	1	1
Taxation prepaid		3 182	3 873	-	721
Total assets					
		411 031	434 714	612 331	300 771
EQUITY AND LIABILITIES					
<i>Capital and reserves</i>					
		194 153	221 755	294 199	166 544
Share capital	11	1 007	1 064	1 007	1 064
Share premium	12	56 747	106 930	56 747	106 930
Treasury shares	13	(4 454)	(35 894)	-	-
Non-distributable reserves	14	-	971	176 840	3 255
Accumulated profit		140 853	148 684	59 605	55 295
<i>Minority shareholders' interest</i>					
		603	394	-	-
<i>Non-current liabilities</i>					
Non-current interest-bearing liabilities	15	-	1 002	-	-
<i>Current liabilities</i>					
		216 275	211 563	318 132	134 227
<i>Non-interest-bearing current liabilities</i>					
Current non-interest-bearing liabilities	16	91 947	79 334	5 362	4 404
Amounts due to subsidiary companies	17	-	-	205 668	22 787
Provisions	18	19 860	22 447	6 502	6 292
Taxation		4 627	5 549	1 117	-
<i>Interest-bearing current liabilities</i>					
Current portion of interest-bearing non-current liabilities		-	60	-	-
Bank overdraft		99 841	104 173	99 483	100 744
Total equity and liabilities					
		411 031	434 714	612 331	300 771

Income statements – Ongoing operations

for the year ended 31 December 2003

Notes	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
TURNOVER	1 622 745	1 463 504	-	23
Cost of sales	(1 112 094)	(1 001 438)	-	-
Gross profit	510 651	462 066	-	23
Other income	13 886	28 810	24 110	17 963
OPERATING EXPENSES	(448 812)	(428 498)	(25 274)	(16 687)
Administration expenses	(157 459)	(174 291)	(19 813)	(8 797)
Marketing and selling	(211 415)	(205 155)	(4 912)	(6 930)
Other operating expenses	(79 938)	(49 052)	(549)	(960)
OPERATING PROFIT FROM OPERATIONS	75 725	62 378	(1 164)	1 299
Interest received – banks	18 135	12 141	10 328	6 348
– fair value adjustments	269	-	269	-
Interest paid – banks	(23 750)	(17 533)	(13 902)	(8 162)
BEE share of super profits	(185)	-	-	-
Dividends received	-	-	54 538	33 240
Share of (losses)/profits from associates	(538)	1 665	-	-
Impairment of investment and property	(11 162)	(1 212)	(12 892)	(272)
Profit/(loss) on sale of property and equipment	56	(83)	(177)	-
Profit before taxation	58 550	57 356	37 000	32 453
Taxation – Current	(24 377)	(19 313)	(830)	(1 404)
– Prior year	(1 222)	-	(1 730)	-
Profit after taxation	32 951	38 043	34 440	31 049
Minority shareholders' share of profits	472	-	-	-
Profit attributable to ordinary shareholders	33 423	38 043	34 440	31 049
Headline earnings per share (cents)	124,5	107,3	-	-
Earnings per share (cents)	83,5	95,3	-	-
Diluted earnings per share (cents)	81,0	94,3	-	-

Note: Ongoing operations in 2002 have not been restated to exclude businesses closed in 2003.

Income statements – Closed operations

for the year ended 31 December 2003

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
TURNOVER	44 490	59 877	-	-
Cost of sales	(31 561)	(23 718)	-	-
Gross profit	12 929	36 159	-	-
Other income	201	-	-	-
OPERATING EXPENSES	(20 522)	(36 988)	-	-
Administration expenses	(8 556)	(20 702)	-	-
Marketing and selling	(10 021)	(10 157)	-	-
Other operating expenses	(1 945)	(6 129)	-	-
OPERATING LOSS FROM OPERATIONS	(7 392)	(829)	-	-
Interest received – banks	196	402	-	-
Interest paid – banks	(685)	(261)	-	-
Share of losses from associates	(1 520)	-	-	-
Impairment of investment property	(200)	-	-	-
Loss on sale of property and equipment	(447)	-	-	-
Loss on disposal of operations and subsidiaries	(31 671)	(74 706)	(33 385)	(53 999)
Loss before taxation	(41 719)	(75 394)	(33 385)	(53 999)
Taxation – Current	(506)	510	-	-
Loss after taxation	(42 225)	(74 884)	(33 385)	(53 999)
Minority shareholders' share of profits	-	(190)	-	-
Loss attributable to ordinary shareholders	(42 225)	(75 074)	(33 385)	(53 999)

Note: Closed operations in 2002 have not been restated to include operations closed in 2003.

Income statements – Total operations

for the year ended 31 December 2003

	Notes	Group		Company	
		2003 R'000	2002 R'000	2003 R'000	2002 R'000
TURNOVER	18	1 667 235	1 523 381	-	23
Cost of sales	19	(1 143 655)	(1 025 156)	-	-
Gross profit		523 580	498 225	-	23
Other income		14 087	28 810	24 110	17 963
OPERATING EXPENSES		(469 334)	(465 486)	(25 274)	(16 687)
Administration expenses		(166 015)	(194 993)	(19 813)	(8 797)
Marketing and selling		(221 436)	(215 312)	(4 912)	(6 930)
Other operating expenses		(81 883)	(55 181)	(549)	(960)
OPERATING PROFIT/(LOSS) FROM OPERATIONS	20	68 333	61 549	(1 164)	1 299
Interest received – banks		18 331	12 543	10 328	6 348
– fair value adjustments		269	-	269	-
Interest paid – banks		(24 435)	(17 794)	(13 902)	(8 162)
BEE share of super profits	21	(185)	-	-	-
Dividends received		-	-	54 538	33 240
Share of (loss)/profits from associates		(2 058)	1 665	-	-
Impairment of investment and property		(11 362)	(1 212)	(12 892)	(272)
Loss on sale of property and equipment		(391)	(83)	(177)	-
Loss on disposal of operations and subsidiaries		(31 671)	(74 706)	(33 385)	(53 999)
Profit/(loss) before taxation		16 831	(18 038)	3 615	(21 546)
Taxation – Current	22	(24 883)	(18 803)	(830)	(1 404)
– Prior year	22	(1 222)	-	(1 730)	-
(Loss)/profit after taxation		(9 274)	(36 841)	1 055	(22 950)
Minority shareholders' share of profits/(losses)	23	472	(190)	-	-
(Loss)/profit attributable to ordinary shareholders		(8 802)	(37 031)	1 055	(22 950)
Headline earnings per share (cents)	24	96,4	110,4		
Loss per share (cents)	24	(22,0)	(92,7)		
Diluted loss per share (cents)		(21,5)	(92,0)		
Dividends per share (cents) – paid		-	28		
Capital distribution per share (cents)	24				
– final prior year		37	-		
– interim		10	-		
Distribution of capital proposed		54	37		

Statement of changes in equity

for the year ended 31 December 2003

	Share capital R'000	Share premium R'000	Treasury shares R'000	Non-distributable reserves R'000	Accumulated profit R'000	Total
GROUP						
As previously stated 31 December 2001	1 059	105 230	(31 316)		195 562	270 535
First time consolidation of share trust			(4 717)		2 337	(2 380)
Balance as at 31 December 2001	1 059	105 230	(36 033)		197 899	268 155
Share capital	5					5
Share premium		1 700				1 700
Dividend paid			139		(11 233)	(11 094)
Net loss for the year per income statement					(37 031)	(37 031)
Arising in respect of business combinations				971		971
Balance as at 31 December 2002 – AC133 adoption	1 064	106 930	(35 894)	971	149 635 (951)	222 706 (951)
Balance as at 31 December 2002 restated	1 064	106 930	(35 894)	971	148 684	221 755
Shares issued		16				16
Capital distribution July and October 2003		(18 940)	124			(18 816)
Treasury shares cancelled	(57)	(31 259)	31 316			
Realised in respect of business combinations				(971)	971	
Net loss for the year per income statement					(8 802)	(8 802)
Balance as at 31 December 2003	1 007	56 747	(4 454)		140 853	194 153
COMPANY						
Balance as at 31 December 2001	1 059	105 230			90 429	196 718
Share capital	5					5
Share premium		1 700				1 700
Dividend paid					(11 233)	(11 233)
Net loss for the year per income statement					(22 950)	(22 950)
Arising in respect of business combinations				3 255		3 255
Balance as at 31 December 2002 as previously stated – AC133 adoption	1 064	106 930		3 255	56 246 (951)	167 495 (951)
Balance as at 31 December 2002 restated	1 064	106 930		3 255	55 295	166 544
Shares issued		16				16
Capital distribution July and October 2003		(18 940)				(18 940)
Treasury shares cancelled	(57)	(31 259)				(31 316)
Net profit for the year per income statement					1 055	1 055
Non-distributable reserves				176 840		176 840
Realised in respect of business combinations				(3 255)	3 255	
Balance as at 31 December 2003	1 007	56 747		176 840	59 605	294 199

