



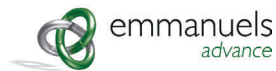
annual report 2004



organic growth
is our way forward

Key brands

Trading brands



Support services



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.



Contents

Chairman's statement	2	Shareholders' analysis	32
What shareholders can expect	3	Shareholders' diary	33
Achievements in 2004	4	Adcorp share price	34
Performance against stated targets	5	Value added statement	35
Brands and service offerings	6	Approval of the annual financial statements	37
Chief Executive's report	8	Certification by company secretary	37
Board of directors and management committee	16	Report of the joint independent auditors	38
Six-year review	22	Directors' report	39
Corporate governance	24	Annual financial statements	44
Employment equity	27	Notice of annual general meeting	70
Corporate social responsibility	28	Form of proxy – enclosed	
		Administration	IBC

Chairman's statement



Chairman, Dr Van Zyl Slabbert

"Adcorp looks ahead with confidence"

Adcorp has come through an outstanding year's performance. This is clearly reflected in our impressive results. These simply symbolise a vigorous process of restructuring and repositioning the company. Richard Pike, the Chief Executive Officer, has inspired a very able executive management with a simple clarity of purpose and a simple management philosophy – a strong focus on cash management, margin management and weeding out non-performers. For this to succeed as it has, he needed the support of a strong and competent management and staff.

The success of a company like Adcorp is also indicative of a growing robust economy in the country. For example, our recruitment businesses would not perform so well were this not the case. Generally, the group

structure of the company is well poised to take advantage of the favourable economic conditions in the next year of business. The strategy is organically focused in the sense of sweating existing assets rather than going on the acquisition trail.

Given that, as a holding company, Adcorp has had to develop a common sense of purpose and commitment amongst its various subsidiaries – to generate a shared organic focus is no mean feat.

A major challenge remains to develop an appropriate black empowerment strategy that is reflected on the various levels of the company, ie equity, board, executive appointments and skills development. Adcorp has performed more than credibly so far,

but this remains an ongoing challenge. We are determined that our BEE strategy must be economically sound and add value, both to the partners and the overall company.

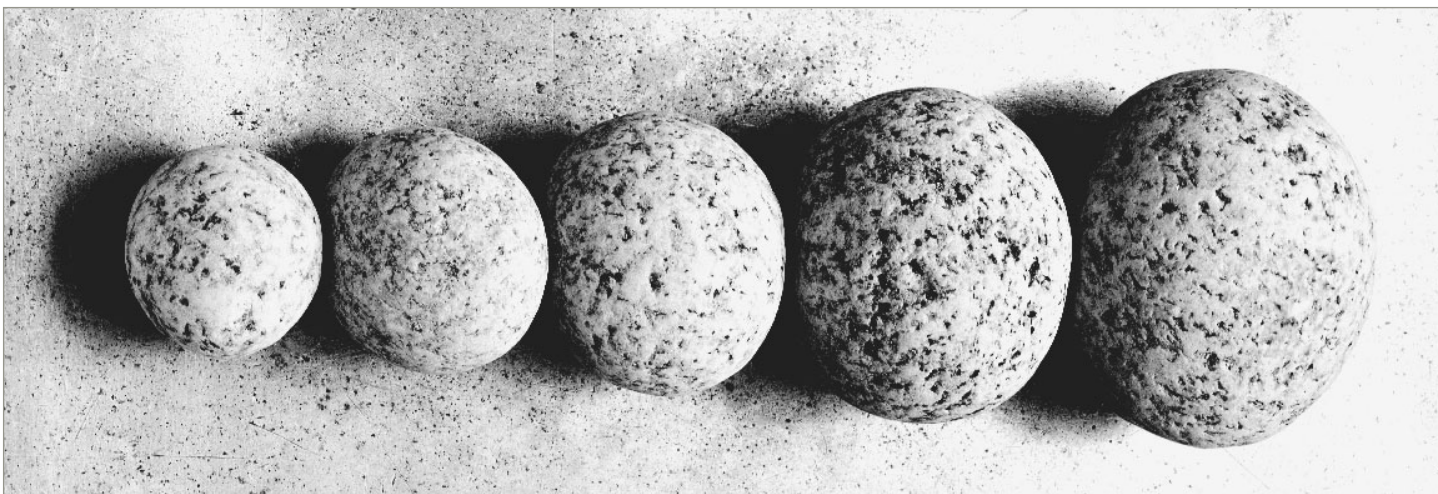
In conclusion, Adcorp looks ahead with confidence and excitement to the future and as Chairman it has been a pleasure and honour to be associated with the people who run it.

A handwritten signature in dark ink, appearing to read 'Zyl Slabbert', written in a cursive style.

Dr Van Zyl Slabbert
Chairman

What shareholders can expect

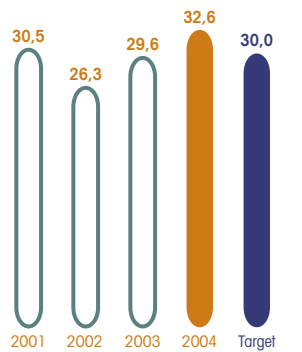
- Total transparency in the conduct of the affairs of the business
- Sound corporate governance
- A primary focus on cash generation (as priority over profit)
- A focus on organic rather than acquisitive growth centred around margin management
- A return of excess cash resources to shareholders within the confines of maintaining an acceptable level of gearing
- A commitment to broad-based black economic empowerment (BEE) and transformation



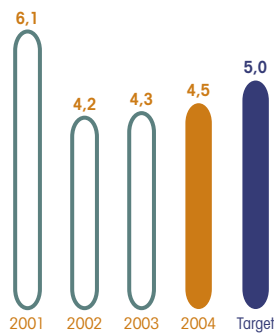
Achievements in 2004

- Headline earnings per share up by 71%
- Return on assets managed up to 33%
- Distributions to shareholders total 105 cents per share declared
- Operating profit up by 26%
- Operating margin up to 4,5%
- Cash conversion ratio 99%
- Debtors days down by 2 days
- Gearing reduced to 1%
- Share price increased from R11,80 to R16,90
- Value of the group increased by R222 million
- Value return to shareholders 53%
- Shares traded up from 7 million shares to 17 million
- Second major empowerment deal concluded in Corporate Communications division
- Financial Mail Top Empowerment Companies 2005
 - Ranked 1st in Services Sector of JSE Securities Exchange
 - Ranked 16th overall on JSE Securities Exchange
- Business Map 2004 BEE Awards
 - Finalist (Most Progressive Company)
 - Finalist (Most Innovative BEE deal structure)
- Empowerdex “BBB” rating achieved
- Four additional social investment projects established

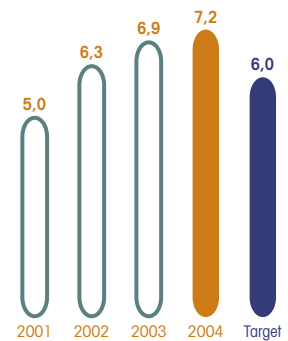
Performance against stated targets



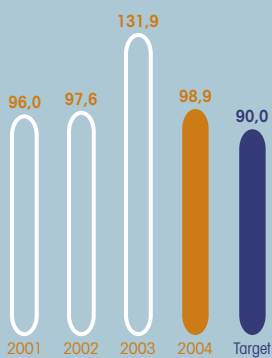
return on assets managed (%)



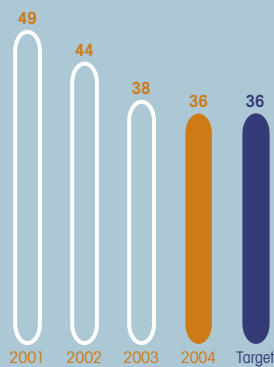
return on sales (%)



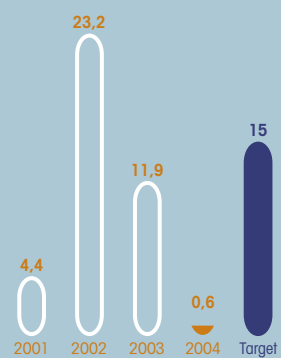
asset turnover (times)



cash generated to operating profit (%)



debtors days (days)



gearing (%)

	Brands	Service offerings
Permanent Recruitment	• Admark Recruitment • Altolevel • DAV • Grey Consulting • JobVest • The Oval Office • Premier Personnel • Career Junction (associate)	• 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 (includes training)	• Capacity • Charisma Nursing Services • Emmanuels • Quest Flexible Staffing Solutions • Knovation • PMI	Variety of staffing services and solutions in a multiple number of job types and industries, including: • Temporary staffing assignments • Contract staffing solutions • Workforce optimisation • Learnership implementation and administration • Leadership and management development • Customised, strategically aligned, corporate training solutions • Comprehensive offering of business relevant, accredited education and training programmes
Corporate Communications	• Graphicor • Simeka TWS Communications	• Public relations • Brand development • Project management of marketing and communication plans • Design and production of annual reports • Design and production of various stakeholder communication reports • Financial advertising • Graphic design • Design and production of multimedia presentations
Marketing Research	• Research Surveys • Customer Equity Company (associate)	• 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

- Uniquely broad range of recruitment services enabling fully outsourced recruitment offerings
- Candidate sourcing spanning numerous 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

- 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
- 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

- 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

- 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

Key drivers for growth

- Growth in the South African economy
- In particular, demand for staff in the financial services, retail, engineering, telecommunications and public sectors
- Demand for exclusive single supplier, managed staffing solutions

- Growth in outsourcing of non-core functions by clients
- Desire by organisations to match labour input costs to variable market demand
- Rapid expansion of call centres in South Africa
- Growth in learnerships established in terms of the Skills Development Act
- Growth in the South African economy

- Growth in public sector communication
- Growth in multimedia as an effective communication medium
- Trend away from traditional “above the line” advertising to “through the line” promotional solutions

- Growth in the financial services, retail and fast moving consumer goods (FMCG) sectors of the economy
- Growth in public sector surveys
- Growth in the South African economy

Chief Executive's report



Chief executive officer, Richard Pike

"The success of the group can largely be attributed to management's adoption of a simple, highly focused strategic agenda"

Overview

2004 was a particularly good year for the group. Operating profit before goodwill increased by 24% compared to the prior year whilst headline earnings per share were 71% higher compared to the prior year.

These positive results were achieved following a period of significant repositioning and restructuring carried out during 2002 and 2003.

It is pleasing to note that, following this process, the group has settled down extremely well and has, as a result, delivered the results expected of it.

The success of the group can largely be attributed to management's

adoption of a simple, highly focused strategic agenda centred primarily around cash generation and margin management.

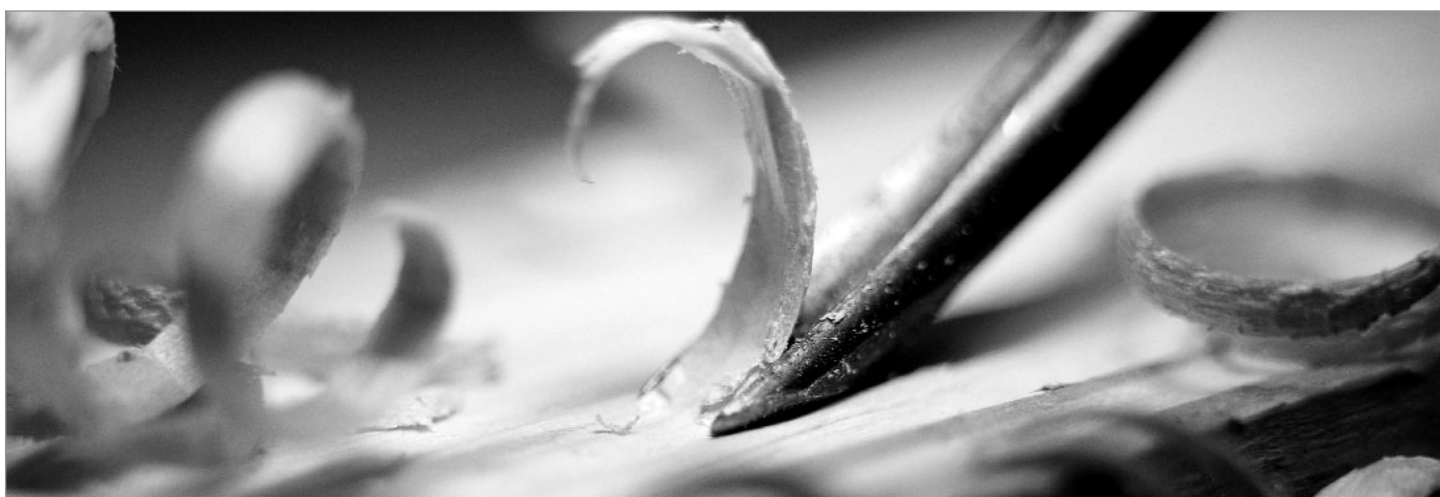
In following this strategy, the group has demonstrated its cash generative potential having achieved cash conversion ratios whereby cash generated by operating activities is compared to operating profit before goodwill, in excess of the targeted 90% for the past two consecutive years.

As a result of the cash generative performance of the group, coupled with the relatively low capital intensity of the businesses, the group has been able to return a significant portion of its earnings to shareholders by way of capital distributions and dividends.

In this regard, shareholders achieved a return of 53% for the period 1 January 2004 to 31 December 2004 due to the cash distributions made to shareholders during the period coupled with the significant appreciation of the Adcorp share price over the same period.

Significantly, R254 million of shareholder wealth was created through an increase in the group's market capitalisation in addition to the R32 million returned to shareholders by way of capital distributions during the 2004 year.

shareholders achieved
a return of 53% for the 2004
financial year



Shareholder wealth creation

(R000's)	2004	2003
Closing share price 31 December (cents)	1 690	1 180
Market capitalisation (at end of year)	697 265	475 533
Market capitalisation (at beginning of year)	475 533	253 267
Increase in market capitalisation	221 732	222 266
Cash returned to shareholders (capital distributions)	31 964	18 668
Wealth generated for shareholders	253 696	240 934
% one year return for shareholders	53%	95%
% dividend yield to shareholders (beginning of year investor)	6,8%	7,5%

Chief Executive's report continued

Following on from these pleasing results, the group is now well positioned to achieve further, strong organic growth for the foreseeable future.

The foundation for organic growth is centred around a preoccupation with following the simple strategic agenda now formulated with clearly defined financial targets.

The potential inherent in optimising operating margins in each of the underlying business units is still significant.

The key to unlocking margin potential in the group is by aggressively chasing sales volume growth (quantity of business) in our relatively low volume businesses and by focusing on sales rates and prices achieved (quality of business) in our relatively high volume businesses.

