ADCORP

THE POWER OF POTENTIAL

Globally relevant

Integrated Annual Report 2016

Salient features

- Revenue for the year **increased by 17%** to R15,6 billion
- Normalised earnings per share **increased by 4%** to 365,3 cents per share
- Operating profit for the year **increased by 2%** to R464,8 million
- Normalised EBITDA for the year **decreased by 7%** to R621,5 million
- Headline earnings per share **increased by 0,4%** to 299,6 cents per share
- Debtors days at **47 days** (2015: 47 days)
- Cash conversion ratio of **87%**
- Gearing ratio at **43%** (2015: 28%)
- Kelly Group Limited (Kelly) **fully integrated**
- Dare (Australia) **acquired** for **R266 million**
- Final dividend **declared of 75 cents per share** (2015: 88 cents per share)

About our integrated annual report

Committed to transparent reporting

Adcorp is committed to and fully embraces the principles of integrated reporting as it allows our Group to demonstrate its duties of creating value for all its stakeholders.

We believe that reporting in an integrated manner can help our stakeholders make better informed decisions around investments and resource allocation.

This integrated annual report provides an overview of the working capital and related performance of the Adcorp Group. The International Integrated Reporting Committee's (IIRC) Framework was used to guide the structuring of our integrated annual report.

In addition to adopting an integrated approach to our reporting, we continue to apply King III, and the JSE Limited Listings Requirements in terms of measuring our progress towards sustainability. A summary of our application of King III is published on our website.

Our annual financial statements, which are compliant with International Financial Reporting Standards (IFRS) start on page 101.

Deloitte & Touche has audited our annual financial statements and their unmodified audit report appears on page 106. To ensure that we provide our stakeholders with reliable information on our sustainability performance, we also engaged the services of Gilden Assurance to supply independent third-party assurance over selected sustainability information, which is included in this integrated report on page 93.

Board approval

The Adcorp board has considered responsibility for ensuring the integrity of the integrated annual report and to the best of its knowledge and belief the Adcorp integrated annual report for 2016 addresses all material issues and presents fairly the integrated performance of the organisation and its impacts.

Contents

About Adcorp

Global workforce solutions company

Workforce

> 4 200
Permanent employees

100 000
Managed workforce

Level 2 BBBEE

Places people into permanent, contract and flexible jobs

Geographic focus

Established

- Founded in 1975
- Listed 1987
- Revenue R15,6 billion
- 15% Market share in the South African market

Services and solutions

- TES Bulk and contingency
- Permanent employment services
- Professional IT services
- Managed services provider
- Digital service solutions
- Functional outsourcing
- Training
- Candidate benefits

Adcorp is an industry-leading workforce management company, offering diverse total talent management solutions across a vast spectrum of industry sectors, job types and geographic regions.

The Group's specialist workforce management offerings, best-of-breed business practices as well as a solutions-based approach to talent acquisition and retention, means we do not only resource organisations but also add significant value to our clients.

Driven by digitisation and innovation there is a constant focus on the latest technologies, assessing how digital innovations impact interactions with stakeholders and utilising big data to predict the future demands of customers.

Adcorp has a proud tradition of creating value for its shareholders, converting a high proportion of its profits into cash, paying dividends, adhering to the highest standards of corporate governance and providing quality service to its clients through operational excellence, innovative product offerings and service solutions.

As a Group, Adcorp strives to enrich the lives of its workforce through various socio-economic development initiatives and training programmes. A great deal of emphasis is placed on developing and upskilling the sizeable candidate base and increasing empowerment credentials across the Group's activities in South Africa.

Adcorp is considered an eminent authority with regards to workforce-related matters, a thought leader in its field and a meaningful strategic partner to its clients.

Awards and Accolades

Adcorp

Investment Analysts Society

- Best reporting and communications award
  Small capitalisation company

nlighten

- Customer satisfaction survey overall Adcorp Group rating of 77% (FY2015 75%)

Capacity

- Customer Focus Award (National Business Award 2015)

Dare

- ISO 9001 accreditation

DAV

PMR Diamond Arrow Award July 2015

- Highest rated company in SA for Human Capital Solutions Medium Sized Companies
- Highest rated company in SA
  Permanent Office Staff
- Highest rated company in SA
  Specialised Engineering Skills
- Highest rated company in SA
  Specialised Financial Skills
- Highest rated company in SA for Specialised Information Technology Skills
- Highest rated company in SA
  Specialised Marketing and Sales Skills

LSA

- ISO 9001 accreditation
- AS4 801 accreditation

Paxus

- ISO 9001 accreditation

Staff U Need

- ISO 9001 accreditation

Scope and boundary

The Adcorp Holdings Limited integrated annual report is produced and published annually. This report covers the period 1 March 2015 to 29 February 2016 and contains information relating to the performance of the Group, including both South Africa and its international operations.