Cash flow statements

for the year ended 31 December 2003

Notes	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
Profit/(loss) before taxation	16 831	(18 038)	3 615	(21 546)
Adjusted for:				
Depreciation and amortisation	17 402	20 124	392	391
Impairment of property and equipment	200	-	-	-
Impairment of investments	11 162	1 212	12 892	272
Loss on disposal of businesses	33 108	74 706	33 385	53 999
Loss on disposal of property, plant and equipment	391	83	177	-
Fair value adjustments - 2002	(269)	-	(269)	-
Associate income	2 058	(1 665)	-	-
Finance cost	24 435	17 794	13 902	8 162
Income from investments	(18 331)	(12 543)	(10 328)	(6 348)
Operating profit before working capital changes	86 987	81 673	53 766	34 930
Decrease/(increase) in trade and other receivables	3 714	(28 957)	4 676	(2 534)
Increase/(decrease) in trade and other payables	4 823	10 235	1 240	(537)
Net movement in holding and fellow subsidiaries account	-	-	(26 167)	(42 516)
Cash generated/(utilised) by operations	95 524	62 951	33 515	(10 657)
Finance costs	(24 435)	(17 794)	(13 902)	(8 162)
Interest received	18 331	12 543	10 328	6 348
Taxation paid	(25 757)	(39 752)	(722)	(2 800)
Capital distribution paid	(18 668)	-	(18 940)	-
Dividends paid	-	(11 094)	-	(11 233)
Cash retained by operations	44 995	6 854	10 279	(26 504)
Investment activities	(16 491)	(45 005)	(9 034)	(5 269)
Additions to property and equipment	(14 608)	(16 410)	(241)	(217)
Proceeds from sale of property and equipment	1 663	2 034	5	-
Proceeds from disposal of businesses	1 090	(4 173)	(32)	14 399
Acquisition of business	1 105	(5 276)	(3 550)	(4 541)
Purchase/increase in investments	(385)	(15 708)	(394)	(14 910)
Cost of BEE deals	(617)	-	(617)	-
Vendor loan repayments	(807)	-	295	-
Net movement in loans and advances	(3 932)	(5 472)	(4 500)	-
Finance activities	28 504	(38 151)	1 245	(31 773)
Issue of shares	16	190	16	1 705
Decrease in non-current interest-bearing liabilities	(1 002)	(171)	-	-
Net decrease in cash and cash equivalents	27 518	(38 132)	1 261	(30 068)
Net cash and cash equivalents at beginning of year	(49 650)	(11 518)	(100 743)	(70 675)
Net cash and cash equivalents at end of year	(22 132)	(49 650)	(99 482)	(100 743)

Notes to the cash flow statements

for the year ended 31 December 2003

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
1. TAXATION PAID				
Amount (unpaid)/prepaid at beginning of year	(1 676)	(12 667)	721	(675)
Amount charged to income statement	(25 074)	(28 761)	(2 560)	(1 404)
Tax liability acquired	(452)	-	-	-
Amount unpaid/(prepaid) at end of year	1 445	1 676	1 117	(721)
Net cash payment	(25 757)	(39 752)	(722)	(2 800)
2. CAPITAL DISTRIBUTION/ DIVIDENDS PAID				
Amount declared and approved	(18 816)	(11 094)	(18 940)	(11 233)
Amount unpaid 31 December 2003	148	-	-	-
Net cash payment	(18 668)	(11 094)	(18 940)	(11 233)
3. ADDITIONS TO PROPERTY AND EQUIPMENT				
Land and buildings – replacement	-	(304)	-	-
Furniture and computer equipment – replacement	(14 608)	(16 106)	(241)	(217)
	(14 608)	(16 410)	(241)	(217)
4. PROCEEDS FROM DISPOSAL OF BUSINESSES	1 090	(4 173)	(32)	14 399
Property and equipment	429	17 124	-	-
Goodwill	-	41 938	-	14 399
Trade receivables	2 779	20 833	-	-
Reserves	(833)	(74 706)	-	-
Deferred tax	181	2 270	-	-
Minority shareholders' interest	-	(1 471)	-	-
Current interest-bearing liabilities	(1 367)	(9 933)	-	-
Provisions	(98)	-	-	-
Legal fees	-	-	(32)	-
Tax	(1)	(228)	-	-
5. ACQUISITION OF BUSINESSES	1 105	(5 276)	(3 550)	(4 541)
Property and equipment	-	(566)	-	-
Goodwill	(3 491)	(5 140)	(3 550)	(4 541)
Trade receivables	(3 367)	-	-	-
Vendor loan	1 102	-	-	-
Reserves	(604)	-	-	-
Minority shareholders' interest	552	394	-	-
Current non-interest-bearing liabilities	6 138	-	-	-
Provisions	322	-	-	-
Tax	453	-	-	-
Non-current interest-bearing liabilities	-	36	-	-

Note – The acquisition of businesses for the group for 2003 shows a net cash inflow as the purchase price was settled in subsidiary company share capital.

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
6. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:				
Bank balances, cash and deposits	77 709	54 523	1	1
Bank overdrafts	(99 841)	(104 173)	(99 483)	(100 744)
	(22 132)	(49 650)	(99 482)	(100 743)
7. GROUP BANK OVERDRAFT FACILITIES				
The group has the following overdraft facilities				
Absa				R30 million
First National Bank				R45 million
Total overdraft facility				R75 million

Segment report

for the year ended at 31 December 2003

	Turnover		Operating profit		Operating profit		Profit contribution to the group		Net asset value	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000	2003 %	2002 %	2003 %	2002 %	2003 R'000	2002 R'000
Central costs	8 437	6 541	(15 497)	(7 191)	-	-	(21,4)	(10,8)	106 072	124 577
Permanent Recruitment	235 172	199 937	4 637	4 894	2,0	2,4	6,4	7,3	7 885	12 982
Flexible Staffing	1 144 767	1 008 088	57 372	54 893	5,0	5,4	79,2	82,3	87 607	84 451
Education and Training	34 462	81 122	(3 888)	(8 168)	(11,3)	(10,1)	(5,4)	(12,2)	(16 542)	(29 065)
Corporate Communications	157 965	156 016	18 721	15 304	11,9	9,8	25,9	22,9	4 548	21 313
Research	86 432	71 677	11 088	6 976	12,8	9,7	15,3	10,5	4 583	7 497
Total	1 667 235	1 523 381	72 433	66 708	4,3	4,4	100,0	100,0	194 153	221 755

Note – No segmental information is provided in respect of geographic analysis as the group operates mainly in South Africa.
– The operating profit shown above does not include goodwill amortisation.

Notes to the annual financial statements

for the year ended 31 December 2003

1. ACCOUNTING POLICIES

The annual financial statements are prepared on the historical cost basis, other than for certain financial instruments which are stated at fair value, incorporating the following principal 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, except for the adoption of AC 133 – Recognition and Measurement of Financial Instruments. 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 financial and operating policies, 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.

1.1.4 All shares and investments are held at cost.

1.2 Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided for on a straight line basis at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets.

The following annual rates of depreciation are applied:

Computers and office equipment	20% – 33%
Furniture and fittings	10% – 16,7%
Buildings owned and occupied	2,86%

Fixed property held as investment property is stated at fair value and any adjustment is taken directly to the income statement in the current year.

Freehold land is not depreciated.

1.3 Goodwill 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 and intellectual property have been amortised at 5% per annum.

1.4 Impairment of assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

1.5 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. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying amount of such investments is reduced to recognise any decline, other than a temporary decline, in the value of individual investments. Where a Group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

1.6 Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control. Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the equity method of accounting. The carrying amount of such investments is reduced to recognise any decline, other than a temporary decline, in the value of individual investments. Where a Group enterprise transacts with a jointly controlled entity of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred.

1.7 Taxation

The charge for current tax is the amount of income taxes payable in respect of the taxable profit/(tax loss) for the current year. It is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided using the balance sheet liability method.

Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities which affect neither the tax profit nor the accounting profit at the time of the transaction.

1.8 Revenue recognition

1.8.1 Turnover

Group turnover comprises mainly the invoice value of services rendered to customers, as well as commission received, training course income and licence fees and royalties received. Turnover excludes value added tax.

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

1.9 Investment income

Investment income is recognised on the accrual basis.

1.10 Cost of sales

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

1.11 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.

1.12 Related party disclosures

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

1.13 Retirement benefits

1.13.1 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.

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

1.13.3 All employee benefits cease on termination of employment.

1.14 Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group has become a party to contractual provisions of the instruments.

Proceeds from disposals which are not due within one year have been discounted to net present value.

Trade receivables and payables are stated at their nominal value. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

Investments in securities are recognised on a trade date basis and are initially measured at cost. Investments are classified as either held for trading or available-for-sale, and are measured at subsequent reporting dates at fair value, based on quoted market prices at the balance sheet date. Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For available-for-sale investments, unrealised gains and losses are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Proceeds from disposals which are not due within one year have been discounted to net present value.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in equity. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

1.15 Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated.

1.16 Discontinuing operations

Discontinuing operations are recognised once one of the following has occurred:

A binding agreement of sale for substantially all of the assets of an operation has been concluded.

or

The board of directors has approved and announced a detailed plan of disposal of substantially all of the assets of an identifiable operation.

1.17 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Notes to the annual financial statements continued

for the year ended 31 December 2003

	Land and buildings 2003 R'000	Computer and office equipment, furniture and fittings 2003 R'000	Total 2003 R'000
2. PROPERTY AND EQUIPMENT			
GROUP			
Balance at beginning of year	15 115	25 317	40 432
Assets at cost	20 220	71 046	91 266
Accumulated depreciation	(3 894)	(45 729)	(49 623)
Accumulated impairment	(1 211)	-	(1 211)
Current year movements			
Additions	-	14,608	14 608
Disposals	(1 088)	(1 395)	(2 483)
Cost	(2 499)	(21 455)	(23 954)
Accumulated depreciation	-	20 060	20 060
Impairment	1 411		1 411
Impairment	(200)	-	(200)
Depreciation	(500)	(12 802)	(13 302)
Net book value at end of year	13 327	25 728	39 055
Represented by:			
Assets at cost	17 721	64 199	81 920
Accumulated depreciation	(4 394)	(38 471)	(42 865)
Impairment	-	-	-
Net book value at end of year	13 327	25 728	39 055
COMPANY			
Balance at beginning of year	-	681	681
Assets at cost	-	2 389	2 389
Accumulated depreciation	-	(1 708)	(1 708)
Current year movements			
Additions	-	241	241
Disposals	-	-	-
Depreciation	-	(392)	(392)
Net book value at end of year	-	530	530
Represented by:			
Assets at cost	-	2 630	2 630
Accumulated depreciation	-	(2 100)	(2 100)
Net book value at end of year	-	530	530

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
2. PROPERTY AND EQUIPMENT (continued)				
2.1 Computer and other equipment, furniture and fittings	25 728	25 317	530	681
Cost	64 199	71 046	2 630	2 389
Accumulated depreciation	(38 471)	(45 729)	(2 100)	(1 708)
2.2 Land and buildings	13 327	15 115	-	-
Cost	17 721	20 220	-	-
Accumulated depreciation	(4 394)	(3 894)	-	-
Accumulated impairment	-	(1 211)	-	-
2.3 Land and buildings - owner occupied				
2.3.1 Land and buildings Owner occupied at cost *	17 721	17 721	-	-
Total cost Stand 948	16 626	16 626	-	-
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	-	-
Stand 948, Melville, Johannesburg, Gauteng. Market value R20 000 000. Date of valuation December 2002				
2.3.2 Land and buildings - 1995 at cost Erf 715, Melville, Johannesburg, Gauteng	390	390	-	-
2.3.3 Land and buildings - 1998 at cost 22 Swart Street, Kempston Park Ext 2 Improvements - 2001	599 489 110	599 489 110	- - -	- - -
2.3.4 Erf 14 Sunnyside (Johannesburg) Townships	106	106	-	-
* Market value (valued during 2003 by API Properties)				
2.4 Investment property				
Erf 32, Enderburg, 10 De La Rey Road, Rivonia	-	1 287	-	-
Original cost plus additions	-	2 498	-	-
Impairment	-	(1 211)	-	-
This property was subject to a mortgage bond in favour of Standard Bank Ltd (refer note 15)				
3. GOODWILL				
At cost	106 058	142 254	-	-
Less: Accumulated goodwill amortised in prior years	(16 960)	(11 801)	-	-
Less: Goodwill amortised current year	(4 100)	(5 159)	-	-
Less: Impairment of goodwill	(3 900)	-	-	-
Add: Goodwill acquired current year	4 133	932	-	-
Less: Goodwill disposed of	(16 921)	(37 128)	-	-
Total	68 310	89 098	-	-

Notes to the annual financial statements continued

for the year ended 31 December 2003

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
4. INVESTMENT IN SUBSIDIARIES (for details refer Annexure A) Shares at cost less amounts written off Directors' valuation	- -	- -	462 347 462 347	101 397 101 397
5. INVESTMENT IN ASSOCIATES (for details refer Annexure A) Carrying values at beginning of year Increase in investment Impairment of UK investment Loan capitalised Disposal of investments Share of current year (loss)/earnings (net of dividends received)	18 403 394 (5 889) 1 522 (7 658) (3 630)	1 490 15 708 - - - 1 205	14 713 394 (8 503) 1 522 (6 598) -	3 14 710 - - -
Loans to associates	3 142 (83)	18 403 1 805	1 528 327	14 713 1 725
Total investment in associates	3 059	20 208	1 855	16 438
Directors' valuation	-	20 208	-	16 438
6. JOINT VENTURE The group had the following interest in a joint venture through its subsidiary: - a 51% equity shareholding with equivalent voting power, in Knovation At Austral (Pty) Ltd, a joint venture established in Mozambique. An abbreviated income statement and balance sheet are not shown as the joint venture has not started trading yet. The invest amount is currently insignificant.	-	-	-	-
7. OTHER FINANCIAL ASSETS PDI (Previously Disadvantaged Individuals) Share Trust	-		4 111	4 328
Adcorp shares 264 552 shares at R7,97	-	-	2 109	2 109
Loan to PDI Share Trust	-	-	4 339	4 556
Impairment provision	-	-	(2 337)	(2 337)
Group and company	2003 R'000	Minimum payments 2002 R'000	Fair value of minimum payments 2003 R'000	2002 R'000
8. VENDORS FOR SALE OF BUSINESS Amounts receivable: Within one year In the second to fifth year inclusive	500 2 589	500 5 384	259 2 148	231 4 702
Less unearned finance income	3 089 (682)	5 884 (951)	2 407 N/A	4 933 N/A
Fair value of minimum payments	2 407	4 933	2 407	4 933
Analysed as: Non-current receivables Current receivables			2 148 259	4 702 231
			2 407	4 933

	As at 31 December 2002	Current year movement	As at 31 December 2003	
9. DEFERRED TAXATION				
<i>Tax effect of:</i>				
- Deferred tax raised on leave pay provisions	2 235	(390)	1 845	
- Excess tax allowances and depreciation charge	28		28	
- Expenditure incurred but not allowable for tax purposes in the year in which it is incurred	4 482	(49)	4 433	
- Computed losses	16 728	(592)	16 136	
	23 473	(1 031)	22 442	
- Deferred tax disposed of	(2 042)	(181)	(2 223)	
Total	21 431	(1 212)	20 219	
	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
10. TRADE AND OTHER RECEIVABLES	197 090	200 216	3 974	8 430
Trade debtors	195 228	194 063	-	2 907
Provision for bad debts	(7 556)	(11 276)	-	-
Deposits and staff loans	1 163	841	(72)	49
Prepaid expenses	3 005	2 322	-	-
Sundry	5 250	14 266	4 046	5 474
11. SHARE CAPITAL				
Authorised 100 000 000 ordinary shares of 2,5 cents each (2002: 100 000 000)	2 500	2 500	2 500	2 500
Issued 40 299 377 ordinary shares of 2,5 cents each (2002: 42 550 356) The unissued shares are under the control of the directors until the next annual general meeting subject to limitations.	1 007	1 064	1 007	1 064
Number of shares ('000)				
Opening balance	42 550	42 373	42 550	42 373
Shares issued	5	177	5	177
Treasury shares cancelled (refer note 13)	(2 256)	-	(2 256)	-
Shares in issue	40 299	42 550	40 299	42 550
Treasury shares on buy-back by subsidiary	-	(2 256)	-	-
Share Trust consolidated	(264)	(264)	-	-
Closing balance - net	40 035	40 030	40 299	42 550