Black economic empowerment (BEE) has also enjoyed a prominence on the executive agenda.

It is an area where the group has been an innovator and, as a result, was positioned first in the Support Services sector of the JSE Securities Exchange in terms of the Financial Mail's 2005 Top Empowerment Companies rankings. In addition, Adcorp was ranked sixteenth overall out of all JSE Securities Exchange listed companies in terms of the same survey. Adcorp was also nominated as a finalist in the Business

Map 2004 BEE Awards in the categories of "Most Progressive Company" and "Most Innovative BEE deal structure".

The group has a six-tier approach to BEE and transformation which involves focusing on shareholding, board representation, procurement from black suppliers, capacity building, affirmative action and social investment.

Targets and objectives have been set in each of these areas and generally the group is tracking well against these targets and objectives.

Two significant empowerment transactions were effected at operational level in 2003 and 2004 respectively whereby a consortium comprising the Black Management Forum Investments Company (Pty) Limited (BMFI) and Zungu Investments Company (Pty) Limited (ZICO) acquired a 25% stake in the Flexible Staffing operations of Adcorp following which, a consortium comprising the Black Management Forum Investments Company (Pty) Limited and Tshirundu Investment Holdings (Pty) Limited (Tshirundu) acquired a 25% stake in the group's Corporate Communications operations.

Both transactions have settled down well with the respective empowerment partners making a positive contribution in those businesses in which they have a shareholding.

The group will continue to focus on furthering its empowerment and transformation objectives as empowerment cannot be considered a once-off event, it is rather a journey with a number of key milestones to be achieved en route.

Given the group's strong conviction that the superior financial returns we strive for are best achieved by way of a disciplined organic focus, the group continues to prioritise the strategic agenda around the following key areas:

- Innovating differentiated, cost effective business solutions for our clients
- Focusing on margin management
- Driving the group cash flows
- Being vigilant with regard to non-performing assets
- Leveraging inter-group opportunities
- Leveraging the group's empowerment status
- Raising the profile of the Adcorp brand
- Maintaining exemplary corporate governance standards.

Financial performance

The financial performance of the group was most pleasing and is evidence of the benefits of the group's policy of financial targeting.

In terms of this financial targeting approach, management is primarily

focused on achieving a Return on Assets Managed (ROAM) target of 30% which provides for an attractive return to shareholders in excess of the group's cost of capital.

For the year ended 31 December 2004, the group achieved a return on assets managed of 33%.

The key drivers of ROAM are asset productivity or asset turnover (ATO) and margin management or return on sales (ROS).

The group's ATO of 7,3 times for 2004 compared favourably to the target of 6,0 times whilst the ROS figure for the year of 4,5% was only slightly behind the target of 5%.

The group also targets a cash conversion ratio of 90% which was more than achieved being at a level of 99% as a result of the continued focus on managing debtors days which were 36 days at year-end versus the target of 36 days outstanding.

Operating profit before goodwill of R89,8 million was some 24% ahead of last year whilst headline earnings of R66,3 million was further positively impacted by a reduction in the group's effective tax rate to 23% mainly as a result of tax benefits earned on learnerships managed by the group in terms of the Skills Development Act.

As such, headline earnings per share of 164,5 cents were some 71% ahead of the 96,4 cents earnings of the prior year.

Cash generated by operating activities of R88,8 million kept the group's borrowings to within target gearing levels of 15%. Actual gearing at year-end was 1%.

During the 2004 year, shareholders received two capital distributions totalling 79 cents per share. A further final dividend of 80 cents per share has been approved in respect of the 2004 financial year to be distributed to shareholders in 2005.

Divisional overview

Permanent Recruitment

The Permanent Recruitment division of the group had an outstanding year. Operating profit of R14,7 m was some 239% ahead of that reported in the prior financial year.

The recruitment environment in South Africa has improved substantially in line with the growth of the South African economy. In particular, the demand for staff in the financial services, retail, engineering, telecommunications and public sectors continues to be strong.

In addition, the repositioning of this division to attract exclusive, managed staffing assignments has also contributed positively to the financial successes of the division.

Given the division's diverse offerings of recruitment advertising, response handling, internet recruitment, search and selection, job profiling and candidate assessment as well as its executive search capability, the division is uniquely positioned to provide its managed staffing solutions on an exclusive basis to a wide array of clients in diverse industries spanning both the public and private sectors.

Specialist recruitment agencies DAV and Premier had exceptional years whilst The Oval Office and Grey Consulting continued with their focus on restructuring for top line success. Both of these businesses are now on a sound financial footing and will contribute positively to the division in the future.

Recruitment advertising continues to perform well and, together with the response handling component of the offering, now forms a prominent component of the Adcorp managed staffing solution as well as offering unique opportunities for mass response handling assignments.

Internet recruitment company, Career Junction, in which Adcorp owns a 25% stake, continues to grow its position of dominance in this market. The site hosted 15 000 job advertisements in 2004 compared with the 9 000 in the previous year whilst the number of résumés hosted

Chief Executive's report continued

increased from a level of 127 000 in the prior year to 182 000 during 2004.

Flexible Staffing

The Flexible Staffing division is the most dominant contributor to group profitability and, once again, produced an outstanding financial performance.

The division provides jobs for between 25 000 and 30 000 employees at any point in time with its biggest markets being the financial services, telecommunications, healthcare, retail, office support, call centre, technical and semi-skilled sectors of the job market.

In addition to its flexible staffing operations, the education and training operations of Adcorp namely, Knovation and the Production Management Institute of Southern Africa (PMI), were merged into this division during the year.

Key drivers in the flexible staffing or contract labour market are growth in the outsourcing of non-core functions by organisations, the desire by many organisations to match labour input costs to variable market demand, the rapid expansion of call centres in South Africa servicing both local and international organisations, the advent of learnerships as established in terms of the Skills Development Act as well as the general growth of the South African economy.

The division has four flexible staffing brands namely Emmanuels Advance, Quest Flexible Staffing Solutions, Capacity and Charisma Healthcare Solutions which, for management reporting purposes, forms part of Emmanuels Advance.

The division has benefited as a result of the black economic empowerment deal struck over a year ago whereby BMFI and ZICO acquired a 25% stake in the flexible staffing operations.

The input and assistance provided by the empowerment consortium has been beneficial in terms of both defending existing business that was potentially at risk for lack of suitable empowerment credentials and also in winning new business that would otherwise have been inaccessible to these businesses.

The division has been most successful in establishing a large number of learnerships in terms of the Skills Development Act. These learnerships have been accessed through the Services Seta and have helped create a number of permanent jobs for previously unemployed individuals, predominantly in the call centre environment.

The creation of these learnerships has also facilitated the access of tax grants which have benefited the group's overall tax rate.

From an operational point of view, cash management and margin management continue to drive the divisional strategic agenda.

In terms of cash management, the divisions' debtors' book forms a significant proportion of the overall Adcorp Group debtor's book and, as such, tight debtors' management and collections by this division have a major bearing on the overall cash generative potential of the group.

Debtors' days have been consistently reduced in this division over the past three years which has contributed greatly to the cash "breakthrough" achieved by the group over this period.

The "breakthrough" the division now seeks is in the area of margin management.

Whilst much management attention has already been paid to margin management, there is still a significant, inherent untapped potential in margin for this division given the sizeable volumes it controls.

A large proportion of flexible staffing income is now contractual as opposed to the less predictable, contingency type business which renders much of the division's revenues, annuity-based.

Prospects for this division remain sound and it is expected that it will

prospects for real growth are good for the next years



continue to achieve sustainable real growth into the future.

Corporate Communications

The division involved in corporate communications, public relations, graphic design and multimedia which is a relatively minor contributor of overall group profitability contributing some 6% of operating profit, had a particularly difficult year.

Both of the divisional brands namely, Graphicor and Simeka TWS, came off exceptionally strong performances in the prior year which made the prospects for growth in 2004 all the more difficult.

Graphicor had a solid year despite delivering a profit performance which was below the prior year primarily as the result of losing one of its key clients.

Despite this loss, a number of new assignments were gained which partially offset some of the lost business.

Margins in this business were improved compared to the prior year and the cash performance of the business was excellent.

The prospects for Graphicor remain positive with the gain of a number of new assignments in both the private and public sectors. The business is well managed and is a solid profit and cash contributor to the group.

Simeka TWS experienced a tough year due largely to the conclusion of a public sector contract which it serviced over the past three years and which represented more than 50% of its business.

Although it was realised that the conclusion of this particular contract would significantly impact the financial fortunes of the business, it was hoped that new business could be sought to replace these anticipated, lost revenues.

In addition, with the impending conclusion of the contract, staff morale was negatively impacted particularly with those employees assigned exclusively to this contract.

Chief Executive's report continued

In line with Adcorp's philosophy of being vigilant with regard to non-performing assets, when it became clear that new business opportunities would not be sufficient to replace lost revenues, management acted swiftly to restructure the business such that it would be right sized given the significantly reduced level of billings.

The operations of PR Connections, a niche public relations agency specialising in the depressed information technology sector were also disposed of.

In this regard, the division incurred R4,5 million of restructure and retrenchment costs which further impacted negatively on the division's operating performance but was necessary to ensure that the business was correctly configured for the future.

The restructuring and retrenchment exercise was completed by the end of 2004 and the prospects for returning the business to an acceptable level of profitability are now good.

New management has been appointed and a number of new sales opportunities in both the private and public sectors have proved to be successful.

The key drivers of this division include the growth in public

sector communication, the growth in multimedia as an effective communication medium and the trend away from traditional "above the line" advertising spend to "through the line" promotional spend.

Marketing Research

Marketing Research also reported a lower profit performance than in the prior year largely as a result of an exceptional performance in the prior year boosted by a number of "one-off" assignments that were not repeated in the year under review.

Given the exceptional performance achieved in 2003, it was assumed that 2004 would continue at the same pace which proved not to be the case.

The division trades under the brand Research Surveys and also has a 25% stake in a joint venture, the Customer Equity Company (CEC), owned jointly with United Kingdom-based research group TNS.

During the year under review, Research Surveys jointly established a retail consumer observation business, Shopper Behavioural Research (SBR) in which Research Surveys currently has a 35% stake.

Research Surveys is the market leader in its field and is the biggest consumer research house in South Africa.

Its key business drivers are predominantly growth in the financial services, retail and fast moving consumer goods (FMCG) sectors of the economy as well as the growth in public sector surveys.

Although a dominant player, competition is intensive which tends to put pressure on pricing.

The prospects for this division remain sound. Research Surveys is the leader in its industry and after 25 years of being in business, continues to provide innovative marketing insights to its clients.

Human Resources

Being a people intensive business, the need for sound human resource policies and procedures is of paramount importance.

The key focus of this function is around the attraction and retention of top talent into the group.

In this regard, the group remains committed to upholding a best practice human resource management approach ensuring that the management of 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

In addition, the group human resources function is the custodian of the group's social investment activities which are primarily focused on the support of vegetable garden projects in disadvantaged communities and the support and care of Aids sufferers and orphans.

The year ahead

Prospects for the group remain sound. All underlying businesses are contributing positively and the industries they serve are generally performing well.

The single biggest challenge the group faces is black economic empowerment and transformation. Whilst much has been achieved, a lot more needs to be done and the timetable for change is pressing.

Operationally, all businesses are strongly focused on cash and margin management.

Given the inherent potential in unlocking margin opportunity within the group coupled with the expansion of existing market opportunities together with favourable economic conditions, prospects for real growth are good for the next years.

Appreciation

As Adcorp's strength has always been its outstanding people, I 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.



Richard Pike
Chief Executive Officer

Board of directors and management committee



Shepherd Shonhiwa (51)

Deputy Chairman

Non-Executive Director – Independent
Appointed 9 September 2002

Richard Pike (43)

Chief Executive Officer

Executive Director
Appointed 18 October 2000
Member of management committee

Dr Van Zyl Slabbert (64)

Chairman

Non-Executive Director – Independent
Appointed 16 September 1994
External member of management committee



Rob McGregor (59)

Head of Permanent Recruitment

Executive Director
Appointed 9 September 2002
Member of management committee

Matodzi Liphosa (60)

Group Human Resources Director

Executive Director
Appointed 9 September 2002
Member of management committee

Faunce Burd (57)

Group Financial Director

Executive Director
Appointed 9 September 2002
Member of management committee

Henry Barenblatt (55)

Head of Research

Executive Director
Appointed 9 September 2002
Member of management committee



Faith Khanyile (38)

Non-Executive Director – Independent
Appointed 11 September 2002

Nelis Swart (42)

Head of Flexible Staffing
Executive Director
Appointed 9 September 2002
Member of management committee



George Negota (54)

Non-Executive Director – Independent
Appointed 11 March 2004

Campbell Bomela (56)

Non-Executive Director – Independent
Appointed 11 March 2004

Sonja Sebotsa (33)

Non-Executive Director – Independent
Appointed 9 September 2002



Siyabonga Zungu (39)

Alternate director
Appointed 5 August 2003

Thendo Ratshitanga (30)

Member of management committee
and alternate director
Appointed 10 March 2004

Board of directors



Dr Van Zyl Slabbert (64)

Chairman

Non-Executive Director –

Independent

MA, DPhil

Appointed 16 September 1994

Outside directorships held

Metro Cash & Carry – Chairman

CTP Caxton – Chairman

FirstRand – 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.

Shepherd Shonhiwa (51)

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 has worked in the sugar, brewing, petroleum, milling, motor, manufacturing, FMCG and media sectors. 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.

Richard Pike (43)

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 when Richard assumed the position of Deputy Chief Executive Officer. In 2001 he was appointed as Chief Executive Officer of Adcorp Holdings Limited.

Faunce Burd (57)

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.

Henry Barenblatt (55)

Head of Marketing Research

Executive Director

Appointed 9 September 2002

Outside directorships held

Saldanha Group of Companies –
Non-Executive Director

Henry is the head 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.

Matodzi Liphosa (60)

Group Human Resources Director

Executive Director

HDip ASWP

Appointed 9 September 2002

Outside directorships held

Totem Investment Holdings –
Director
Simeka Investment Holdings –
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.

Rob McGregor (59)

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 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.

Nelis Swart (42)

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

Board of directors continued

Director of Quest Flexible Staffing Solutions, he was the commercial director of Beier Industries in KwaZulu-Natal.

Faith Khanyile (38)

Non-Executive Director –
Independent

BA Economics (Hons), MBA

Appointed 11 September 2002

Outside directorships held

WDB Investment Holdings –

Non-Executive Director

BP (SA) – Non-Executive Director

Ndalama-Schwela – Non-Executive
Director

Uthingo – 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.