This report is intended to primarily address the information requirements of long-term investors, but also presents details relevant to the various stakeholder groups.

In assessing what is included in our integrated reporting we applied the principle of materiality. The boundary of the report extends beyond financial reporting and includes non-financial performance, sustainability development opportunities, risks and outcomes attributable to or associated with all stakeholders that have a significant influence on the Group's ability to create value.

We would welcome your feedback on our reporting for 2016 and any suggestions you have in terms of what you would like to see incorporated in our integrated annual report in the future. To do so, kindly contact cfo@adcorp.co.za

Our business model

Our vision

A global workforce solutions company of consequence focused on:

- Africa;
- The Middle East; and
- The Asia-Pacific region.

Our mission

- Everybody wins;
- Relationship driven; and
- The partner of choice.

This business model demonstrates how we create value by leveraging elements within the organisation to build a sustainable, profitable business and create shared-value for our stakeholders.

The elements identified include inputs, activities, outputs and outcomes of the Group's business model demonstrating collective expertise and collaboration across the Group.

	FINANCIAL CAPITAL	INTELLECTUAL CAPITAL
Inputs	Equity and debt funding, reinvested cash flow, efficient systems, exchange rate fluctuations.	Emerging market focus, foresee the future, legislative mastering, risk management, digital technology journey-focused innovation.
Activities	Organic and inorganic growth, Group financial accounting, responsible allocation of financial capital.	Insight-based workforce analytics and assessment, client focused, IP development, customer engagement, strategic partnerships and strategy development.
Outputs	Financial stability, cash flow generated, accurate, reliable and timely production of financial information.	Shared services implementation across the Group, big data management, smart solution creation, enhanced product offerings and innovation.
Outcomes	Year-on-year profit growth, shareholder returns, robust balance sheet, financial controls.	Strengthened market position, opportunities identified, risks mitigated, objectives and targets reached, business well governed.

Core skills and expertise, succession planning, labour market to candidate, candidate to placement, placement to invoice, social justice and fundamental human rights.

Workforce management and staffing solutions, permanent recruitment and selection, Professional services, HR consulting, analytics and advisory, training and skills development, talent management, legislative mastering, health and safety controls.

Manage, procure, employ skilled workforce across various geographies and industries, learnerships and skills development.

100 000 persons placed into the labour market on any given day throughout the year, more than 30% of temporary workforce obtain permanent positions within two years.

Stakeholder relations, transparency and accountability, ethics, Group values and human rights, employee relations, Constitution commitment, Corporate Social Investment, contribution to job creation and skills development.

Stakeholder engagement, collaboration and management, compliance with legislation and regulation, investing in communities, build and strengthen existing relationships with stakeholder groups.

Enhanced working relations, skills development, enterprise development, ethical behaviour, BBBEE processes and strategies.

Relationship company, funder of professionalisation and compliance, influencing labour law, strong empowerment and transformation credentials.

HUMAN CAPITAL

SOCIAL CAPITAL

NATURAL CAPITAL

- Natural resources, water, electricity, fuel, paper.
- Monthly capturing of carbon footprint credentials, procurement.
- Awareness around Group's footprint, carbon-neutral initiative, good corporate citizen, innovative technology products.
- Safeguard the future of our planet, impact of environmental footprint can be established.

Establishing materiality

Adcorp defines material issues as those which have the potential to substantially impact our ability to create and sustain value for our stakeholders.