Notes to the annual financial statements continued

for the year ended 31 December 2003

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
12. SHARE PREMIUM	56 747	106 930	56 747	106 930
Balance at 1 January 2003	106 930	105 230	106 930	105 230
Capital distribution July and October 2003	(18 940)	-	(18 940)	-
Arising from the issue of 5 000 shares (2002: 177 406)	16	1 700	16	1 700
Treasury shares cancelled (see note 13)	(31 259)	-	(31 259)	-
13. TREASURY SHARES	(4 454)	(35 894)		
2 255 979 shares (2002: 2 255 979) shares bought back in terms of special resolution in prior years and cancelled during 2003	-	(31 316)	-	-
Adcorp Empowerment Share Trust consolidated	(4 578)	(4 717)	-	-
264 552 shares (2002: 264 552 shares)	124	139		
Dividends on treasury shares				
14. NON-DISTRIBUTABLE RESERVES	-	971	176 840	3 255
Assets acquired below net book value in 2002 and realised in 2003	-	971	-	3 255
Unrealised profit arising on sale of BEE companies into new entity refer note 21	-	-	176 840	-
15. NON-CURRENT INTEREST-BEARING LIABILITIES	-	1 002	-	-
Secured loans				
Capital repayable within one year is included in current non-interest-bearing liabilities				
Secured by mortgage bond over property (see note 2.4). Settled on sale of subsidiary	-	780	-	-
The interest rate is the Standard Bank mortgage rate.				
Unsecured loans	-	222	-	-
16. CURRENT NON-INTEREST-BEARING LIABILITIES	91 947	79 334	5 362	4 404
Trade creditors	23 116	21 490	212	4 111
Other creditors	68 831	57 844	5 150	293
17. AMOUNTS DUE TO/(BY) SUBSIDIARY COMPANIES (for details refer Annexure A)	-	-	(68 562)	141 055
Amounts due by subsidiary companies			137 106	163 842
Amounts due to subsidiary companies			(205 668)	(22 787)

	As at December 2002 R'000	Provisions raised 2003 R'000	Provisions utilised 2003 R'000	As at 31 December 2003 R'000
18. PROVISIONS – GROUP				
Leave pay	11 180	3 077	(3 860)	10 397
Bonuses	467	11 961	(8 514)	3 914
Other	10 800	13 628	(18 879)	5 549
Total	22 447	28 666	(31 253)	19 860
	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
19. COST OF SALES				
The breakdown of cost of sales is as follows:				
Cost of buyouts	(37 641)	(42 610)	-	-
Course material	(1 058)	11 200	-	-
Lecturing	(1 596)	(4 017)	-	-
Media	(94 670)	(74 446)	-	-
Placements	(18 260)	(19 905)	-	-
Production	(37 254)	(20 466)	-	-
Project costs	(9 763)	(6 912)	-	-
Protective clothing	(2 634)	(2 019)	-	-
Royalties	(4 140)	(5 227)	-	-
Temporary employee costs	(749 437)	(640 390)	-	-
Wage costs	(168 856)	(174 220)	-	-
Other	(18 346)	(23 744)	-	-
	(1 143 655)	(1 025 156)	-	-
20. OPERATING PROFIT/(LOSS) FROM OPERATIONS				
Operating profit/(loss) is determined after allowing for the following items requiring separate disclosure:				
Amortisation of goodwill	(4 100)	(5 159)	-	-
Auditors' remuneration	(2 445)	(1 618)	(826)	(256)
– fee for audit	(2 178)	(1 461)	(596)	(213)
– fee for other services	(267)	(157)	(230)	(43)
Depreciation (refer note 2)	(13 302)	(14 966)	(392)	(391)
Impairments	(11 362)	(1 212)	(12 892)	(272)
Foreign exchange gains	317	50	-	-
Directors' remuneration (refer note 33)	(14 465)	(13 225)	(9 300)	-
Leasing and rentals				
– properties and premises	(19 556)	(18 458)	(523)	(473)
– motor vehicles	-	(100)	-	-
– office furniture and equipment	(6 529)	(6 231)	(75)	(63)
Staff costs	(297 778)	(276 713)	(16 186)	(10 438)
Number of employees	1 403	1 394	25	20

Notes to the annual financial statements continued

for the year ended 31 December 2003

21. BEE SHARE OF SUPER PROFITS

Structure of the Adcorp Flexible Staffing empowerment deal

The BEE transaction has been effected by way of the sale of all the flexible staffing companies of Adcorp into a new entity, Adcorp Flexible Staffing Solutions, in which the empowerment consortium comprising Black Management Forum Investments Company Limited (BMFI), Zungu Investments Company Limited (ZICO) and African Harvest Capital Holdings (AHC) is to effectively hold 25% of the shares whilst Adcorp will hold the other 75%. A separate class of shares is to be issued to Adcorp in settlement of the purchase consideration of R320 million plus the value of the loan accounts, which will entitle Adcorp to the pre-deal or "base profits" of the Flexible Staffing Business on an ongoing basis. A second class of shares enabling all profits in excess of the base profits derived by the Flexible Staffing Business after the deal, to be known as the "super profits", will be held 50% by the BEE and 50% by Adcorp. After a period of five years, the BEE will have the opportunity of converting its stake in the empowered flexible staffing entity into the Adcorp listed entity on the basis of a "value-for-value" swap of their shareholding. This conversion will be calculated using a rate equal to 70% of Adcorp's PE and therefore the result will always be earnings enhancing.

The "base profits" will be calculated using the 2003 actual profits as a base. The 2003 actual profits will be escalated annually, cumulatively at a rate to be mutually agreed between Adcorp and the BEE, or failing agreement, at the CPIX percentage rate (Consumer Price Index percentage excluding mortgage rate) plus 2% per annum. These escalated profits will be known as the base profits and will be attributable entirely to Adcorp. All profits over and above the base profits will be known as the super profits and these profits will share on a 50/50 basis between Adcorp and the BEE consortium.

The deal was effective 1 August 2003 and super profits for the year ended December 2003 amounted to R185 016. The interest of the BEE partners in the profits of the Group, was treated as an obligation as the rights in the allocation of the profits had vested by the year-end and thus were accrued for under short-term liabilities and not minority interest.

Structure of the Adcorp Communications empowerment deal

A similar BEE transaction has been effected by way of the sale of all the communication companies of Adcorp into a new entity, Adcorp Communication Solutions, in which the empowerment consortium comprising Black Management Forum Investments Company Limited (BMFI) and Tshirundu Investments (Pty) Limited is to effectively hold 25% of the shares whilst Adcorp will hold the other 75%. A separate class of shares is to be issued to Adcorp in settlement of the purchase consideration of R93,5 million plus the value of the loan accounts, which will entitle Adcorp to the pre-deal or "base profits" of the Communications Business on an ongoing basis. A second class of shares enabling all profits in excess of the base profits derived by the Communications Business after the deal, to be known as the "super profits", will be held 50% by the BEE and 50% by Adcorp. After a period of five years, the BEE will have the opportunity of converting its stake in the empowered flexible staffing entity into the Adcorp listed entity on the basis of a "value-for-value" swap of their shareholding. This conversion will take place at a rate equal to 70% of Adcorp's PE and therefore the result will always be earnings enhancing.

The "base profits" will be calculated using the 2004 budgeted profits as a base. The 2004 actual profits will be escalated annually cumulatively at a rate to be mutually agreed between Adcorp and the BEE, or failing agreement, at the CPIX percentage rate (Consumer Price Index percentage excluding mortgage rates) plus 2% per annum. These escalated profits will be known as the base profits and will be attributable entirely to Adcorp. All profits over and above the base points will be known as the super profits and these profits will share on a 50/50 basis between Adcorp and the BEE consortium. Whilst the deal was effective 1 November 2003, super profits will only accrue from 1 January 2004.

Further information on the BEE deals

A circular was mailed to shareholders dated 20 October 2003 giving details of the Flexible Staffing empowerment deal. Similarly a circular on the Communications empowerment deal was sent to shareholders on 4 February 2004. Should a shareholder require these circulars please contact the Adcorp Company Secretary.