Sonja Sebotsa (33)

Non-Executive Director –
Independent

LLB Hons (LSE), MA, SFA

Appointed 9 September 2002

Outside directorships held

South African Post Office SA –

Non-Executive Director

WDB Investment Holdings SA –

Executive Director

Paracon – 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.

George Negota (54)

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 – Chairman

Infra-Africa – 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 gained experience in 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.

Campbell Bomela (56)

Non-Executive Director –

Independent

BCom, MBA

Appointed 11 March 2004

Outside directorships held

Black Management Forum

Investment Co –

Managing Director

Peoples Bank –

Non-Executive Director

Keboes Fruit Farms –

Non-Executive Director

Mossbrooke Investments – Director

Webtrade 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.

Thendo Ratshitanga (30)

Head of Corporate Communications division

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

Bonga Zungu (39)

Alternate director to C Bomela

BCom, MBA

Diploma in Sport and Marketing Management

Appointed 11 March 2004

Resignations

There were three resignations from Adcorp Holdings Limited board during 2004, these were:

Bheki Sibiya resigned 10 March 2004

Neil Lilford resigned 31 August 2004

Vicky Baker resigned 11 October 2004

Six-year review



	2004	2003	2002	2001	2000	1999
INCOME STATEMENT						
Turnover (R'000)	2 005 659	1 667 235	1 523 381	1 211 287	963 443	685 460
Operating profit before goodwill (R'000)	89 804	72 433	64 500	74 035	94 699	65 981
Operating profit (R'000)	85 313	67 942	59 258	67 432	91 484	65 981
Pre-tax profit/(loss) (R'000)	78 379	17 016	(20 246)	69 398	97 728	74 597
Tax rate (%)	23,1	39,2	32,4	32,1	26,7	29,4
Attributable profit/(loss) (R'000)	55 039	(8 802)	(38 577)	49 205	71 264	52 831
BALANCE SHEET						
Fixed and other non-current assets (R'000)	134 486	132 791	175 871	205 805	198 012	68 326
Current assets (R'000)	349 035	294 081	262 035	261 423	178 859	206 545
Total assets	483 521	426 872	437 906	467 228	376 871	274 871
Shareholders' interest (R'000)	219 966	186 707	214 309	261 510	230 681	93 145
Minority shareholders' interest (R'000)	3 826	788	394	1 281	–	134
Non-current interest-bearing liabilities (R'000)	–	–	1 002	1 137	1 810	10 953
Deferred taxation (R'000)	–	–	–	–	3 362	192
Current liabilities (R'000)	259 729	239 377	222 201	203 300	141 018	170 447
Total equity and liabilities (R'000)	483 521	426 872	437 906	467 228	376 871	274 871
PROFITABILITY						
Return on assets managed (%)	32,6	29,6	26,3	30,5	49,6	48,9
Return on equity (%)	27,1	(4,4)	(16,2)	20,0	44,0	24,9
Return on sales (operating margin) (%)	4,5	4,3	4,2	6,1	9,8	9,6
EBITDA/turnover (%)	5,2	5,1	5,2	7,4	11,5	10,8
Number of employees	1 658	1 611	1 594	1 649	1 628	1 082
LIQUIDITY						
Cash generated by operating activities to operating profit (%)	98,9	131,9	97,6	96,0	82,0	90,3
Current ratio	1,3	1,2	1,2	1,3	1,3	1,2
Gearing (%)	0,6	11,9	23,2	4,4	0	9,6
Debtors days	36	38	44	49	55	N/avail
STATISTICS						
Weighted average number of shares in issue ('000)	40 302	40 031	39 936	40 481	39 338	34 633
Headline earnings per share (cents)	164,5	96,4	106,6	137,7	189,3	151,1
Earnings/(loss) per share (cents)	136,6	(22,0)	(96,6)	121,6	181,2	152,5
Total capital distribution/annual dividend per share (cents)	105	64	37	28	28	23
Dividend/capital distribution cover (times) based on HEPS	1,6	1,5	2,9	4,9	6,8	6,6
Net asset value per share (cents)	533	466	535	652	585	267

Definitions

Cash generated by operating activities to operating profit

Cash generated by operations as a percentage of operating profit before goodwill.

Current ratio

Total current assets divided by total current liabilities.

Dividend/capital distribution cover

Headline earnings divided by the annual dividend/capital distribution.

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 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.

Return on sales (operating margin)

Operating profit before goodwill divided by turnover.

Return on assets managed

Operating profit before goodwill divided by property and equipment, trade and other receivables.

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 the recommendations as contained in the Code of Corporate Practices and Conduct set out in the King II report.

Board of directors

The board of directors as set out on pages 16 to 21 of the annual report consists of six executive directors and six non-executive directors. There are two alternate directors. 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 three 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 group 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 responsibilities 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 directors hold either shares or share options or both with the exception of the two non-executive directors appointed during 2004.

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: F Khanyile
2nd quarter: M Liphosa

3rd quarter: None
4th quarter: F Khanyile

Audit committee

The audit committee consists of:

Non-executive

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

Executive (by invitation)

FD Burd
(Group Financial
Director) Appointed
9 September 2002

D Rademaker
(Group Manager:
Internal Audit) Appointed
10 April 2000,
Resigned
30 April 2005

A Nkuna
(Group Manager:
Internal Audit) Appointed
1 March 2005

L Warwick Appointed
(Group Financial 25 November 2004
Manager) (Ex officio)

Apologies were received from S Sebotsa in respect of the October 2004 meeting. The remaining 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 consists of:

Non-executive

G Negota (Chairman)	Appointed 1 April 2004
F Khanyile	Appointed 1 April 2004
S Shonhiwa	Appointed 1 April 2004

Executive

F Burd	Appointed 1 April 2004
A Nkuna	Appointed 1 March 2005
L Warwick	Appointed 25 November 2004

Apologies were received from S Shonhiwa for the meeting held in November 2004.

The risk committee was established in 2004 and met once which was during November 2004. The committee has a charter and is responsible for the evaluation of external and internal

risks to the group as well as reviewing the philosophy and strategy, policies and processes in order to ensure that risk management is embedded in the culture of the group. The risk committee also monitors management action to deal with and minimise risks to the group.

Transformation committee

The transformation committee was established in 2004 and consists of:

Non-executive

C Bomela (Chairman)	Appointed 1 April 2004
Dr VZ Slabbert	Appointed 1 April 2004
M Liphosa	Appointed 1 April 2004
S Sebotsa (ex officio)	Appointed 1 April 2004

Executive

A Ramsden (ex officio)	Appointed 1 April 2004
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Two meetings were held during 2004.

The transformation committee is responsible for monitoring transformation at all levels within the group as well as assisting with formulation of group transformation policy and reviewing the implementation of these policies. In addition the committee reviews progress on employment equity and skills development as well as corporate social investment.

Remuneration and nominations committee

This committee met once during the year and consists of:

Non-executive

S Shonhiwa (Chairman)	Appointed 2 October 2002
Dr VZ 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 page 67.

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 risk committee evaluates external risks to the businesses and matters of concern are addressed on an ongoing basis by management. 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,

Corporate governance continued

procedures and systems has occurred during the year under review.

The misstatement of 2000 – 2002 profits resulted from a computer program change and procedures have been put in place to ensure this does not re-occur. Nothing further has come to the attention of the directors.

Going concern

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

Social investment

Adcorp established 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 28 to 31.

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 effort is taken to ensure 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 managerial 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 1 658 permanent employees the group has approximately 30 000 contract and temporary employees which it places in employment across a wide spectrum of businesses. Adcorp has a large number of learnerships which also form part of the group’s training initiatives.

Employment equity

	2004	2003
TOTAL WORKFORCE	1 658	1 611
TOTAL EMPLOYEES WITH DISABILITIES	15	15
WORKFORCE PROFILE		
RACIAL AND GENDER PROFILE		
Non-designated group	170	188
White females	605	714
Black males	247	188
Black females	619	487
OCCUPATIONAL LEVEL PROFILE		
Management	387	393
Non-management	1 256	1 180
MANAGEMENT PROFILE BY GENDER		
Female	267	291
Male	134	119
MANAGEMENT PROFILE BY RACE		
Black	121	96
White	270	268
NON-MANAGEMENT PROFILE BY GENDER		
Females	984	940
Males	267	245
NON-MANAGEMENT PROFILE BY RACE		
Black	749	585
White	483	582
DISABILITY PROFILE		
Management	4	7
Non-management	11	8
PEOPLE WITH DISABILITIES BY GENDER		
Females	10	11
Males	5	4
TOTAL EMPLOYEES BEFORE REPORTING CYCLE	1 611	1 594
Less: Resignations	226	227
Non-renewal of contracts	612	20
Dismissals	26	14
Retirements	1	2
Retrenchments	49	12
TOTAL EMPLOYEES AS ON REPORTING DATE OF THE REPORTING CYCLE (1 OCTOBER)	1 658	1 611

The 2003 figures have been amended due mainly to certain positions being reclassified between management and non-management.

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



Cutting the ribbon to launch another vegetable garden project at Ikususa Comprehensive School, Tembisa. These projects transfer agricultural skills to people in disadvantaged communities

The group's social investment activities focus on the support of agricultural projects in disadvantaged communities and on the support and care of HIV/Aids sufferers and orphans. The group has undertaken to commit up to 1% of its annual profits to assist in alleviating these problems.

In this regard, Adcorp has in the past eighteen months, supported the establishment of five vegetable garden projects located in the townships of Tembisa, Vosloorus, Atteridgeville and Katlehong.

The projects offer opportunities for unskilled and unemployed people in these disadvantaged areas to grow vegetables for sale to their communities as well as to supply nutritious, fresh vegetables to families of participating members.

Project participants are currently selling vegetables in the informal and formal vegetable retail markets in their respective communities and have begun to extend their sales efforts into the formal, open vegetable markets.

These projects have been established in such a manner that renders them sustainable, operating as micro-enterprises that offer opportunities for members of the local communities to acquire agricultural skills and generate income.

During 2005, the group is committed to establishing two more such projects in Gauteng province and an additional one each in KwaZulu-Natal and the Western Cape.

The group believes that the establishment of these projects

cultivates interest in agriculture in disadvantaged communities and demonstrates that small pieces of land in these areas can be used productively for such agricultural projects.

In terms of the group's contribution to the upgrade of its Head Office environment, a contribution was made during the year to the Johannesburg City Parks Department for the upgrade of the Melville Koppies area.

In the recent past, the group has also supported projects in Limpopo province involving chicken farming, clay pottery and vegetable gardens.



The launch of the vegetable garden project located at the Songqoba Primary School, Katlehong, Germiston.



Mr Bob Mabaso (right), MEC, Department of Social Development, Gauteng province, with Mrs Nontja Nciza, chairperson, Mayoral Committee, Health and Social Development, Ekurhuleni Metropolitan Council together with Mr Matodzi Liphosa, Adcorp Executive Director.

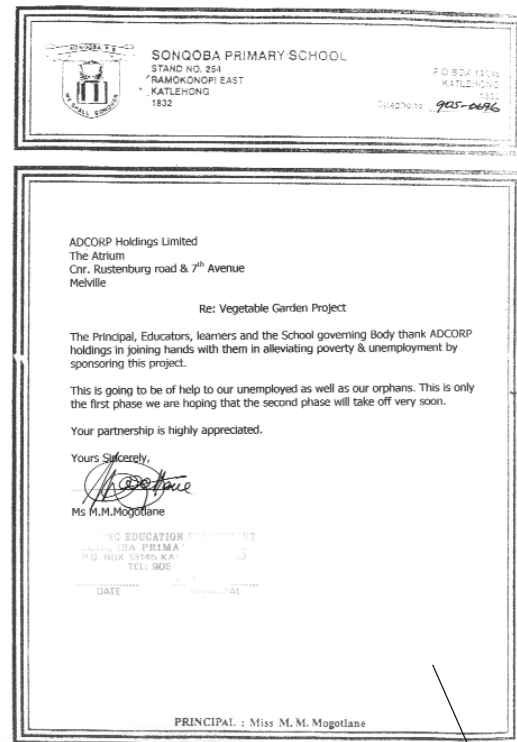
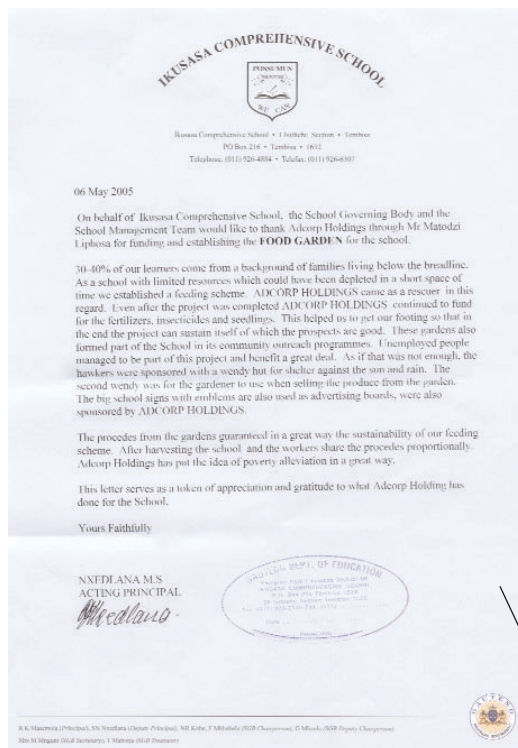


Mrs Mokowe Mogotlane, principal of Songqoba Primary School and champion of the vegetable garden project located at her school together with Adcorp chairman, Dr van Zyl Slabbert.



People at work in one of the Adcorp vegetable garden projects.

Corporate social responsibility continued



"The Principal, Educators, Learners and the School governing body thank ADCORP Holdings in joining hands with them in alleviating poverty and unemployment by sponsoring this project."

"30% - 40% of our learners come from a background of families living below the breadline . . . Adcorp came as a rescuer in this regard."

"The tunnels have improved our agricultural department since now we can supply our customers especially the community around us with tomatoes, green and red pepper."



Johannesburg City Parks	981 Park 1557 Street (Jardine)	P.O. Box 2624 Johannesburg 2000	Telephone: 011 511 1742-0000 Facsimile: +3733 1 511 480-0000 www.johcityparks.com
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Parks • Cemeteries • Environmental Conservation • Street Trees

Sources:
P.P. Potgieter (Chairperson), J. Klemm (Manager), D. N. Nkomo, M. H. Nkomo, D.M.H. Nkomo, J. van der Merwe, R.K. Udofo, I. A.D. Swartout, S. Nkomo, J. Nkomo (City Company Generalist).

MAY GOD BLESS YOU!