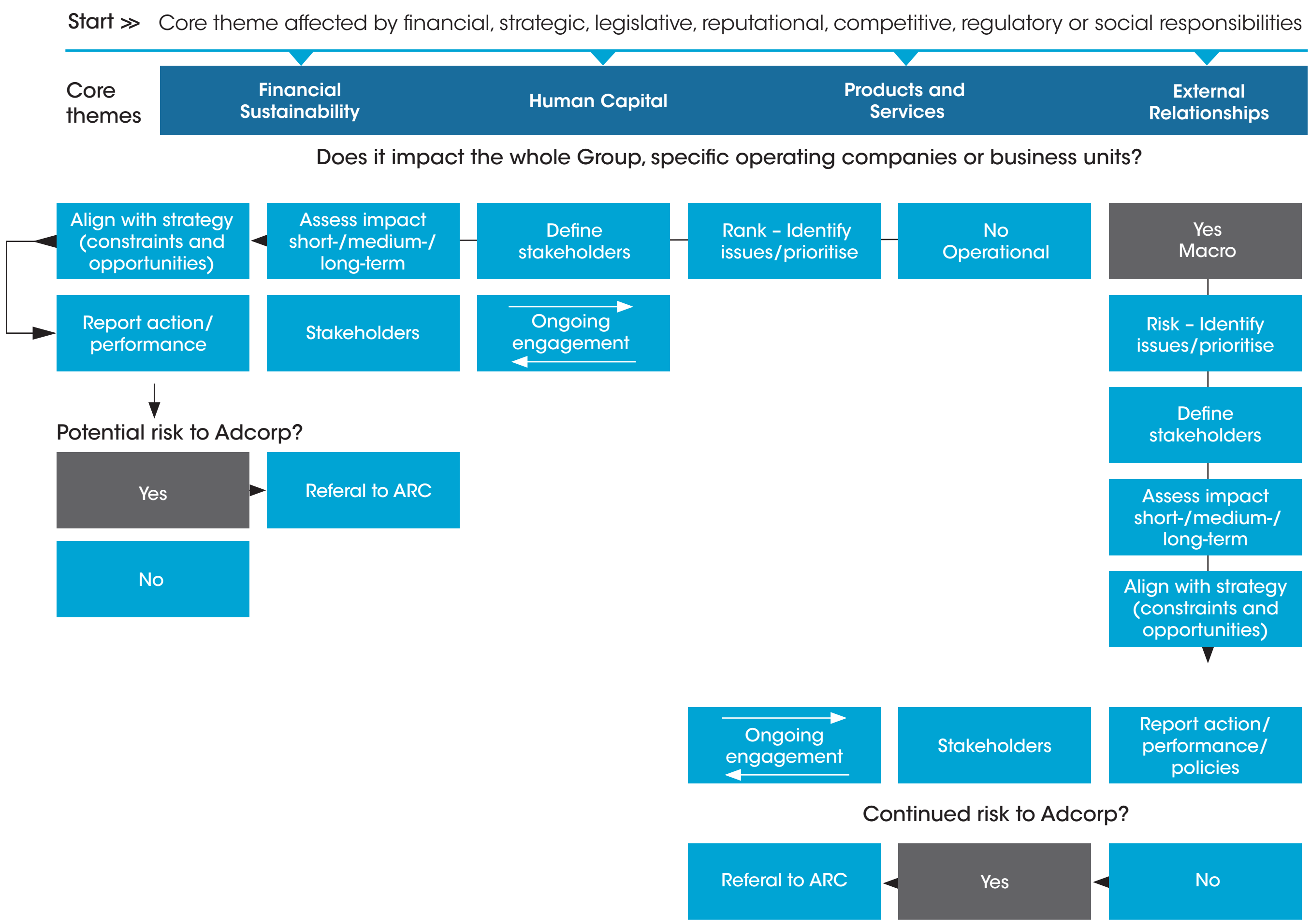
Identified material matters, which also represent our primary risks and opportunities across the various industrial sectors and geographies served by the Group, have been selected from a diverse range of key factors that could have a significant impact on our ability to deliver value to our stakeholders.

Identifying and determining material matters which are important to the Group and its stakeholders is an ongoing process. The process of identifying potential material matters is a Group-wide responsibility, requiring input from all operating companies and divisions. Potential areas of impact that are assessed include financial, strategic, legislative, reputational, competitive, regulatory and social aspects within our core themes. We prioritise those that have the greatest relevance and the highest potential to impact the Group significantly.

The progress made on previous strategic priorities is submitted to the board and its various committees for executive discussion and feedback. Key business risk factors and identified opportunities are managed with the Group's stakeholders, both formally and informally, to ensure a sustainable long-term business approach.