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
22. TAXATION				
SA normal – current	23 852	27 360	830	–
– under/(over) provision prior year	1 222	(3)	1 730	–
Deferred taxation	1 031	(9 958)	–	–
Secondary tax on companies	–	1 404	–	1 404
	26 105	18 803	2 560	1 404
Standard tax rate	30,0	30,0	30,0	30,0
Actual tax charge for the year	26 105	18 803	2 560	1 404
Adjusted for the tax effect at the standard rate of the following items				
Capital losses not deductible for tax	(9 501)	(22 412)	(10 016)	(16 200)
Associated company profit/(loss) already subject to tax	(617)	500	–	–
Impairment of assets not deductible	(3 408)	(363)	(3 868)	(82)
Goodwill amortised not deductible	(1 230)	(1 548)	(1 337)	(1 970)
Other permanent differences	(1 618)	1 460	(886)	1 971
Tax losses not recognised	(6 039)	(450)	–	(155)
Learnerships	2 579	–	–	–
Prior year adjustment	(1 222)	3	(1 730)	–
Secondary tax on companies	–	(1 404)	–	(1 404)
Dividends received	–	–	16 055	9 972
Recomputed tax (credit)/charge at standard rate on (loss)/profit before tax	5 049	(5 411)	778	(6 464)
Reconciliation of estimated tax losses available in the group				
Estimated losses beginning of year	57 260	23 450	–	–
Tax losses not raised	20 130	1 500	–	–
Net tax losses (utilised)/raised	(1 973)	32 310	–	–
	75 417	57 260	–	–
Which consists of:				
Losses recognised	53 787	55 760	–	–
Losses not recognised	21 630	1 500	–	–
23. MINORITY SHAREHOLDERS' SHARE OF PROFITS/(LOSSES)				
In 2003 Adcorp assumed responsibility for minority shareholders' losses of R2 656 830 (2002: R977 764)				

Notes to the annual financial statements continued

for the year ended 31 December 2003

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
24. HEADLINE EARNINGS AND LOSS PER SHARE				
The calculation of loss per share is based on losses of R8 802 223 (2002: R37 030 503) and ordinary shares of 40 031 492 (2002: 39 936 260) being the weighted average number of shares relative to the above earnings				
Loss per share	(22,0)	(92,7)		
Loss on sale of assets R273 617 (2002: R58 654) after tax	0,7	0,1		
Loss on sale of businesses R31 671 118 (2002: R74 705 762)	79,1	187,1		
Impairment of investments and property R11 361 758 (2002: R1 211 640)	28,4	3,0		
Goodwill amortised: R4 099 511 (2002: R5 159 581)	10,2	12,9		
Headline earnings per share	96,4	110,4		
Diluted earnings per share is based on 40 900 824 (2002: 40 064 625) weighted, diluted number of shares	(21,5)	(92,0)		
Dividend per share – paid	–	28		
Capital distribution – final prior year	37	–		
– interim	10	–		
– proposed	54	37		
Note:				
– The prior year headline earnings has been restated to allow for the consolidation of the Adcorp empowerment share trust				
– The dilution of shares results from the exercise of options in the employee share trust which are below the year-end market price				
– Ongoing headline earnings per share is based on ongoing headline earnings adjusted for impairment costs, profit on sale of assets, amortisation of goodwill and the tax charge relating to the 2002 year as above.				
25. CONTINGENT LIABILITIES				
25.1 The company has given a guarantee restricted to R8,5 million in respect of the performance by a subsidiary on a long-term contract				
25.2 The company has guaranteed payment to creditors in subsidiary companies amounting to R207 359 (2002: R549 279)				

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
26. COMMITMENTS	90 731	64 633	404	536
Operating leases				
– rental of premises	73 445	58 527	–	–
– motor vehicles	331	100	–	–
– other equipment	16 955	6 006	404	536
	90 731	64 633	404	536
– payable within one year	23 820	13 813	15	43
– payable thereafter within five years	66 911	50 820	389	493
27. RETIREMENT BENEFITS				
The group makes contributions on behalf of all permanent employees to defined contribution schemes which are governed by the Pensions Fund Act of 1956 on behalf of its employees. These costs are charged to the income statement as they occur. The total contributed by the group for the 2003 year amounted to R18 068 222 (2002: R15 607 370).	18 068	15 607		

28. FINANCIAL RISK MANAGEMENT

Currency risk

This is the risk of losses from the effects of adverse movements of exchange rates on net foreign currency asset or liability positions.

The group invoices a small number of transactions in foreign currencies, hence exposures to exchange rate fluctuations do arise. However because of the insignificant value involved no forward exchange contracts are taken out and the amounts outstanding are adjusted according to the current exchange rate.

Liquidity risk

This is the risk of not being able to generate sufficient cash to meet commitments to borrowers, depositors and other creditors at any point in time.

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Borrowing facilities are reflected in note 7 to the cash flow statement.

Credit risk

The group maintains cash, cash equivalents and short-term investments with various financial institutions. The group's policy is designed to limit exposure with any one institution and ensure a high credit standing for the financial institution with which such transactions are executed.

Credit risk with respect to trade accounts receivable is limited due to the blue chip nature of the group's client base. Credit assessments are done and continually updated on all group's clients.

Notes to the annual financial statements continued

for the year ended 31 December 2003

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
29. CAPITAL DISTRIBUTION				
A final capital distribution of 37 cents per share in respect of 2002 was paid in July 2003	14 909	-	14 909	-
An interim capital distribution of 10 cents per share was paid in October 2003.	4 030	-	4 030	-
A capital distribution of 54 cents (2002: 37 cents) per share was declared on 10 March 2004 and will be paid on 26 July 2004 if approved by shareholders in general meeting	21 762	14 909	21 762	14 909

30. CHANGE TO ACCOUNTING POLICIES AND CONSOLIDATION OF EMPOWERMENT SHARE TRUST

The accounting policies and methods of computation are consistent with those applied in the annual financial statements for the year ended 31 December 2002 other than for the adoption of AC133 – Recognition and Measurement of Financial Instruments.

The group consolidated the Adcorp Empowerment Share Trust in compliance with the JSE's interpretation of AC132 and the Companies Act, No 61 of 1973. Comparative numbers have been restated to take into effect the consolidation of the trust since its inception in 1999. The effects of this one are as follows:

(refer page 20 of this report which reflects the adjusted figures for prior years)		Previously R'000	Now R'000
Shareholders' interest	1999	94 883	93 145
	2000	234 856	231 731
	2001	270 537	267 410
	2002	224 676	221 755
Fixed and other non-current assets	1999	70 064	68 326
	2000	201 137	198 012
	2001	208 930	205 805
	2002	178 792	175 871

The impact of the above changes on the results of the group is summarised as follows:

	Pre-tax R'000	Tax R'000	Net R'000
Included in opening retained income			
- AC133 Adoption	(951)	-	(951)
- Consolidation of share trust	2 608	-	2 608
Included in loss after taxation for the year 2003			
- AC133 Adoption	269	-	269
Net impact	1 926	-	1 926

31. RELATED PARTIES

The group did not enter into any transactions with group parties other than those with subsidiaries which were eliminated on consolidation.

Directors' interest in share options	Number of un-exercised options as at 31/12/2002	Number of options granted during 2003	Number of options exercised during 2003	Number of options as at 31/12/2003	Option price	Date from which exercisable
32. DIRECTORS' SHAREHOLDING						
Van Zyl Slabbert	120 000 30 000	30 000	-	120 000 30 000 30 000	12,00 8,85 6,35	31/05/2002 31/05/2004 31/05/2005
RL Pike	47 809 50 000	50 000	-	47 809 50 000 50 000	12,00 8,85 6,35	31/05/2002 31/05/2004 31/05/2005
VC Baker	30 000 30 000	30 000	-	30 000 30 000 30 000	12,00 8,85 6,35	31/05/2002 31/05/2004 31/05/2005
HW Barenblatt	60 000 30 000	30 000	-	60 000 30 000 30 000	12,00 8,85 6,35	31/05/2002 31/05/2004 31/05/2005
FD Burd	2 500 2 500 2 500 60 000 30 000 30 000	30 000	-	2 500 2 500 2 500 60 000 30 000 30 000 30 000	6,80 10,00 10,00 12,00 12,00 8,85 6,35	31/05/2002 31/05/2001 31/05/2002 31/05/2002 31/05/2003 31/05/2004 31/05/2005
M Liphosa	11 250 11 250 11 250 11 250 60 000 15 000 30 000	30 000	-	11 250 11 250 11 250 11 250 60 000 15 000 30 000 30 000	10,40 10,40 10,40 10,40 12,00 12,00 8,85 6,35	31/05/2000 31/05/2001 31/05/2002 31/05/2003 31/05/2002 31/05/2003 31/05/2004 31/05/2005
RB McGregor	180 000 30 000 30 000	30 000	-	180 000 30 000 30 000 30 000	12,00 12,00 8,85 6,35	31/05/2002 31/05/2003 31/05/2004 31/05/2005
PC Swart	55 000 30 000	30 000	-	55 000 30 000 30 000	12,00 8,85 6,35	31/05/2002 31/05/2004 31/05/2005