Aids orphan sponsored by Adcorp

Date: 04/09/10

Director: N.H. Netshidzivane (Chairperson), D. Dube (Manager), M. Zazayokwe, J. Kichlaw
T. Mdluli, T. Masina

31

Shareholders' analysis



Number of shares	Number of shareholders	%	Number of shares	%
SHAREHOLDER SPREAD				
1 – 1 000	726	60,8	242 450	0,6
1 001 – 10 000	269	22,5	882 339	2,1
10 001 – 100 000	125	10,5	4 979 016	12,1
100 001 – 1 000 000	65	5,4	18 249 911	44,2
1 000 000 and above	10	0,8	16 904 536	41,0
Total	1 195	100,0	41 258 252	100,0

DISTRIBUTION OF SHAREHOLDERS

Banks	9	0,6	1 959 971	4,8
Close corporations	3	0,2	57 300	0,1
Individuals	817	68,4	2 306 931	5,6
Insurance companies	5	0,4	6 822 677	16,5
Investment companies	7	0,6	1 147 298	2,8
Limited companies	2	0,2	551 600	1,3
Medical aid scheme	1	0,1	18 200	–
Mutual funds	105	8,8	15 512 595	37,6
Nominees and trusts	97	8,2	1 920 745	4,7
Other corporations	19	1,6	195 373	0,5
Pension funds	98	8,2	9 517 790	23,1
Private companies	31	2,6	985 720	2,4
Adcorp Empowerment Share Trust	1	0,1	262 052	0,6
Total	1 195	100,0	41 258 252	100,0

NON-PUBLIC/PUBLIC SHAREHOLDERS

Non-public shareholders	6	0,5	16 798 584	40,7
Adcorp Empowerment Share Trust	1	0,1	262 052	0,6
Directors	3	0,2	442 326	1,1
Shareholders holding a beneficial share interest of 10% or more	2	0,2	16 094 206	39,0
Public shareholders	1 189	99,5	24 459 668	59,3
Total	1 195	100,0	41 258 252	100,0

SHAREHOLDERS WITH AN INTEREST OF 5% OR MORE IN SHARES

Fund manager holdings				
– Allan Gray (Holdings and Funds)			9 193 130	22,3
– Old Mutual Group (Holdings and Funds)			6 901 076	16,7
– Investec Asset Managers			4 041 777	9,8
– Sanlam Asset Managers			2 467 979	6,0
Total				

Note:

1. Details of directors' shareholding appears in note 35, page 66 and 67 of the financial statements.
2. A reconciliation of the movement in shares appears in note 14, page 57 of the financial statements.

Shareholders' diary

Financial year-end
Annual general meeting

31 December 2004
Wednesday, 6 July 2005

Dividend payment

Last day to trade cum final dividend

Friday, 24 June 2005

First day to trade ex final dividend

Monday, 27 June 2005

Record date

Friday, 1 July 2005

Payment to shareholders in respect of the dividend,
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, 4 July 2005

Reports

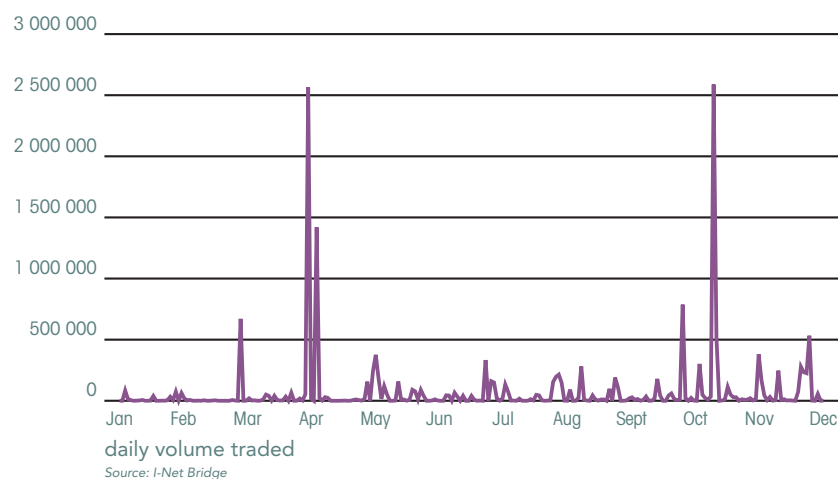
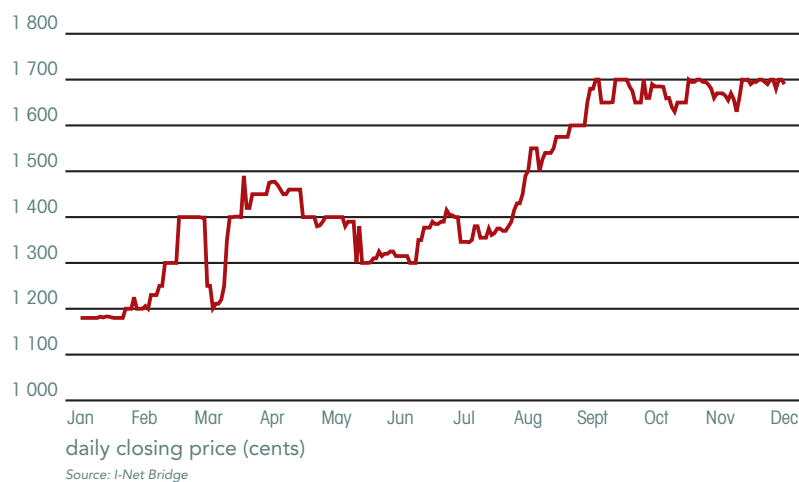
- Interim
- Reviewed annual financial results
- Audited annual financial statements

August
March
June

Note:

1. The dividend is payable in the currency of the Republic of South Africa.
2. The above dates and times are subject to change. Any changes will be published in the press and on SENS.
3. Share certificates may not be dematerialised or rematerialised between Monday, 27 June 2005 and Friday, 1 July 2005, both days inclusive.

Adcorp share price



	2004	2003
Closing price of Adcorp Holdings (at 31 December) (cents)	1 690	1 180
Total number of shares traded	17 539 603	7 717 472
Total value of shares traded (rands)	268 100 000	60 790 000
Price of shares traded – highest (cents)	1 701	1 185
Price of shares traded – lowest (cents)	1 180	635
Total number of Adcorp transactions recorded on the JSE	1 491	647
Total value of shares traded as a % of total shares issued (%)	43,9	13,0

Value added statement

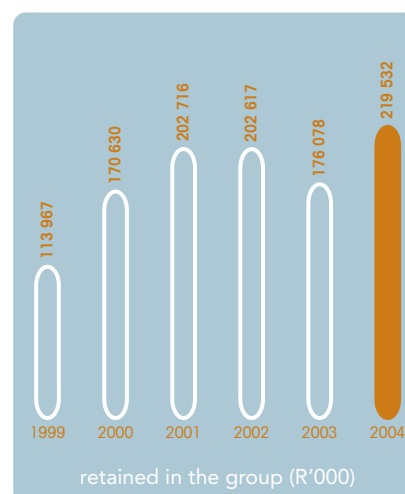
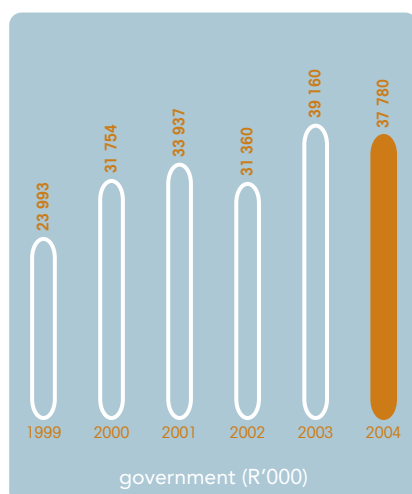
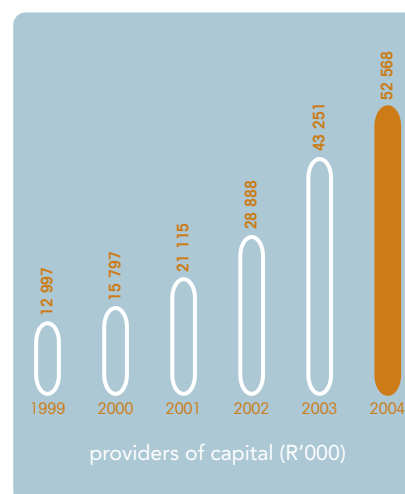
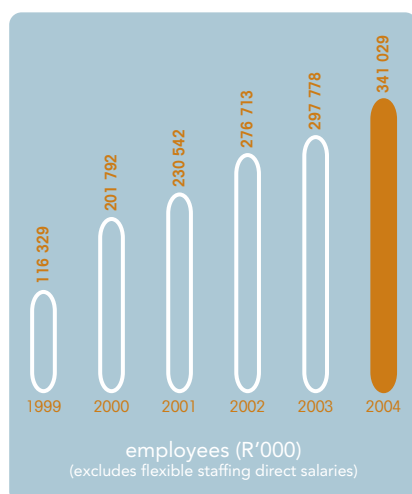
for the year ended 31 December 2004

	2004 R'000	%	2003 R'000	%
Turnover	2 005 659		1 667 235	
Less: Net cost of products and services	(1 372 987)		(1 129 568)	
	632 672		537 667	
Add: Income from investments	18 237		18 600	
Value added	650 909		556 267	
Distributed as follows:				
Employees				
– Salaries, wages and other benefits	341 029	52,4	297 778	53,5
Providers of capital	52 568	8,1	43 251	7,8
– Interest on borrowings	20 604	3,2	24 435	4,4
– Capital distributions to ordinary shareholders	31 964	4,9	18 816	3,4
Government				
– Taxation (see summary below)	37 780	5,8	39 160	7,0
Portion of value added reinvested to sustain and expand the business	219 532	33,7	176 078	31,7
	650 909	100,0	556 267	100,0
Summary of taxes				
Central and local government				
– Taxation	20 168		26 105	
– Regional Services Council levies	6 895		5 426	
– Rates and taxes paid to local authorities	992		942	
– Skills development levy	9 725		6 687	
	37 780		39 160	

Value added statement continued

for the year ended 31 December 2004

	2004 R'000	2003 R'000	2002 R'000	2001 R'000	2000 R'000	1999 R'000
TREND OF ADDED VALUE						
Employees (excludes flexible staffing direct salaries)	341 029	297 778	276 713	230 542	201 792	116 329
Providers of capital	52 568	43 251	28 888	21 115	15 797	12 997
Government	37 780	39 160	31 360	33 937	31 754	23 993
Portion reinvested by the group	219 532	176 078	202 617	202 716	170 630	113 967
	650 909	556 267	539 578	488 310	419 973	267 286



approval of the annual financial statements

for the year ended 31 December 2004

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. However, an error did occur during the period 2000 – 2002 and this has now been corrected and set out in note 33 to the annual financial statements.

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 38.

The annual financial statements set out on pages 39 to 69 were approved by the board of directors on 25 May 2005 and are signed on its behalf by:



RL Pike
Chief Executive Officer



FD Burd
Group Financial Director

Johannesburg
25 May 2005

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.



A Warwick
Company secretary

Appointed 9 November 2004

Johannesburg
25 May 2005

report of the joint 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 39 to 69 for the year ended 31 December 2004. 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 2004 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.



Deloitte & Touche
Chartered Accountants (SA)
Registered Accountants and Auditors



Charter Financial & Auditing Incorporated
Chartered Accountants (SA)
Registered Accountants and Auditors

Johannesburg
3 June 2005

directors' report

for the year ended 31 December 2004

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 2004.

NATURE OF BUSINESS

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

OVERVIEW

2004 was a particularly good year for the group. Operating profit increased by 25,6% compared to the prior year whilst headline earnings per share were 70,6% higher than for the same period.

These positive results were achieved following a period of significant repositioning and restructuring carried out during 2002 and 2003.

The success of the group can largely be attributed to management's adoption of a simple, highly focused strategic agenda centred primarily around cash generation and margin management.

Following on from these pleasing results, the group is now well positioned to achieve further, strong organic growth for the foreseeable future.

The Permanent Recruitment division had an outstanding year. Operating profit of R14,7 million was some 239,3% ahead of that reported in the prior financial year.

The recruitment environment in South Africa has improved substantially in line with the growth of the South African economy. In particular, the demand for staff in the financial services, retail, engineering, telecommunications and public sectors continues to be strong. In addition, the repositioning of this division to attract exclusive, managed staffing assignments has also contributed positively to the financial successes of the division.

The Flexible Staffing division which is the most dominant contributor to group profitability, once again, produced an outstanding financial performance growing operating profit by some 47,3% over the year to a level of R76,0 million.

The division provides jobs for between 25 000 and 30 000 employees at any point in time with its biggest markets being the financial services, telecommunications, healthcare, retail, office support, call centre, technical and semi-skilled sectors of the job market.

Effective from 1 November 2004 Emmanuels Staffing Services (Pty) Limited purchased Margie Middleton and Associates, a small niched company specialising in call centre training. It is expected that this company will add significant value to the Emmanuels service offering in the growth area of call centres.

The Corporate Communications division which is a relatively minor contributor to overall group profitability contributing some 6,0% of operating profit, had a particularly difficult year.

Both of the divisional brands namely, Graphicor and Simeka TWS, came off exceptionally strong performances in the prior year which made the prospects for growth in 2004 all the more difficult.

Graphicor met expectations whilst Simeka TWS experienced a tough year due largely to the conclusion of a public sector contract which it serviced over the past three years and which represented more than 50% of its business.

Adcorp disposed of PR Connections (Pty) Limited, a small public relations company specialising in the IT industry with effect from 1 December 2004. This company had a history of sustained losses and cash absorption.

Marketing Research also reported a lower profit performance than in the prior year largely as a result of an exceptional performance in the prior year boosted by a number of "one-off" assignments that were not repeated in the year under review.

Our BEE deals concluded in 2003 and 2004 resulted in super profits attributable to the BEE partners of R2,3 million after tax. BEE and transformation remain ongoing challenges for the group and receive management's constant attention.

directors' report

for the year ended 31 December 2004

FINANCIAL OVERVIEW

Turnover for the group grew by 20,3% compared with 2003 whilst operating profit produced a 25,6% increase over the previous year. Contributing to this pleasing result was a 0,2% improvement in margin (4,5% in 2004; 4,3% in 2003) which added some R3 million to profit before tax. Net interest paid for the year was R3,7 million lower than in 2003 while associates made a positive contribution of R2,2 million (2003: (R2,1 million)).