Notes to the annual financial statements continued

for the year ended 31 December 2003

Directors' interest in shares	Number of shares held as at		Number of shares held as at	
	31/12/2003 Beneficially held	Non-beneficially held	31/12/2002 Beneficially held	Non-beneficially held
32. DIRECTORS' SHAREHOLDING (continued)				
RL Pike	321 390	–	341 390	–
VC Baker	61 000	–	61 000	–
HW Barenblatt	75 000	15 936	75 000	15 936
FD Burd	–	–	16 275	–

Note: As at 30 April 2004 the above shareholdings remain unchanged

	Salary R'000	Bonus/ profit share R'000	Medical aid and provident fund R'000	Allow- ances R'000	Directors' fees R'000	2003 Total remu- neration R'000	2002 Total remu- neration R'000
33. DIRECTORS' EMOLUMENTS							
<i>Directors (executive and non-executive where applicable)</i>							
V Baker	727	575	152	89	–	1 543	1 125
H Barenblatt	1 533	370	191	202	–	2 296	2 088
F Burd	955	365	198	80	–	1 598	1 433
M Liphosa	629	239	144	71	–	1 083	915
R Marcus	–	–	–	–	–	–	561
R McGregor	948	356	201	106	–	1 611	1 339
R Pike	1 370	540	306	125	–	2 341	1 873
L Rouillard Jan – Sept 2003	–	–	–	–	–	–	432
N Swart	858	472	271	66	–	1 667	1 888
N Lilford June – Dec 2003	420	–	123	67	–	610	–
S Zungu (Alternate) Sept – Dec 2003	175	75	18	32	–	300	–
	7 615	2 992	1 604	838	–	13 049	11 911

		Salary R'000	Bonus/ profit share R'000	Medical aid and provident fund R'000	Allow- ances R'000	Directors' fees R'000	2003 Total remu- neration R'000	2002 Total remu- neration R'000
33. DIRECTORS' EMOLUMENTS (continued)								
<i>Non-executive directors</i>								
D Baloyi	Jan – Sept 2002	–	–	–	–	–		235
FJ Jacobz	Jan – Sept 2002							24
F Khanyile						62	62	20
P Ngwenya								8
A Rubinstein	Jan – Sept 2002	–	–	–	–	–	–	257
S Sebotsa						70	70	22
S Shonhiwa						55	55	33
B Sibiya	Aug – Dec 2003	265		11	40		316	–
V Slabbert		651	205	144	118		1 118	972
		916	205	155	158	187	1 621	1 571

34. CHANGES TO THE BOARD DURING THE REPORTING PERIOD

Director name	Date of appointment
N Lilford	03/06/2003
S Zungu (alt)	05/08/2003
B Sibiya	05/08/2003
C Bomela	11/03/2004
G Negota	11/03/2004
T Ratshitanga (alt)	11/03/2004
	Date of resignation
B Sibiya	10/03/2004

Annexure A

Details of subsidiaries and associates

for the year ended 31 December 2003

Name of subsidiary	Nature of business	Authorised share capital		Issued share capital	
		R 2003	R 2002	R 2003	R 2002
Act Personnel (Pty) Ltd*	Recruitment	4 000	4 000	1	1
Adcorp Communication Solutions (Pty) Ltd	Graphic design	10 000	-	10 000	-
Adcorp Financial Graphics (Pty) Ltd	Financial graphics	100	100	100	100
Adcorp Flexible Staffing Solutions (Pty) Ltd	Recruitment	10 000	-	10 000	-
Adcorp Investment Trading (Pty) Ltd	Investment	1 000	1 000	100	100
Adcorp Management Services (Pty) Ltd	Accounting	4 000	4 000	400	400
Adcorp Mozambique (Pty) Ltd	Training	24 000	-	24 000	-
Adcorp Recruitment KZN (Pty) Ltd	Recruitment	1 000	1 000	100	100
Adcorp Social Investment Trading (Pty) Ltd	Investment	1 000	1 000	100	100
Adcorp Staffing Solutions (Pty) Ltd	Training	4 000	4 000	100	100
Admark Personnel Selection (Pty) Ltd	Recruitment	60 000	60 000	10 000	10 000
Admark Recruitment Advertising (Pty) Ltd	Recruitment advertising	30 000	30 000	30 000	30 000
Admark Recruitment Advertising Namibia (Pty) Ltd	Dormant	1 000	1 000	1	1
Altlevel Recruitment Advertising (Pty) Ltd	Recruitment advertising	100	100	100	100
Capacity Outsourcing (Pty) Ltd*	Flexible staffing	4 000	4 000	4 000	4 000
Charisma Nursing Agency (Pty) Ltd*	Recruitment	1 000	1 000	100	100
D/@bilty	Recruitment	1 000	1 000	100	100
DAV Professional Placement Group (Pty) Ltd	Recruitment	1 000	1 000	100	100
Effective Recruitment Advertising (Pty) Ltd	Recruitment advertising	4 000	4 000	100	100
Ethoz Human Value Optimisation (Pty) Ltd	Recruitment	1 000	1 000	100	100
Emmanuel Staffing Services (Pty) Ltd*	Recruitment	1 000	1 000	100	100
Extra Expertise (Pty) Ltd	Recruitment	-	2 000	-	1 000
Graphicor (Pty) Ltd*	Graphic design	100	100	100	100
Gobodo Grey (Pty) Ltd	Recruitment	10 000	10 000	10 000	10 000
Ikhwezi Staffing Solutions (Pty) Ltd*	Recruitment	1 000	1 000	100	100
Kit Hodge & Company (Pty) Ltd	Marketing	1 000	1 000	1 000	1 000
Knovation Consulting (Pty) Ltd	Consulting	1 000	1 000	100	100
Knovation (Pty) Ltd	Training	200 000	100 000	200 000	100 000
Niche (Pty) Ltd	Dormant	1 000	1 000	100	100
Peak Personnel (Pty) Ltd	Dormant	-	4 000	-	100
PR Connections (Pty) Ltd*	Consulting	1 000	1 000	100	100
Premier Personnel (Pty) Ltd	Recruitment	100	100	100	100
Production Management Institute of Southern Africa (Pty) Ltd	Training	100	100	100	100
Ptn 2 of Erf 32 Endenburg (Pty) Ltd	Property investment	-	1 000	-	100
Quest Flexible Staffing Solutions (Pty) Ltd*	Recruitment	100	100	100	100
Quest Holdings (Pty) Ltd	Recruitment	10 000	10 000	10 000	10 000
Quest Hospitality (Pty) Ltd*	Recruitment	4 000	4 000	200	200
Quest Permanent Appointments (Pty) Ltd	Recruitment	100	100	100	100
Research Surveys (Pty) Ltd	Marketing research	20 000	20 000	200	200
Simeka Recruitment Advertising (Pty) Ltd	Advertising recruitment	4 000	4 000	2 000	2 000
Simeka TWS Communications (Pty) Ltd*	Public relations	4 000	4 000	4 000	4 000
Stand 948, Melville (Pty) Ltd	Property investment	1 000	1 000	100	100
The Design and Media Company (Pty) Ltd	Design and media	4 000	4 000	4 000	4 000
Warwick Institute (Pty) Ltd	Training	-	100	-	100
Sub total negative					
Sub total positive					
Total subsidiaries		-	-	-	-
Name of associate					
Astbury Jones Ltd	Recruitment	-	100 000	-	1 000
Baricorp (Pty) Ltd	Property investment	-	1 000	-	2
Career Junction (Pty) Ltd	Recruitment	400 000	400 000	50 000	50 000
Customer Equity Company (Pty) Ltd*	Marketing research	1 000	1 000	400	400
Equitable Solutions (Pty) Ltd*	Call centres	1 000	1 000	1 000	1 000
Extra Expertise (Pty) Ltd	Human resources	-	-	-	-
Klatrade 200074 (Pty) Ltd trading as Connectivity	Training	1 000	1 000	1 000	1 000
Sandton Group Ltd	Recruitment	100 000	100 000	1 000	1 000
Sub total negative					
Sub total positive					
Total associates		-	-	-	-
Name of joint venture					
Knovation @ Austral (Pty) Ltd*	Training	4 000	-	4 000	-

* Owned by subsidiary companies

Number of shares held		Cost of investment less amounts written off		Indebtedness (to)/ by the subsidiary		Profit/(losses)	
2003	2002	R'000 2003	R'000 2002	R'000 2003	R'000 2002	R'000 2003	R'000 2002
1	1	-	-	-	-	-	-
7 500	-	93 507	-	3 493	-	(6)	-
100	100	10	3 992	234	23	(18)	(41)
7 500	-	329 592	-	16 570	-	-	-
100	100	-	-	-	-	-	-
400	400	-	-	7 095	40 285	(2 041)	(742)
24 000	-	63	-	-	-	-	-
100	100	117	117	1 402	1 871	805	514
100	100	-	-	-	-	-	-
100	100	9 684	29 285	34 505	27 870	(20 939)	-
10 000	10 000	-	2	-	-	-	-
30 000	30 000	-	-	(2 845)	(607)	6 101	1 138
1	1	31	31	-	-	-	-
100	100	-	-	(489)	1 488	2 480	412
4 000	4 000	-	-	20 370	-	3 261	8 199
100	100	-	407	6 531	10 325	354	1 482
50	50	-	25	2 140	1 672	(1 201)	(307)
100	100	6 848	7 270	(1 592)	(2 410)	3 908	3 717
100	100	56	56	(2 643)	(2 213)	3 005	231
100	60	3 059	932	2 210	1 548	(1 388)	(1 388)
100	100	-	438	(5 787)	4 832	8 903	5 829
-	1 000	-	-	-	-	(261)	369
100	100	-	31 923	(5 554)	(7 987)	5 338	2 495
5 000	5 000	455	481	4 685	(575)	(5 158)	(797)
100	100	-	-	(1 981)	-	2 780	376
1 000	1 000	1	600	-	3 658	-	-
100	100	23	23	-	581	-	(1 233)
140 000	100 000	153	105	(38)	173	1 633	(10 083)
100	100	-	-	-	-	-	-
-	100	-	1	-	-	-	-
100	100	-	5 341	40	363	(245)	368
100	100	3 444	3 534	(3 316)	(1 959)	5 575	1 513
100	100	4 708	4 975	9 260	6 792	(2 429)	(1 431)
-	100	-	87	-	1 606	1 190	(1 104)
100	100	-	-	-	-	17 673	12 672
10 000	10 000	2 876	2 880	(160 235)	37 222	196 544	1 005
200	200	-	-	-	-	-	-
100	100	-	-	271	271	-	1
200	200	7 717	7 786	(16 132)	2 036	10 541	6 240
1 000	1 000	1	1	8 262	2 331	941	134
4 000	4 000	-	925	(5 056)	(7 611)	6 137	5 787
100	100	-	180	18 716	17 771	(415)	(477)
3 000	3 000	2	-	1 322	1 699	(1 082)	(1 076)
-	100	-	-	-	-	(4 080)	(2 582)
-	-	-	-	(205 668)	(22 787)	(39 263)	(21 261)
-	-	462 347	101 397	137 106	163 842	277 169	52 482
-	-	462 347	101 397	(68 562)	141 055	237 906	31 221
-	-	-	-	-	-	-	-
-	333	-	3 831	-	-	230	(230)
-	1	-	-	-	-	(1 626)	731
12 500	12 500	1 017	1 179	-	-	312	87
100	100	1 797	1 607	(409)	-	1 218	898
49	49	40	9 15	-	32	283	(85)
-	-	-	184	-	-	-	-
475	475	288	101	326	200	126	141
333	333	-	10 586	-	1 573	137	(137)
-	-	-	-	(409)	-	(1 626)	(452)
-	-	3 142	18 403	326	1 805	2 306	1 857
-	-	3 142	18 403	(83)	1 805	680	1 405
-	-	-	-	-	-	-	-
2 040	-	-	-	-	-	(102)	-

Notice of annual general meeting

to be held on 29 June 2004

Adcorp Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1974/001804/06)

Share code: ADR

ISIN: ZAE000000139

("Adcorp" or "the company")

Notice is hereby given that the annual general meeting of the shareholders of Adcorp Holdings Limited will be held at The Atrium, Corner Rustenburg Road and 7th Avenue, Melville, Johannesburg on Tuesday, 29 June 2004 at 10:00 to consider and if deemed fit, to pass with or without modification the following resolutions:

AS ORDINARY RESOLUTIONS

1. To receive, approve and adopt the audited annual financial statements for the year ended 31 December 2003.
2. To elect N Lilford as a director of the company.
3. To elect S Zungu as an alternate director of the company.
4. To re-elect V Baker as a director of the company.
5. To re-elect M Liphosa as a director of the company.
6. To re-elect S Shonhiwa as a director of the company.
7. Resolved that the directors of the company shall be entitled to pay, by way of a reduction of share premium in lieu of a dividend, an amount equal to the amount which directors of the company would have declared and paid out of profits in respect of the interim dividend for the year ending , subject to the following limitation:

– that the maximum amount by which the share premium will be reduced in terms of this authority, will not exceed R21 761 664.

The company's directors undertake that they will not implement the proposed capital reduction, unless:

- The company and the Adcorp Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of approval of this resolution;
- The assets of the company and the Adcorp Group will be in excess of the liabilities of the company and the Adcorp Group for a period of 12 months after the date of approval of this resolution. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- The share capital and reserves of the company and the Adcorp Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this resolution;
- The working capital of the company and the Adcorp Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this resolution; and
- The sponsor of the company provides a letter to the JSE Securities Exchange South Africa ("JSE") on the adequacy of working capital in terms of section 2.12 of the JSE Listings Requirements.

The salient dates and times for the capital distribution appear on page 28.

In compliance with section 11.28 of the JSE Listings Requirements, the following information is furnished:

- Directors and management – refer to page 14 of this report
- Directors' addresses refer to pages 16 to 19 for this report
- Major shareholders – refer to page 28 of this report
- Directors' interests in securities – refer to pages 56 and 57 of this report
- Share capital – refer to page 51 note 11 of this report

Material changes

There has been no material change in the financial or trading position of the Adcorp Group since the publication of the annual results for the 12 months ended 31 December 2003.

Directors' responsibility statement

The directors, whose names are set out on page 14 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in this resolution and certify that, to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable queries in this regard.

Litigation statement

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the company is aware) which may have or have had a material effect on the Adcorp Group's financial position over the last 12 months.

Financial effects

Based on the balance sheet of Adcorp as at 31 December 2003, the reduction will reduce the shareholders' interest by R21 761 664. The share premium account will reduce from R56 746 901 to R34 985 237.

The net asset value per share will reduce from 485 cents to 431 cents. The percentage change will be 11,21%.

The pro forma financial effects of the capital distribution will have a material effect on the earnings of Adcorp for the twelve months ended 31 December 2003. On the assumption that the capital distribution took place on 1 January 2003, this would have had the effect of increasing total borrowings by R21 761 664 and subsequently interest paid by R2 915 347, calculated at the

group's core borrowing rate. This would have resulted in a reduction of group profit before taxation of R2 915 347 and an increase in group loss after taxation of R2 040 743. On this basis, the pro forma impact on the following earnings measures would result:

- Net loss per share would have increased from 22,0 cents to 27,1 cents per share, a 23,12% increase. Similarly diluted loss per share would have increased from 21,5 cents to 26,5 cents per share, a 23,30% increase.
- Headline earnings per share would have decreased from 96,4 cents to 91,3 cents per share, a reduction of 5,29%.

Opinion and recommendation

The directors of Adcorp are of the opinion that the proposed reduction of share premium and capital distribution is in the interest of the shareholders of Adcorp. Accordingly, the directors who are shareholders intend to vote in favour of the ordinary resolution to approve the reduction of capital and recommend that shareholders do the same.