The group cash position is strong with a net overdraft of R1,3 million as at 31 December 2004 compared with a R22,1 million net overdraft at the same time last year. The current cash portion represents a gearing ratio of 0,6%. The continuing focus on cash management resulted in a reduction in debtors days which dropped from 38 days in 2003 to 36 days in 2004. The 7,0% decrease in cash generated by operating activities is largely due to the growth in turnover and additional working capital requirements.

The lower tax rate in 2004 is the result of tax benefits in respect of learnerships implemented by the Flexible Staffing division in terms of the Skills Development Act.

As advised in the 2004 interim results, trade and other receivables in the 2003 balance sheet have been separated in order to provide additional disclosure while items previously offset between other receivables and current non-interest-bearing liabilities have been disclosed separately. The net current assets however remain unchanged and comparatives for these line items have been restated. In addition, the opening accumulated profit for 2003 has been reduced by R7,4 million after tax in respect of a misstatement which occurred during the period 2000 to 2002. The majority of this misstatement occurred in 2001 where creditors were understated with a corresponding overstatement of profit. Below is a comparison of the restated 2003 balance sheet items which have been affected by the above corrections and adjustments.

	2003 restated R'000	2003 as previously reported R'000
Current assets		
Trade and other receivables	–	197 090
Trade receivables	187 672	–
Other receivables	22 067	–
Taxation prepaid	6 374	3 182
Capital and reserves		
Accumulated profit	133 407	140 853
BEE shareholders' interest	185	–
Current non-interest-bearing liabilities		
Current non-interest-bearing liabilities	114 321	91 947
Provisions	20 588	19 860
Net asset value per share – cents	466	485

The audited 2003 figures in the balance sheet and abridged statement of changes in equity have been adjusted where applicable to incorporate the above changes. Further details appear under notes 32 and 33 of the annual financial statements on pages 64 and 65 of this report.

SHARE CAPITAL

Details of the authorised and issued share capital appear in note 14 on page 57 of the annual financial statements. The following changes took place during the year:

	Number 000's	R'000
Opening balance 1 January 2004		
– Issued shares	40 299	1 007
Employee share scheme (ordinary shares created) 958 875 shares at 2,5 cents	959	24
Closing balance 31 December 2004	41 258	1 031

SHARE PREMIUM

Movements in share premium during the year are shown below:

	R'000
Opening balance 1 January 2004	56 747
Employee combined option/deferred payment scheme 958 875 ordinary shares created as shown below:	
– Employee combined option/deferred payment scheme 9 000 ordinary shares created at a premium of R3,225 per share	29
– Employee combined option/deferred payment scheme 26 300 ordinary shares created at a premium of R7,975 per share	210
– Employee combined option/deferred payment scheme 315 832 ordinary shares created at a premium of R8,825 per share	2 787
– Employee combined option/deferred payment scheme 113 250 ordinary shares created at a premium of R10,375 per share	1 175
– Employee combined option/deferred payment scheme 25 510 ordinary shares created at a premium of R11,875 per share	303
– Employee combined option/deferred payment scheme 468 983 ordinary shares created at a premium of R11,975 per share	5 616
Capital distribution July 2004 54 cents and November 2004 25 cents	(32 173)
Closing balance 31 December 2004	34 694

DIVIDEND

On 9 March 2005, the board declared a dividend of 80 cents per share which, together with the interim capital distribution of 25 cents per share, results in a total distribution in respect of the 2004 financial year of 105 cents per share.

The salient dates for the dividend payment appears on page 33 of the report.

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 2004 is 6 188 738 (2003: 6 005 223).

Options to purchase shares have been granted on 2 916 615 shares as at 31 December 2004. The earliest years at which these options can be paid for and then created are as follows:

2005	2 263 865
2006	652 750
Total	2 916 615

directors' report

for the year ended 31 December 2004

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

Opening balance 2004			Options granted/(cancelled)/(exercised) 2004				Closing balance 2004		
Quantity	Price	Value	Quantity granted	Quantity forfeited	Quantity (cancelled)	Quantity (exercised)	Quantity	Price	Value
20 100	3,25	65 325	-	(1 500)	-	(9 000)	9 600	3,25	31 200
549 000	6,35	3 486 150	-	(70 000)	(60 000)	-	419 000	6,35	2 660 650
2 500	6,80	17 000	-	-	-	-	2 500	6,80	17 000
40 800	8,00	326 400	-	-	-	(26 300)	14 500	8,00	116 000
585 000	8,85	5 177 250	15 832	(10 000)	(10 000)	(315 832)	265 000	8,85	2 345 250
5 000	10,00	50 000	-	-	-	-	5 000	10,00	50 000
133 500	10,40	1 388 400	-	-	-	(113 250)	20 250	10,40	210 600
3 600	11,50	41 400	-	-	-	-	3 600	11,50	41 400
107 833	11,90	1 283 213	-	-	(741)	(25 510)	81 582	11,90	970 826
1 757 758	12,00	21 093 096	137 291	(47 233)	-	(468 983)	1 378 833	12,00	16 545 996
1 000	13,00	13 000	680 625	(26 875)	(1 000)	-	653 750	13,00	8 498 750
12 000	13,50	162 000	-	-	-	-	12 000	13,50	162 000
46 000	13,75	632 500	-	-	-	-	46 000	13,75	632 500
5 000	18,50	92 500	-	-	-	-	5 000	18,50	92 500
3 269 091	-	33 828 234	833 748	(155 608)	(71 741)	(958 875)	2 916 615	-	32 374 672

ADCORP EMPOWERMENT SHARE TRUST

The above trust owns 262 052 Adcorp shares of which 16 134 shares were unallocated as at 31 December 2004 as a result of employees leaving the group. These will be re-allocated during 2005. The earliest years at which these options can be paid for and the shares transferred into the employee's name are as follows:

2005	158 832
2006	87 086
Unallocated	16 134
Total	262 052

PDI opening balance 2004			Options granted/(cancelled)/(exercised) 2004				PDI closing balance 2004		
Quantity	Price	Value	Quantity granted	Quantity forfeited	Quantity (cancelled)	Quantity (exercised)	Quantity	Price	Value
30 000	6,35	190 500	30 000	(5 000)	-	-	55 000	6,35	349 250
75 000	7,50	562 500	-	-	(50 000)	-	25 000	7,50	187 500
117 500	8,85	1 039 875	-	(12 500)	(16 332)	(2 500)	86 168	8,85	762 587
30 000	11,80	354 000	-	-	-	-	30 000	11,80	354 000
-	13,00	-	49 750	-	-	-	49 750	13,00	646 750
12 052	-	-	-	4 082	-	-	16 134*	-	-
264 552	-	2 146 875	79 750	(13 418)	(66 332)	(2 500)	262 052	-	2 300 087

* Unallocated as at 31 December 2004. These shares have been allocated subsequent to year-end.

SUBSIDIARIES AND ASSOCIATES

Details of the company's operating subsidiaries and associates are set out in Annexure A on page 68.

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

	2004 R'000	2003 R'000
Total profit after taxation	193 100	277 169
Total losses after taxation	(56 499)	(32 740)
Total losses after taxation from disposed operations	(475)	(6 523)
	136 126	237 906

SIGNIFICANT SHAREHOLDERS

Details of significant shareholders are included on page 32.

SUBSEQUENT EVENTS

Subsequent to year-end the group concluded an agreement to dispose of the property and building in Stand 948 (Pty) Limited, for a net amount of R20,77 million. This will result in a book profit on disposal of approximately R7,69 million once transfer of the property is effected which is anticipated to be around 1 September 2005. Other than this matter, and up to the date of this report no subsequent events took place which require any further information to be communicated.

SPECIAL RESOLUTIONS

One special resolution was passed during 2004 granting the directors the ability to repurchase shares in the company.

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 35 and 36 on pages 66 and 67 of the annual financial statements.

DIRECTORATE AND SECRETARY

The names of the directorate and company secretary are set out on pages 16 to 21 and 37 respectively. Changes to the directorate are set out in note 37 on page 67.

balance sheets

as at 31 December 2004

		GROUP		COMPANY	
	Notes	2004 R'000	2003 R'000	2004 R'000	2003 R'000
ASSETS					
Non-current assets					
		134 486	132 791	462 469	470 991
Property and equipment	2	44 656	39 055	513	530
Intangible assets	3	3 140	-	-	-
Goodwill	4	61 535	68 310	-	-
Investment in subsidiaries	5	-	-	456 562	462 347
Investment in associates	6	3 550	3 059	1 529	1 855
Other financial assets	8	-	-	3 865	4 111
Vendors for sale of business	9	-	2 148	-	2 148
Deferred taxation	10	21 605	20 219	-	-
Current assets					
		349 035	294 081	119 525	143 501
Trade receivables	11	230 881	187 672	-	-
Other receivables	12	27 332	22 067	3 013	2 943
Vendors for sale of business	9	-	259	-	259
Amounts due by subsidiary companies	13	-	-	113 417	137 106
Taxation prepaid		6 821	6 374	3 093	3 192
Cash resources		84 001	77 709	2	1
TOTAL ASSETS					
		483 521	426 872	581 994	614 492
EQUITY AND LIABILITIES					
Capital and reserves					
		219 966	186 707	246 658	286 753
Share capital	14	1 031	1 007	1 031	1 007
Share premium	15	34 694	56 747	34 694	56 747
Treasury shares	16	(4 205)	(4 454)	-	-
Non-distributable reserve	17	-	-	176 840	176 840
Accumulated profit		188 446	133 407	34 093	52 159
Minority shareholders' interest					
		1 367	603	-	-
BEE shareholders' interest					
	18	2 459	185	-	-
Non-current liabilities					
Non-current non-interest-bearing liabilities	9	2 025	-	-	-
Current liabilities					
		257 704	239 377	335 336	327 739
Non-interest-bearing current liabilities					
		172 359	139 536	251 948	228 256
Non-interest-bearing current liabilities	19	144 484	114 321	14 737	14 969
Amounts due to subsidiary companies	13	-	-	232 421	205 668
Amounts due to vendor	9	3 500	-	-	-
Provisions	20	22 330	20 588	4 790	6 502
Taxation		2 045	4 627	-	1 117
Interest-bearing current liabilities					
Bank overdraft		85 345	99 841	83 388	99 483
TOTAL EQUITY AND LIABILITIES					
		483 521	426 872	581 994	614 492

income statements

for the year ended 31 December 2004

	Notes	GROUP		COMPANY	
		2004 R'000	2003 R'000	2004 R'000	2003 R'000
TURNOVER	1.8	2 005 659	1 667 235	–	–
Cost of sales	21	(1 398 519)	(1 143 655)	–	–
GROSS PROFIT		607 140	523 580	–	–
Other income		25 532	14 087	18 064	24 110
OPERATING EXPENSES		(547 359)	(469 725)	(24 360)	(25 451)
Administration expenses		(213 141)	(166 015)	(21 210)	(19 813)
Marketing and selling		(254 781)	(221 436)	(2 620)	(4 912)
Other operating expenses		(79 343)	(81 883)	(375)	(549)
Loss on disposal of property and equipment		(94)	(391)	(155)	(177)
OPERATING PROFIT/(LOSS) FROM OPERATIONS	22	85 313	67 942	(6 296)	(1 341)
Interest received – banks		18 155	18 331	10 584	10 328
– fair value adjustments		82	269	–	269
Interest paid – banks		(20 604)	(24 435)	(9 925)	(13 902)
Dividends received		–	–	12 483	54 538
Share of profits/(losses) from associates		2 222	(2 058)	–	–
Impairment of goodwill, investment and property		(1 224)	(11 362)	(59)	(12 892)
Loss on disposal of operations and subsidiaries		(5 565)	(31 671)	(5 565)	(33 385)
Loss on loans to subsidiaries written off		–	–	(18 842)	–
PROFIT/(LOSS) BEFORE TAXATION		78 379	17 016	(17 620)	3 615
Taxation – Current	23	(20 168)	(24 883)	(446)	(830)
– Prior year	23	–	(1 222)	–	(1 730)
PROFIT/(LOSS) AFTER TAXATION		58 211	(9 089)	(18 066)	1 055
Minority shareholders' share of (profits)/losses	24	(898)	472	–	–
BEE share of super profits	18	(2 274)	(185)	–	–
PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		55 039	(8 802)	(18 066)	1 055
Headline earnings per share (cents)	25	164,5	96,4	–	–
Profit/(loss) per share (cents)	25	136,6	(22,0)	–	–
Diluted headline earnings per share (cents)		162,8	94,4	–	–
Diluted earnings/(loss) per share (cents)	25	135,2	(21,5)	–	–
DISTRIBUTION TO SHAREHOLDERS	25	105	64	–	–
– interim capital distribution (cents)		25	10	–	–
– final capital distribution (cents)		–	54	–	–
– final dividend (cents) declared on 9 March 2005		80	–	–	–

statement of changes in equity

for the year ended 31 December 2004

	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 2002	1 064	106 930	(35 894)	971	148 684	221 755
Misstatement of profits 2000 – 2002 (see note 33)	–	–	–	–	(7 446)	(7 446)
Balance as at 31 December 2002	1 064	106 930	(35 894)	971	141 238	214 309
Shares issued	–	16	–	–	–	16
Capital distribution July and October 2003	–	(18 940)	124	–	–	(18 816)
Treasury shares cancelled	(57)	(31 259)	31 316	–	–	–
Net loss for the year per income statement	–	–	–	–	(8 802)	(8 802)
Realised in respect of business combinations	–	–	–	(971)	971	–
Balance as at 31 December 2003	1 007	56 747	(4 454)	–	133 407	186 707
Shares issued	24	10 120	–	–	–	10 144
Capital distribution July and November 2004	–	(32 173)	209	–	–	(31 964)
Treasury shares sold	–	–	40	–	–	40
Net profit for the year per income statement	–	–	–	–	55 039	55 039
Balance as at 31 December 2004	1 031	34 694	(4 205)	–	188 446	219 966
COMPANY						
As previously stated 31 December 2002	1 064	106 930	–	3 255	55 295	166 544
Misstatement of profits 2000 – 2002 (see note 33)	–	–	–	–	(7 446)	(7 446)
Balance as at 31 December 2002	1 064	106 930	–	3 255	47 849	159 098
Shares issued	–	16	–	–	–	16
Capital distribution July and October 2003	–	(18 940)	–	–	–	(18 940)
Treasury shares cancelled	(57)	(31 259)	–	–	–	(31 316)
Non-distributable reserves	–	–	–	176 840	–	176 840
Net profit for the year per income statement	–	–	–	–	1 055	1 055
Realised in respect of business combinations	–	–	–	(3 255)	3 255	–
Balance as at 31 December 2003	1 007	56 747	–	176 840	52 159	286 753
Shares issued	24	10 120	–	–	–	10 144
Capital distribution July and November 2004	–	(32 173)	–	–	–	(32 173)
Net loss for the year per income statement	–	–	–	–	(18 066)	(18 066)
Balance as at 31 December 2004	1 031	34 694	–	176 840	34 093	246 658

cash flow statements

for the year ended 31 December 2004

	Notes	GROUP		COMPANY	
		2004 R'000	2003 R'000	2004 R'000	2003 R'000
Profit/(loss) before taxation		78 379	16 831	(17 620)	3 615
Adjusted for:					
Depreciation and amortisation		18 228	17 402	306	392
Impairment of property and equipment		–	200	–	–
Impairment of goodwill, investment and property		1 224	11 162	59	12 892
Loss on disposal of businesses		5 565	33 108	5 565	33 385
Loss on disposal of property, plant and equipment		94	391	–	177
Fair value adjustments		(82)	(269)	–	(269)
Share of (profits)/losses from associates		(2 222)	2 058	–	–
Interest paid		20 604	24 435	9 925	13 902
Income from investments		(18 155)	(18 331)	(10 584)	(10 328)
Cash generated/(utilised) by operating activities before working capital changes		103 635	86 987	(12 349)	53 766
(Increase)/decrease in trade and other receivables		(44 198)	3 714	(1 109)	4 676
Increase/(decrease) in trade and other payables		29 388	4 823	(1 944)	1 240
Net movement in holding and fellow subsidiaries account		–	–	51 481	(26 167)
CASH GENERATED BY OPERATIONS		88 825	95 524	36 079	33 515
Interest paid		(20 604)	(24 435)	(9 925)	(13 902)
Interest received		18 155	18 331	10 584	10 328
Taxation paid	1	(24 764)	(25 757)	(1 464)	(722)
Capital distribution paid	2	(31 964)	(18 668)	(32 173)	(18 940)
Cash retained by operations		29 648	44 995	3 101	10 279
INVESTMENT ACTIVITIES		(19 675)	(16 491)	2 851	(9 034)
Additions to property and equipment	3	(20 823)	(14 608)	(289)	(241)
Proceeds from sale of property and equipment		1 298	1 663	–	5
(Outflow)/proceeds on disposal of businesses	4	(828)	1 090	–	(32)
Acquisition of business	5	(1 517)	1 105	–	(3 550)
Purchase/increase in investments		(168)	(385)	(2 619)	(394)
Cost of BEE deals		–	(617)	–	(617)
Vendor loan repayments		–	(807)	2 407	295
Net movement in loans and advances		2 363	(3 932)	3 352	(4 500)
		9 973	28 504	5 952	1 245
FINANCE ACTIVITIES		10 815	(986)	10 144	16
Issue of shares		10 184	16	10 144	16
Increase/(decrease) in non-current interest-bearing liabilities		631	(1 002)	–	–
Net increase in cash and cash equivalents		20 788	27 518	16 096	1 261
Net cash and cash equivalents at beginning of year		(22 132)	(49 650)	(99 482)	(100 743)
Net cash and cash equivalents at end of year	6	(1 344)	(22 132)	(83 386)	(99 482)

notes to the cash flow statements

for the year ended 31 December 2004

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
1. TAXATION PAID				
Amount (unpaid)/prepaid at beginning of year	(1 445)	(1 676)	(1 117)	721
Prior year restatement (see note 33)	3 192	-	3 192	-
Amount charged to income statement	(20 168)	(25 074)	(446)	(2 560)
Adjustment for deferred tax charged to income statement	(1 499)			
Tax liability acquired	(68)	(452)	-	-
Amount unpaid/(prepaid) at end of year	(4 776)	1 445	(3 093)	1 117
Net cash payment	(24 764)	(25 757)	(1 464)	(722)
2. CAPITAL DISTRIBUTION/ DIVIDENDS PAID				
Amount declared and approved	(31 964)	(18 816)	(32 173)	(18 940)
Amount unpaid 31 December 2004	-	148	-	-
Net cash payment	(31 964)	(18 668)	(32 173)	(18 940)
3. ADDITIONS TO PROPERTY AND EQUIPMENT				
Land and buildings – improvements	(253)	-	-	-
Furniture and computer equipment – replacement	(20 570)	(14 608)	(289)	(241)
	(20 823)	(14 608)	(289)	(241)
4. (OUTFLOW)/PROCEEDS ON DISPOSAL OF BUSINESSES				
	(828)	1 090	-	(32)
Property and equipment	-	429	-	-
Goodwill	5 050	-	-	-
Trade receivables	(190)	2 779	-	-
Reserves	(5 565)	(833)	-	-
Deferred tax	-	181	-	-
Current interest-bearing liabilities	-	(1 367)	-	-
Provisions	(304)	(98)	-	-
Legal fees	-	-	-	(32)
Deferred tax	113	-	-	-
Tax	68	(1)	-	-
5. ACQUISITION OF BUSINESSES				
	1 517	1 105	-	(3 550)
Goodwill/Intangible assets	7 036	(3 491)	-	(3 550)
Trade receivables	2 062	(3 367)	-	-
Vendor loan	(5 525)	1 102	-	-
Reserves	-	(604)	-	-
Minority shareholders' interest	-	552	-	-
Trade payables	(58)	6 138	-	-
Current non-interest-bearing liabilities	(1 965)	-	-	-
Provisions	-	322	-	-
Tax	-	453	-	-
Non-current interest-bearing liabilities	(33)	-	-	-

Note – The acquisition of businesses for the group for 2004 shows a net cash inflow as the purchase price was settled in subsidiary company share capital.

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 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	84 001	77 709	2	1
Bank overdrafts	(85 345)	(99 841)	(83 388)	(99 483)
	(1 344)	(22 132)	(83 386)	(99 482)

Bank overdrafts are considered as part of cash and cash equivalents as they form part of the cash management system.

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

These facilities are repayable on demand and bear interest at rates linked to the prime overdraft rate.

segment report

for the year ended at 31 December 2004

	Turnover		Operating profit before amortisation of goodwill		Operating profit before amortisation of goodwill		Profit contribution to the group		Net asset value	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000	2004 %	2003 %	2004 %	2003 %	2004 R'000	2003 R'000
Central costs	9 029	8 437	(14 096)	(13 300)	-	-	(15,7)	(18,4)	58 013	98 626
Permanent Recruitment	252 871	235 172	14 684	4 328	5,8	1,8	16,4	6,0	28 277	7 885
Flexible Staffing	1 518 839	1 179 229	76 016	51 596	5,0	4,4	84,6	71,2	126 677	71 065
Corporate Communications	133 855	157 965	5 362	18 721	4,0	11,9	6,0	25,9	5 117	4 548
Marketing Research	91 065	86 432	7 838	11 088	8,6	12,8	8,7	15,3	1 882	4 583
Total	2 005 659	1 667 235	89 804	72 433	4,5	4,3	100,0	100,0	219 966	186 707

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 2004

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 140 Business Combinations which is applicable to new acquisitions on or after 31 March 2004 (refer note 31). 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%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income.

1.3 Intangible assets, 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.

Note: In November 2004 the group acquired a business which in terms of AC 140 resulted in intangible assets of R3,1 million and goodwill of R0,5 million. This goodwill has not been amortised and the intangible assets will be amortised over their useful lives.

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 comprises mainly of the invoice value of services rendered to customers, as well as commission received and training course income. 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.

notes to the annual financial statements

for the year ended 31 December 2004

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 do not carry any interest and 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.

	Land and buildings	Computer and office equipment, furniture and fittings	Total	Total
	2004 R'000	2004 R'000	2004 R'000	2003 R'000
2. PROPERTY AND EQUIPMENT GROUP				
Balance at beginning of year	13 327	25 728	39 055	40 432
Assets at cost	17 721	64 199	81 920	91 266
Accumulated depreciation	(4 394)	(38 471)	(42 865)	(49 623)
Accumulated impairment	-	-	-	(1 211)
Current year movements				
Additions	-	20 570	20 570	14 608
Improvements	253	-	253	-
Disposals	-	(1 392)	(1 392)	(2 483)
Cost	-	(6 506)	(6 506)	(23 954)
Accumulated depreciation	-	5 114	5 114	20 060
Accumulated impairment	-	-	-	1 411
Impairment	-	-	-	(200)
Depreciation	(449)	(13 381)	(13 830)	(13 302)
Net book value at end of year	13 131	31 525	44 656	39 055
Represented by:				
Assets at cost	17 976	76 872	94 848	81 920
Accumulated depreciation	(4 845)	(45 347)	(50 192)	(42 865)
Net book value at end of year	13 131	31 525	44 656	39 055
COMPANY				
Balance at beginning of year	-	530	530	681
Assets at cost	-	2 630	2 630	2 389
Accumulated depreciation	-	(2 100)	(2 100)	(1 708)
Current year movements				
Additions	-	289	289	241
Depreciation	-	(306)	(306)	(392)
Net book value at end of year	-	513	513	530
Represented by:				
Assets at cost	-	2 919	2 919	2 630
Accumulated depreciation	-	(2 406)	(2 406)	(2 100)
Net book value at end of year	-	513	513	530

notes to the annual financial statements

for the year ended 31 December 2004

		GROUP		COMPANY	
		2004 R'000	2003 R'000	2004 R'000	2003 R'000
2.	PROPERTY AND EQUIPMENT (CONTINUED)				
2.1	Computer and office equipment, furniture and fittings	31 525	25 728	513	530
	Cost	76 872	64 199	2 919	2 630
	Accumulated depreciation	(45 347)	(38 471)	(2 406)	(2 100)
2.2	Land and buildings	13 131	13 327	-	-
	Cost	17 976	17 721	-	-
	Accumulated depreciation	(4 845)	(4 394)	-	-
2.3	Land and buildings - owner occupied				
2.3.1	Land and buildings Owner occupied at cost	17 976	17 721	-	-
	Total cost Stand 948	16 860	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	-	-
	- 2004	234	-	-	-
	Stand 948, Melville, Johannesburg, Gauteng. Market value R21 300 000 Valued at December 2004 by API Properties				
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, Kempton Park Ext 2 Improvements - 2001	489 110	489 110	- -	- -
2.3.4	Erf 14 Sunnyside (Johannesburg) Townships	106	106	-	-
2.4	Leasehold improvements - 2004	21	-	21	-
3.	INTANGIBLE ASSETS				
	Cost	3 140	-	-	-
	Balance at beginning of year	-	-	-	-
	Recognised on acquisition of Margie Middleton and Associates being learning programmes, NQF accreditations, methodologies and tool development.	3 140	-	-	-
	Accumulated impairment losses	-	-	-	-
	Carrying amount				
	At beginning of year	-	-	-	-
	At end of year	3 140	-	-	-

		GROUP		COMPANY	
		2004 R'000	2003 R'000	2004 R'000	2003 R'000
4.	GOODWILL				
	At cost	89 370	106 058	-	-
	Less: Accumulated goodwill amortised in prior years	(21 060)	(16 960)	-	-
	Less: Goodwill amortised current year	(4 397)	(4 100)	-	-
	Less: Impairment of goodwill	(1 224)	(3 900)	-	-
	Add: Goodwill acquired current year	3 896	4 133	-	-
	Less: Goodwill disposed of	(5 050)	(16 921)	-	-
	Total	61 535	68 310	-	-
5.	INVESTMENT IN SUBSIDIARIES (for details refer Annexure A)				
	Shares at cost less amounts written off	-	-	456 562	462 347
	Directors' valuation	-	-	456 562	462 347
6.	INVESTMENT IN ASSOCIATES (for details refer Annexure A)				
	Carrying values at beginning of year	3 142	18 403	1 528	14 713
	Increase in investment	168	394	-	394
	Impairment of UK investment	-	(5 889)	-	(8 503)
	Loan capitalised	-	1 522	-	1 522
	Disposal of investments	-	(7 658)	-	(6 598)
	Share of current year earnings/(loss) (net of dividends received)	688	(3 630)	-	-
		3 998	3 142	1 528	1 528
	Loans (from)/to associates	(448)	(83)	1	327
	Total investment in associates	3 550	3 059	1 529	1 855
	Directors' valuation	3 550	3 059	1 529	1 855
7.	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 had not traded during 2004 and the joint venture agreement was terminated at the end of 2004.				
8.	OTHER FINANCIAL ASSETS				
	PDI (Previously Disadvantaged Individuals) Share Trust	-	-	3 865	4 111
	Adcorp shares				
	262 052 at R7,97 (2003: 264 552 shares at R7,97)	-	-	2 087	2 109
	Loan to PDI Share Trust	-	-	4 115	4 339
	Impairment provision	-	-	(2 337)	(2 337)

notes to the annual financial statements

for the year ended 31 December 2004

	2004 R'000	2003 R'000	2004 R'000	2003 R'000
	Minimum receipts		Fair value of minimum receipts	
9. VENDORS FOR SALE OF BUSINESS				
Group and company				
Amounts receivable:				
Within one year	-	500	-	259
In the second to fifth year inclusive	-	2 589	-	2 148
	-	3 089	-	2 407
Less: fair value adjustments	-	(682)	-	-
Fair value of minimum receipts	-	2 407	-	2 407
Analysed as:				
Non-current receivables	-	-	-	2 148
Current receivables	-	-	-	259
	-	-	-	2 407

	Maximum payments		Fair value of maximum payments	
Group				
Amounts payable:				
Within one year	3 500	-	3 500	-
In the second to fifth year inclusive	2 250	-	2 025	-
	5 750	-	5 525	-
Less: fair value adjustments	(225)	-	-	-
Fair value of maximum payments	5 525	-	5 525	-
Analysed as:				
Non-current non-interest-bearing liabilities	2 025	-	2 025	-
Non-interest-bearing current liabilities	3 500	-	3 500	-
	5 525	-	5 525	-

The above represents the estimated payments that are expected to be made in respect of Margie Middleton and Associates. The purchase price will be determined over the period 2004 to 2006 on an earn out basis.