Exchange control

In terms of the South African Exchange Control Regulations, the following will apply in the case of Adcorp shareholders whose registered addresses are outside the common monetary area:

Emigrants

The Rand consideration due to shareholders who are emigrants from South Africa, and whose records/documents of title have been restrictively endorsed under the Exchange Control Regulations of South Africa and who are entitled to receive a pro rata portion of the capital distribution, will be deposited in a blocked Rand account with the authorised dealer in foreign exchange controlling such emigrants remaining blocked assets. The authorised dealer releasing the documents of title must countersign the relevant form of acceptance, thereby indicating that the Rand consideration will be placed directly under its control. This relates to shares that were acquired with blocked funds after the shareholders' emigration or those that formed part of the emigrant's blocked assets at the time of emigration.

Where applicable, a "non-resident" endorsement will be stamped on every new share certificate or share statement issued to a shareholder who is a non-resident from the common monetary area. The new share certificate or share statement will be forwarded to the authorised dealer in foreign exchange in South Africa controlling the shareholders blocked assets.

If emigrant Adcorp shareholders do not provide the name of an authorised bank, the amount concerned will be held on deposit in a non-interest bearing account under the control of the transfer secretaries, who will complete the transaction on behalf of the shareholders concerned.

All Central Securities Depository Participants or brokers with whom shares have been dematerialised should note that they are required to comply with the South African Exchange Control Regulations set out above.

Other non-residents

The Rand consideration due to shareholders, who are non-residents of South Africa, who have never resided in South Africa, whose registered addresses are outside the common monetary area, whose records/documents of title have been restrictively endorsed under the Exchange Control Regulations of South Africa and who are entitled to receive a pro rata portion of the capital distribution, will be freely transferable to such shareholders provided that the Rand consideration due to such shareholders may only be paid to the credit of a non-resident account with an authorised bank in South Africa.

Where applicable, a "non-resident" endorsement will be stamped on every new share certificate or share statement issued to a shareholder who is an emigrant from the common monetary area. The new share certificate or share statement will be forwarded to the authorised dealer in foreign exchange in South Africa.

Where the shareholder does not have an authorised dealer in South Africa, the share certificate or statement and where applicable, a cheque will be posted, at the risk of such shareholder, to the address of such shareholder in the share register at the record date.

8. "Resolved that 2 916 640 ordinary shares in the authorised but unissued share capital of the company be and are hereby placed under the control of the directors of the company as a specific authority in terms of section 221(2) of the Companies Act, 61 of 1973, as amended, ("the Act") for the allotment and issue of shares in terms of the Adcorp Holdings Limited Share Purchase Scheme and the Adcorp Empowerment Share Incentive Scheme."
9. "Resolved that the remaining 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 Act and the rules and requirements of the JSE."
10. To transact such other business as may be transacted at an annual general meeting.

AS SPECIAL RESOLUTION

11. Resolved 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 Act, the JSE Listings Requirements and the articles of association of Adcorp, from time to time which are:
 - that the repurchase of shares will be affected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
 - that this general authority shall be valid only 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;

Notice of annual general meeting continued

as at 31 December 2003

- The repurchase of shares will not be made at a price greater than 10% above the weighted average of the market value for the five business days immediately preceding the date on which the transaction is effected;
- at any point in time, the company will only appoint one agent to effect any repurchase on the company's behalf;
- the company may only undertake a repurchase of securities if, after such repurchase, it still complies with the shareholder spread requirements as set out in the JSE Listing Requirements;
- the company or its subsidiary may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements;
- 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;
- 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.

General information, including the following, is set out in the Annual Financial Statements of the company:

- Directors and management as set out on page 14
- Major shareholders as set out on page 28
- Directors' interests in securities as set out on pages 56 and 57
- Share capital of the company as set out on page 51 note 11

Material changes

There has been no material change in the financial or trading position of the Adcorp Group since the publication of the annual results for the 12 months ended 31 December 2003.

Directors' responsibility statement

The directors, whose names are set out on page 14 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in this resolution and certify that, to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable queries in this regard.

Litigation statement

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the company is aware) which may have or have had a material effect on the Adcorp Group's financial position over the last 12 months.

Working capital

After considering the effects of the maximum repurchase 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 approval of this resolution;
- 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 the approval of this resolution;
- 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 the approval of this resolution to meet the Adcorp Group's current and foreseeable future requirements; and
- the sponsor of the company provides a letter to the JSE Securities Exchange South Africa ("JSE") on the adequacy of working capital in terms of section 2.12 of the JSE Listings 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.

VOTING AND PROXIES

If you are a certificated or own name dematerialised shareholder and unable to attend the annual general meeting of ordinary shareholders to be held on Tuesday, 29 June 2004 at 10:00 at the premises of the company The Atrium, Corner Rustenburg Road and 7th Avenue, Melville, Johannesburg and wish to be represented thereat, you must complete and return the attached forms of proxy in accordance with the instructions therein.

If you have dematerialised your shares with a Central Securities Depository Participant ("CSDP") or broker, other than with own name registration, you must arrange with them to provide you with the necessary authorisation to attend the annual general meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between you and the CSDP or broker, in the manner and cut-off time stipulated therein.

Additional proxy forms are obtainable from the company secretary and must be deposited at the transfer secretaries not less than 24 hours before the meeting.

By order of the board



Merle Millar
Secretary

4 June 2004

Form of proxy

Adcorp Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1974/001804/06)

Share code: ADR

ISIN: ZAE000000139

("Adcorp" or "the company")

For use at the Annual General Meeting of shareholders of Adcorp Holdings Limited to be held at 10:00 on Tuesday, 29 June 2004.

For use by the certificated holders or holders of dematerialised shares in their own name at the annual general meeting to be held at 10:00 on Tuesday, 29 June 2004 at the premises of the company The Atrium, Corner Rustenburg Road and 7th Avenue, Melville, Johannesburg.

If shareholders have dematerialised their shares with a Central Securities Depository Participant ("CSDP") or broker, other than with own name registration, they must arrange with the CSDP or broker to provide them with the necessary authorisation to attend the annual general meeting or the shareholder must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker, in the manner and cut-off time stipulated therein.

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 shares, 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, Corner Rustenburg Road and 7th Avenue, Melville, Johannesburg 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 10:00 on Tuesday, 29 June 2004 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
Ordinary resolution 1 (Adopt audited financial statements)			
Ordinary resolution 2 (Elect N Lilford)			
Ordinary resolution 3 (Elect S Zungu)			
Ordinary resolution 4 (Re-elect V Baker)			
Ordinary resolution 5 (Re-elect M Liphosa)			
Ordinary resolution 6 (Re-elect S Shonhiwa)			
Ordinary resolution 7 (Capital distribution payment)			
Ordinary resolution 8 (Employee share scheme shares placed under control of directors)			
Ordinary resolution 9 (Unissued ordinary shares placed under control of directors)			
Ordinary resolution 10 (Transact other business)			
Special resolution 11 (Repurchase of company's shares)			

Signed by me/us this

day of

2004

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 above mentioned 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 secretaries, Computershare Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2017) to be received by 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.

Administration

ADCORP HOLDINGS LIMITED

Registration number 1974/001804/06

Founded 1968, listed 1987

SECRETARY AND REGISTERED OFFICE

Merle Millar

2nd Floor, The Atrium

Corner 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 AND LEGAL ADVISOR

Nucleus Corporate Finance (Pty) Limited

Registration number 1998/023924/08

25 Rudd Road

Illovo, 2041

Tel 011 268 0800

Fax 011 268 0840

Larry A Marks

The Forum

340 Louis Botha Avenue

Orange Grove

Tel 011 485 1025

Fax 011 485 1461

JOINT 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

Deloitte & Touche

The Woodlands

20 Woodmead Drive

Gallo Manor

Sandton

Private Bag X6

Gallo Manor, 2052

Tel 011 806 5000

Fax 011 806 5111

TRANSFER SECRETARIES

Computershare Investor Services 2004 (Pty) Limited

Registration number 2004/003647/07

70 Marshall Street

Johannesburg, 2001

Tel 011 370 5000

Fax 011 370 5271

COMMERCIAL BANKERS

FirstRand Bank of Southern Africa Limited

Registration number 1905/001225/06

Standard Bank of SA Limited

Registration number 1962/000738/06

Nedbank Limited

Registration number 1951/000009/06

SPONSORS

Deloitte & Touche Sponsor Services (Pty) Limited

The Woodlands

20 Woodmead Drive

Gallo Manor

Sandton

Private Bag X6

Gallo Manor, 2052

Tel 011 806 5000

Fax 011 806 5111

ADCORP
HOLDINGS

www.adcorp.co.za