	As at 31 December 2003 R'000	Current year movement R'000	As at 31 December 2004 R'000
10. DEFERRED TAXATION			
Tax effect of:			
- Deferred tax raised on leave pay provisions	1 845	298	2 143
- Excess tax allowances and depreciation charge	28	-	28
- Expenditure incurred but not allowable for tax purposes in the year in which it is incurred	4 433	(109)	4 324
- Deferred tax on computed losses	16 136	(1 208)	14 928
- Contract billing	-	2 017	2 017
- Other	-	501	501
	22 442	1 499	23 941
- Reduction of deferred tax resulting from disposals	(2 223)	(113)	(2 336)
Total	20 219	1 386	21 605

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
11. TRADE RECEIVABLES	230 881	187 672	-	-
Trade debtors	238 613	195 228	-	-
Provision for bad debts	(7 732)	(7 556)	-	-
12. OTHER RECEIVABLES	27 332	22 067	3 013	2 943
Deposits and staff loans	1 434	1 163	(72)	(72)
Prepaid expenses	4 672	3 005	124	-
Sundry	21 226	17 899	2 961	3 015
13. AMOUNTS DUE TO/(BY) SUBSIDIARY COMPANIES (for details refer Annexure A)	-	-	119 004	(68 562)
Amounts due by subsidiary companies	-	-	113 417	137 106
Amounts due to subsidiary companies	-	-	(232 421)	(205 668)
14. SHARE CAPITAL				
Authorised				
100 000 000 ordinary shares of 2,5 cents each (2003: 100 000 000)	2 500	2 500	2 500	2 500
Issued				
41 258 252 ordinary shares of 2,5 cents each (2003: 40 299 377)	1 031	1 007	1 031	1 007
The unissued shares are under the control of the directors until the next annual general meeting subject to limitations.				
Number of shares ('000)				
Opening balance	40 299	42 550	40 299	42 550
Shares issued	959	5	959	5
Treasury shares cancelled (refer note 16)	-	(2 256)	-	(2 256)
Shares in issue	41 258	40 299	41 258	40 299
Share Trust consolidated	(262)	(264)	-	-
Closing balance - net	40 996	40 035	41 258	40 299
15. SHARE PREMIUM	34 694	56 747	34 694	56 747
Balance at 1 January 2004	56 747	106 930	56 747	106 930
Capital distribution July and November 2004 (2003: July and October 2003)	(32 173)	(18 940)	(32 173)	(18 940)
Arising from the issue of 958 875 shares (2003: 5 000)	10 120	16	10 120	16
Treasury shares cancelled (refer note 16)	-	(31 259)	-	(31 259)

notes to the annual financial statements

for the year ended 31 December 2004

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
16. TREASURY SHARES	(4 205)	(4 454)	-	-
Adcorp Empowerment Share Trust consolidated 262 052 shares (2003: 264 552 shares)	(4 454)	(4 578)	-	-
Dividends on treasury shares	209	124	-	-
2 500 shares redeemed during 2004	40	-	-	-
17. NON-DISTRIBUTABLE RESERVE	-	-	176 840	176 840
Unrealised profit arising on sale of BEE companies into new entity during 2003	-	-	176 840	176 840

18. 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 31 December 2004 amounted to R2 274 065 (2003: R185 016).

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.

18. BEE SHARE OF SUPER PROFITS (CONTINUED)

Structure of the Adcorp Communications empowerment deal

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. The deal was effective 1 November 2003 and no super profits accrued for the year ended December 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	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
19. NON-INTEREST-BEARING CURRENT LIABILITIES	144 484	114 321	14 737	14 969
Trade creditors	16 894	32 723	–	9 819
Other creditors (includes PAYE, other deductions from temp employees, pre-billings and accruals)	127 590	81 598	14 737	5 150
	As at 31 December	Provisions raised	Provisions utilised	As at 31 December
	2003 R'000	2004 R'000	2004 R'000	2004 R'000
20. PROVISIONS – GROUP				
Leave pay	10 397	5 208	(5 170)	10 435
Bonuses	3 914	15 631	(10 116)	9 429
Other	6 277	7 041	(10 852)	2 466
Total	20 588	27 880	(26 138)	22 330

notes to the annual financial statements

for the year ended 31 December 2004

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
21. COST OF SALES				
The breakdown of cost of sales is as follows:				
Cost of buyouts	(31 004)	(37 602)	-	-
Course material	(833)	(1 058)	-	-
Lecturing	(10 219)	(3 002)	-	-
Media	(99 858)	(94 670)	-	-
Placements	(19 233)	(18 260)	-	-
Production	(19 799)	(37 254)	-	-
Project costs	(9 850)	(9 763)	-	-
Protective clothing	(4 556)	(2 634)	-	-
Royalties	(2 424)	(4 140)	-	-
Temporary employee costs	(1 164 268)	(749 520)	-	-
Wage costs	(19 954)	(160 156)	-	-
Other	(16 521)	(25 596)	-	-
	(1 398 519)	(1 143 655)	-	-
22. OPERATING PROFIT/(LOSS) FROM OPERATIONS				
Operating profit/(loss) is determined after allowing for the following items requiring separate disclosure:				
Amortisation of goodwill	(4 397)	(4 100)	-	-
Auditors' remuneration	(2 412)	(2 445)	(644)	(826)
- fee for audit	(2 239)	(2 178)	(519)	(596)
- fee for other services	(173)	(267)	(125)	(230)
Consulting fees	(16 451)	(11 244)	(471)	(412)
Depreciation (refer note 2)	(13 830)	(13 302)	(306)	(392)
Foreign exchange gains	45	317	-	-
Directors' emoluments (refer note 36)	(17 856)	(14 670)	(9 882)	(9 300)
Leasing and rentals				
- properties and premises	(20 786)	(19 556)	(610)	(523)
- office furniture and equipment	(13 926)	(6 529)	-	(75)
- motor vehicles	232	-	-	-
Loss on disposal of plant and equipment	(94)	(391)	-	(177)
Staff costs	(323 173)	(283 313)	(5 871)	(6 886)
Number of employees	1 658	1 611	22	22

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
23. TAXATION				
SA normal – current	21 667	23 852	446	830
– underprovision prior year	–	1 222	–	1 730
Deferred taxation	(1 499)	1 031	–	–
	20 168	26 105	446	2 560
Standard tax rate	30,0%	30, 0%	30,0%	30,0%
Actual tax charge for the year	20 168	26 105	446	2 560
Adjusted for the tax effect at the standard rate of the following items				
Capital losses not deductible for tax	(599)	(9 501)	–	(10 016)
Associated company profit/(loss) already subject to tax	666	(617)	–	–
Impairment of assets not deductible	–	(3 408)	–	(3 868)
Goodwill amortised not deductible	(367)	(1 230)	–	(1 337)
Other permanent differences	1 635	(1 618)	–	(886)
Tax losses not recognised	(13 974)	(6 039)	(3 824)	–
Learnerships	8 338	2 579	–	–
Prior year adjustment	890	(1 222)	–	(1 730)
Other	6 757	–	(5 653)	–
Dividends received	–	–	3 745	16 362
BEE share moved from pre-tax to after tax	–	55	–	–
Recomputed tax charge/(credit) at standard rate on profit/(loss) before tax	23 514	5 104	(5 286)	1 085
Reconciliation of estimated tax losses available in the group				
Estimated losses beginning of year	75 472	57 260	–	–
Tax losses not raised	1 863	20 185	–	–
Net tax losses utilised	(7 554)	(1 973)	–	–
	69 781	75 472	–	–
Which consists of:				
Losses recognised	49 760	53 787	–	–
Losses not recognised	20 021	21 685	–	–

24. MINORITY SHAREHOLDERS' SHARE OF PROFITS/(LOSSES)

In 2004 Adcorp assumed responsibility for minority shareholders' losses of R Nil (2003: R2 656 830)

notes to the annual financial statements

for the year ended 31 December 2004

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
25. HEADLINE EARNINGS AND EARNINGS PER SHARE				
The calculation of earnings per share is based on earnings of R55 039 957 (2003: loss of R8 802 223) and ordinary shares of 40 302 457 (2003: 40 031 492) being the weighted average number of shares relative to the above earnings.				
Profit/(loss) per share	136,6	(22,0)	-	-
Loss on sale of assets R65 668 (2003: R273 617) after tax	0,2	0,7	-	-
Loss on sale of businesses R5 565 119 (2003: R31 671 118)	13,8	79,1	-	-
Impairment of investments and property R1 223 642 (2003: R11 361 758)	3,0	28,4	-	-
Goodwill amortised: R4 397 444 (2003: R4 099 511)	10,9	10,2	-	-
Headline earnings per share	164,5	96,4	-	-
Diluted earnings per share is based on 40 711 169 (2003: 40 900 824) weighted, diluted number of shares	135,2	(21,5)	-	-
Dividend per share (cents) declared 9 March 2005	80	-	-	-
Capital distribution – final prior year (cents)	54	37	-	-
– interim (cents)	25	10	-	-
– proposed (cents) paid 2004	-	54	-	-
Note: – The dilution of shares results from the exercise of options in the employee share trust which are below the year-end market price. – Headline earnings per share is based on earnings adjusted for impairment costs, loss on sale of assets, loss on disposal of operations and amortisation of goodwill.				

26. CONTINGENT LIABILITIES

26.1 The company has given a guarantee restricted to R8,5 million in respect of the performance by a subsidiary on a long-term contract.

26.2 The company has guaranteed payment to creditors in subsidiary companies amounting to R221 945 (2003: R207 359).

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
27. COMMITMENTS	137 409	90 731	-	404
Operating leases				
- rental of premises	97 627	73 445	-	-
- motor vehicles	309	331	-	-
- other equipment	39 473	16 955	-	404
	137 409	90 731	-	404
- payable within one year	29 309	23 820	-	15
- payable thereafter within five years	108 100	66 911	-	389
The group has no outstanding capital commitments. Capital expenditure is financed out of cash resources.				

28. 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 2004 year amounted to R19 184 273 (2003: R18 068 222).

29. 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.

Other financial assets/liabilities

The directors consider that the carrying amount of trade and other receivables and payables approximates their fair value.

notes to the annual financial statements

for the year ended 31 December 2004

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
30. CAPITAL DISTRIBUTION/DIVIDEND				
A final capital distribution of 54 cents per share in respect of 2003 was paid in July 2004	21 942	-	21 942	-
An interim capital distribution of 25 cents per share was paid in November 2004.	10 231	-	10 231	-
A final dividend of 80 cents per share was declared on 9 March 2005 and will be paid to shareholders on 4 July 2005.	33 119	-	33 119	-

31. CHANGE TO ACCOUNTING POLICIES

The accounting policies and methods of computation are consistent with those applied in the annual financial statements for the year ended 31 December 2004 other than for the adoption of AC 140 – Business Combinations which is applicable to new acquisitions on or after 31 March 2004.

Note: In November 2004 the group acquired a business which in terms of AC 140 resulted in intangible assets of R3,1 million and goodwill of R0,5 million. This goodwill has not been amortised and the intangible assets will be amortised over their useful lives.

32. CHANGE IN ALLOCATION OF 2003 BALANCE SHEET ITEMS

In order to provide additional disclosure, trade and other receivables have been split out while items previously offset between other receivables and current non-interest-bearing liabilities have now been disclosed separately. In addition certain small provisions in 2003 have been reallocated to current non-interest-bearing liabilities in order to make these items strictly comparable with the 2004 figures and the BEE share of profits is now shown separately. Net current assets however remain unchanged. A comparison detailing the changes appears below:

	2003 restated R'000	2003 as previously reported R'000
Current assets		
Trade and other receivables	-	197 090
Trade receivables	187 672	-
Other receivables	22 067	-
BEE shareholders' interest	185	-
Current non-interest-bearing liabilities		
Current non-interest-bearing liabilities	103 683	91 947
Provisions	20 588	19 860

The audited 2003 figures in the balance sheet have been adjusted where applicable to incorporate the above changes.

33. MISSTATEMENT OF 2000 – 2002 PROFITS

The opening accumulated profit for 2004 has been reduced by R7,4 million after tax as a result of an error which occurred during the period 2000 to 2002. The major impact of this occurred in 2001 where creditors and taxation were understated with a corresponding overstatement of profit. The correct figures are set out below:

		Amended R'000	As previously reported R'000
Current assets			
Taxation prepaid	2000	3 025	2 575
	2001	5 812	3 282
	2002	7 065	3 873
	2003	6 374	3 182
Capital and reserves			
Accumulated profit	2000	203 300	204 350
	2001	191 999	197 899
	2002	141 238	148 684
	2003	133 407	140 853
Current non-interest-bearing liabilities			
Current non-interest-bearing liabilities	2000	102 892	101 392
	2001	97 785	89 355
	2002	89 972	79 334
	2003	114 321	103 683

Note: – The figures under the "previously reported" column above include the adjustments set out in note 32.

– The audited 2003 figures in the balance sheet, segment report and abridged statement of changes in equity have been adjusted where applicable to incorporate the above changes.

34. RELATED PARTIES

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

notes to the annual financial statements

for the year ended 31 December 2004

Directors' interest in share options as at 31/12/2004	Number of un-exercised options as at 31/12/2003	Number of options granted during 2004	Number of options exercised during 2004 Quantity	Number of options as at 31/12/2004	Option price Rand	Date from which exercisable
35. DIRECTORS' SHAREHOLDING						
HW Barenblatt	60 000	-	-	60 000	12,00	31/05/2002
	30 000	-	-	30 000	8,85	31/05/2004
	30 000	-	-	30 000	6,35	31/05/2005
		30 000	-	30 000	13,00	31/05/2006
FD Burd	2 500	-	-	2 500	6,80	31/05/2002
	2 500	-	-	2 500	10,00	31/05/2001
	2 500	-	-	2 500	10,00	31/05/2002
	60 000	-	-	60 000	12,00	31/05/2002
	30 000	-	-	30 000	12,00	31/05/2003
	30 000	-	-	30 000	8,85	31/05/2004
	30 000	-	-	30 000	6,35	31/05/2005
		30 000	-	30 000	13,00	31/05/2006
F Khanyile		15 000	-	15 000	13,00	31/05/2006
M Liphosa	11 250	-	11 250	-	10,40	31/05/2000
	11 250	-	11 250	-	10,40	31/05/2001
	11 250	-	11 250	-	10,40	31/05/2002
	11 250	-	11 250	-	10,40	31/05/2003
	60 000	-	-	60 000	12,00	31/05/2002
	15 000	-	-	15 000	12,00	31/05/2003
	30 000	-	30 000	-	8,85	31/05/2004
	30 000	-	-	30 000	6,35	31/05/2005
		30 000	-	30 000	13,00	31/05/2006
RB McGregor	180 000	-	-	180 000	12,00	31/05/2002
	30 000	-	-	30 000	12,00	31/05/2003
	30 000	-	30 000	-	8,85	31/05/2004
	30 000	-	-	30 000	6,35	31/05/2005
		30 000	-	30 000	13,00	31/05/2006
RL Pike	47 809	-	-	47 809	12,00	31/05/2002
	50 000	-	-	50 000	8,85	31/05/2004
	50 000	-	-	50 000	6,35	31/05/2005
		50 000	-	50 000	13,00	31/05/2006
T Ratshitanga (alternate)		30 000	-	30 000	13,00	31/05/2006
S Sebotsa		15 000	-	15 000	13,00	31/05/2006
S Shonhiwa		20 000	-	20 000	13,00	31/05/2006
PC Swart	55 000	-	-	55 000	12,00	31/05/2002
	30 000	-	-	30 000	8,85	31/05/2004
	30 000	-	-	30 000	6,35	31/05/2005
		30 000	-	30 000	13,00	31/05/2006
Van Zyl Slabbert	120 000	-	120 000	-	12,00	31/05/2002
	30 000	-	30 000	-	8,85	31/05/2004
	30 000	-	-	30 000	6,35	31/05/2005
		30 000	-	30 000	13,00	31/05/2006
S Zungu (alternate)	25 000	-	-	25 000	7,50	31/05/2005

Directors' interest in shares	Number of shares held as at		Number of shares held as at	
	31/12/2004 Beneficially held	Non-beneficially held	31/12/2003 Beneficially held	Non-beneficially held
35. DIRECTORS' SHAREHOLDING (CONTINUED)				
RL Pike	341 390	–	341 390	–
VC Baker	–	–	61 000	–
HW Barenblatt	75 000	15 936	75 000	15 936
M Liphosa	10 000	–	–	–
<i>Note: As at 25 May 2005 the above shareholdings remain unchanged</i>				

	Salary R'000	Bonus/ profit share R'000	Medical aid and provident fund R'000	Allow- ances R'000	Directors' fees R'000	2004 Total remu- neration R'000	2003 Total remu- neration R'000
36. DIRECTORS' EMOLUMENTS							
<i>Directors (executive and non-executive where applicable)</i>							
V Baker Jan – Oct 2004	700	236	145	62	–	1 143	1 543
H Barenblatt	1 687	–	225	252	–	2 164	2 296
F Burd	998	602	219	71	–	1 890	1 598
M Liphosa	797	420	174	61	–	1 452	1 083
R McGregor	955	594	219	102	–	1 870	1 611
R Pike	1 500	900	330	103	–	2 833	2 341
T Ratshitanga (alternate) March – Dec 2004	708	–	124	174	–	1 006	–
N Swart	927	601	216	136	–	1 880	1 667
N Lilford Jan – Aug 2004	522	60	87	95	–	764	610
S Zungu (alternate)	525	245	54	96	–	920	300
	9 319	3 658	1 793	1 152	–	15 922	13 049
<i>Non-executive directors</i>							
C Bomela Mar – Dec 2004	–	–	–	–	42	42	–
F Khanyile	–	–	–	–	94	94	62
G Negota Nov – Dec 2004	–	–	–	–	52	52	–
S Sebotsa	–	–	–	–	90	90	70
S Shonhiwa	–	–	–	–	82	82	55
B Sibiyi Jan – March 2004	56	–	–	41	–	97	316
F Van Zyl Slabbert	706	500	154	117	–	1 477	1 118
	762	500	154	158	360	1 934	1 621

37. CHANGES TO THE BOARD DURING THE REPORTING PERIOD

Director name	Date of appointment
C Bomela	11/03/2004
G Negota	11/03/2004
T Ratshitanga (alternate)	11/03/2004
	Date of resignation
VC Baker	11/10/2004
N Lilford	31/08/2004
B Sibiyi	10/03/2004

annexure a

details of subsidiaries and associates

for the year ended 31 December 2004

Name of subsidiary	Nature of business	Authorised share capital	
		R 2004	R 2003
Adcorp Accountability (Pty) Ltd*	Accounting	4 000	4 000
Adcorp Staffing (Pty) Ltd*	Flexible staffing	4 000	4 000
Adcorp Communication Solutions (Pty) Ltd	Dormant	10 000	10 000
Adcorp Financial Graphics (Pty) Ltd	Financial graphics	100	100
Adcorp Flexible Staffing Solutions (Pty) Ltd	Holding company	10 000	10 000
Adcorp Investment Trading (Pty) Ltd	Dormant	1 000	1 000
Adcorp Management Services (Pty) Ltd	Accounting	4 000	4 000
Adcorp Mozambique (Pty) Ltd	Dormant	24 000	24 000
Adcorp Recruitment KZN (Pty) Ltd	Recruitment	1 000	1 000
Adcorp Social Investment Trading (Pty) Ltd	Dormant	1 000	1 000
Adcorp Staffing Solutions (Pty) Ltd	Recruitment	4 000	4 000
Adcorp UK Limited	Dormant	3 384	3 384
Admark Personnel Selection (Pty) Ltd	Recruitment	60 000	60 000
Admark Recruitment Advertising (Pty) Ltd	Recruitment	30 000	30 000
Admark Recruitment Advertising Namibia (Pty) Ltd	Dormant	1 000	1 000
Altlevel Recruitment Advertising (Pty) Ltd	Recruitment	100	100
Capacity Outsourcing (Pty) Ltd*	Flexible staffing	4 000	4 000
Charisma Nursing Agency (Pty) Ltd*	Flexible staffing	1 000	1 000
D@bility	Dormant	1 000	1 000
DAV Professional Placement Group (Pty) Ltd	Recruitment	1 000	1 000
Effective Recruitment Advertising (Pty) Ltd	Recruitment	4 000	4 000
Ethoz Human Value Optimisation (Pty) Ltd	Recruitment	1 000	1 000
Emmanuel's Staffing Services (Pty) Ltd*	Flexible staffing	1 000	1 000
Extra Expertise (Pty) Ltd	Flexible staffing	-	-
Graphicor (Pty) Ltd*	Graphic design	100	100
Gobodo Grey (Pty) Ltd	Recruitment	10 000	10 000
Ikhwezi Staffing Solutions (Pty) Ltd*	Flexible staffing	1 000	1 000
International Centre for Management Development (Pty) Ltd*	Training	1 000	1 000
Jobvest (Pty) Ltd	Recruitment	4 000	4 000
Kit Hodge & Company (Pty) Ltd	Dormant	1 000	1 000
Knovation Consulting (Pty) Ltd	Consulting	1 000	1 000
Knovation (Pty) Ltd	Training	200 000	200 000
PR Connections (Pty) Ltd*	Public relations	-	1 000
Premier Personnel (Pty) Ltd	Recruitment	100	100
Production Management Institute of Southern Africa (Pty) Ltd	Training	100	100
Ptn 2 of Erf 32 Endenburg (Pty) Ltd	Property investment	-	-
Quest Flexible Staffing Solutions (Pty) Ltd*	Flexible staffing	100	100
Quest Holdings (Pty) Ltd	Holding company	10 000	10 000
Quest Permanent Appointments (Pty) Ltd	Dormant	100	100
Research Surveys (Pty) Ltd	Marketing research	20 000	20 000
Simeka TWS Communications (Pty) Ltd*	Public relations	4 000	4 000
Stand 948, Melville (Pty) Ltd	Property	1 000	1 000
The Design and Media Company (Pty) Ltd	Design and media	4 000	4 000
The Niche (Pty) Ltd	Dormant	1 000	1 000
Warwick Institute (Pty) Ltd	Training	-	-
Sub total negative			
Sub total positive			
Total subsidiaries			
Name of associate			
Astbury Jones Ltd	Recruitment	-	-
Baricorp (Pty) Ltd	Property investment	-	-
Career Junction (Pty) Ltd	Recruitment	400 000	400 000
Customer Equity Company (Pty) Ltd*	Marketing research	1 000	1 000
Equitable Solutions (Pty) Ltd*	Dormant	1 000	1 000
Klatrade 200074 (Pty) Ltd trading as Connectivity	Training	1 000	1 000
Sandton Group Ltd	Recruitment	100 000	100 000
Shopper Behaviour Research (Pty) Ltd	Marketing research	1 000	-
Sub total negative			
Sub total positive			
Total associates			
Name of joint venture			
Knovation At Austral (Pty) Ltd*	Training	4 000	4 000

* Owned by subsidiary companies

Issued share capital		Number of shares held		Cost of investment		Indebtedness (to)/ by the subsidiary		Attributable profit/(loss)	
R	R			R'000	R'000	R'000	R'000	R'000	R'000
2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
200	200	200	200	-	-	(728)	-	48	-
1	1			-	-	(1 487)	-	2 787	-
10 000	10 000	7 500	7 500	88 264	93 507	991	3 493	(9 301)	(6)
100	100	100	100	10	10	(10)	234	447	(18)
10 000	10 000	7 500	7 500	329 618	329 592	(1 524)	16 570	(23 235)	-
100	100	100	100	-	-	-	-	-	-
400	400	400	400	-	-	5 296	7 095	(107)	(2 041)
24 000	24 000	22 000	22 000	-	63	-	-	-	-
100	100	100	100	117	117	-	1 402	(805)	805
100	100	100	100	-	-	-	-	-	-
100	100	100	100	7 971	9 684	678	34 505	42 773	(20 939)
308	100	308	100	-	-	-	-	-	-
10 000	10 000	10 000	10 000	-	-	-	-	-	-
30 000	30 000	30 000	30 000	-	-	-	(2 845)	(6 131)	6 101
1	1	1	1	31	31	-	-	-	-
100	100	100	100	-	-	-	(489)	(2 480)	2 480
4 000	4 000	4 000	4 000	-	-	6 102	20 370	26 410	3 261
100	100	100	100	-	-	977	6 531	6 517	354
100	100	50	50	-	-	1 913	2 140	219	(1 201)
100	100	100	100	6 425	6 848	(4 943)	(1 592)	5 044	3 908
100	100	100	100	56	56	-	(2 643)	(3 005)	3 005
100	100	60	60	2 902	3 059	-	2 210	504	(1 388)
100	100	100	100	-	-	(9 083)	(5 787)	17 211	8 903
-	-	-	-	-	-	-	-	-	(261)
100	100	100	100	-	-	(8 878)	(5 554)	3 939	5 338
10 000	10 000	5 000	5 000	430	455	6 891	4 685	(1 862)	(5 158)
100	100	100	100	-	-	-	(1 981)	699	2 780
200	200	200	200	-	-	-	-	(4 986)	-
2 000	2 000	1 000	1 000	1	1	5 846	8 262	795	941
1 000	1 000	1 000	1 000	1	1	-	-	-	-
100	100	100	100	23	23	-	-	(10)	-
200 000	200 000	140 000	140 000	2 395	153	28 577	(38)	1 363	1 633
-	100	-	100	-	-	1 039	40	(475)	(245)
100	100	100	100	3 355	3 444	-	(3 316)	(3 719)	5 575
100	100	100	100	4 440	4 708	6 267	9 260	45 543	(2 429)
-	-	-	-	-	-	-	-	-	1 190
100	100	100	100	-	-	29 099	-	30 579	17 673
10 000	10 000	10 000	10 000	2 873	2 876	(197 031)	(160 235)	(175)	196 544
100	100	100	100	-	-	-	271	-	-
200	200	200	200	7 648	7 717	(7 989)	(16 132)	7 951	10 541
4 000	4 000	4 000	4 000	-	-	(748)	(5 056)	(505)	6 137
100	100	100	100	-	-	18 452	18 716	(156)	(415)
4 000	4 000	3 000	3 000	2	2	1 289	1 322	(22)	(1 082)
100	100	100	100	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(4 080)
						(232 421)	(205 668)	(56 974)	(39 263)
						113 417	137 106	193 100	277 169
						456 562	462 347	136 126	237 906
-	-	-	-	-	-	-	-	-	(1 520)
-	-	-	-	-	-	-	-	-	-
50 000	50 000	12 500	12 500	1 098	1 017	-	-	564	312
400	400	100	100	1 849	1 797	-	(409)	1 418	1 218
1 000	1 000	490	490	40	40	(409)	-	(409)	283
1 000	1 000	500	475	931	288	(39)	326	649	126
1 000	1 000	333	333	-	-	-	-	-	(2 477)
100	-	20	-	80	-	-	-	-	-
						-	(409)	(409)	(3 997)
						(448)	326	2 631	1 939
						3 998	3 142	2 222	(2 058)
4 000	4 000	2 040	2 040	-	-	-	-	-	(102)

notice of annual general meeting

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 Wednesday, 6 July 2005 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 2004.
2. To elect Campbell Bomela as a director of the company.
3. To elect George Negota as a director of the company.
4. To elect Thendo Ratshitanga as an alternate director of the company.
5. To re-elect Henry Barenblatt as a director of the company.
6. To re-elect Faunce Burd as a director of the company.
7. To re-elect Richard Pike as a director of the company.
8. To re-elect Van Zyl Slabbert as a director of the company.
9. To resolve that 2 916 615 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.
10. To transact such other business as may be transacted at an annual general meeting.

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 Wednesday, 6 July 2005 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

Lisa Warwick
Secretary

25 May 2005

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 Wednesday, 6 July 2005.

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 Wednesday, 6 July 2005 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 Wednesday, 6 July 2005 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 Campbell Bomela)			
Ordinary resolution 3 (Elect George Negota)			
Ordinary resolution 4 (Elect Thendo Ratshitanga – alternate)			
Ordinary resolution 5 (Re-elect Henry Barenblatt)			
Ordinary resolution 6 (Re-elect Faunce Burd)			
Ordinary resolution 7 (Re-elect Richard Pike)			
Ordinary resolution 8 (Re-elect Van Zyl Slabbert)			
Ordinary resolution 9 (Employee share scheme shares placed under control of directors)			
Ordinary resolution 10 (Transact other business)			

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, Ultrashare Registrars (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) 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

A Warwick
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

As of 1 August 2005, the registered office will move to:
Block A, 28 on Sloane
28 Sloane Street
Bryanston
2021

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

Prinsloo, Tindle & Andropoulos Inc.
1st Floor, 17 Fricker Road
Illovo Boulevard
Illovo
Johannesburg, 2196
Tel 011 268 6200
Fax 011 268 6330

Larry A Marks
Suite F5
Bramley Gardens
280 Corlett Drive, 2060
Tel 011 386 8699
Fax 011 887 5139

JOINT AUDITORS

Charter Financial & Auditing Incorporated
Registration number 1992/002371/21
25 Plantation Road
Gardens, 2192
PO Box 89438, Lyndhurst, 2106
Tel 011 483 0911
Fax 011 483 0936

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

Ultrashare Registrars (Pty) Limited
Registration number 2000/007239/07
11 Diagonal Street
Johannesburg, 2001
Tel 011 834 2266
Fax 011 834 4398

COMMERCIAL BANKERS

FirstRand Bank of Southern Africa Limited
Registration number 1905/001225/06

ABSA Bank Limited
Registration number 1986/004794/06

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 5614
Fax 011 806 5666