We describe the key material issues on pages 8 to 10 of this integrated annual report in which we describe the circumstances in which we operate, the key resources and relationships on which we depend, the key risks and opportunities we face and how our key priorities can affect our ability to create and sustain value over time.

Our approach



Material matters, objectives and opportunities

	Material matters	Objectives	Opportunities
FINANCIAL	Accurate, reliable and timely production of financial information	Provide relevant information to stakeholders	Leverage the Microsoft Dynamic AX ERP system to facilitate and enhance financial reporting
	Managing costs and driving economies of scale	Managing costs as a percentage of revenue within acceptable limits	Centralised credit control, financial administration and payroll management
	A focus on growth achieved organically and/or by select acquisition	Exposure to new geographies, service offerings and industry verticals	Potential international acquisition targets, establish industry-specific centres of excellence (COEs), promote inter-Group cross-selling opportunities, engage with clients at a strategic level, offer value-added services in order to generate additional revenue streams
	A primary focus on cash generation and margin management	Enhance the management of cash-to-cash (working capital) and operating margins	Improve client collection terms and working capital cycle. Negotiate for better margin opportunities
	Strengthen the balance sheet	Raise capital in international markets for future international expansion, optimise borrowing facilities in accordance with Group thresholds	Access to capital, access to debt capital at appropriate borrowing rates both internationally and locally
	Delivering shareholder value	Achievement of financial returns in excess of weighted average cost of capital	A return of excess cash resources to shareholders in the form of dividend payments and or share buy-backs while maintaining acceptable levels of gearing
WEALTH	Focus on emerging markets	Focus on new industries and market sectors with a primary focus into Africa, the Middle East and the Asia-Pacific region	Expertise in emerging markets, strong pan-African presence, increasing investment and trade flows between Africa, the Middle East and Asia-Pacific region
	Strong client- and candidate-centric approach	Grow into and with our key clients	To embrace digitisation and create an integral relationship with both candidates and clients
INTELLECTUAL	Digitisation, continuous innovation and diversification	Using digitisation as an enabler in order to create smarter client- and candidate-centric solutions	Global key account management, product development, management team capable of driving the Global strategy
	Provide a world-class "clip-on" backoffice and cloud IT backbone	Economies of scale – optimised, standardised processes and procedures. Maximise efficiency, scalability and lower cost delivery infrastructure	Drive cost and operational efficiencies, on-demand backoffice capacity, clip-on acquisitions, backoffice strategy strengthens market position
	Backoffice standardisation	Reduce inconsistent business processes and complexity of data management	Enhanced backoffice strategy strengthens market position and service offering
	Business continuity plan and disaster recovery	Ability to continue day-to-day business activities in the event of a crisis or fatality among executive management	Effective succession planning
HUMAN	Position the Group as a global staffing and workforce management solutions business	Being recognised as a global industry player of consequence, provide a preferred channel to procure employment, contribute to the job creation and skills development objectives	Establish global reference sites for MSP/RPO solutions, growing trend to use contract workers in preference to permanent workers. Opportunity for independent player focused on the Southern Hemisphere/ emerging markets
	A commitment to broad-based black economic empowerment (BBBEE) and transformation in South Africa	Drive empowerment throughout the Group, attract and retain key staff; encourage employment equity	Value-adding enterprise – level 2 contributor has a procurement recognition; promote internal transformation
SOCIAL	Key stakeholder engagement	Build new and strengthen existing relationships, ensure material matters are prioritised and aligned with the Group's strategy both locally and internationally	Engage at a strategic level, global key account management
	Sound corporate governance	Total transparency in the conduct of the affairs of the business	Reputation as good corporate citizen and leadership
	Compliance with legislation and regulation	Ensure compliance with revised South African labour legislation and BBBEE codes of good conduct, uphold a best-in-class philosophy ensuring full compliance and adopting best practice across the various geographies in which we operate	Adopt sustainable business practices consistent with good corporate governance
NATURAL	Encourage innovative "green" initiatives Group-wide	Create a supply chain value from green initiatives introduced, particularly relating to procurement	Revise service level agreements to ensure that clients and suppliers can benefit from environmental initiatives
	Create awareness around the Group's environmental impact	Introduce systems to measure and establish environmental reduction targets – eco-efficiency	Create meaningful awareness, innovative solutions around environmental issues
	Lead industry initiator in carbon offsetting innovative digitisation	Sophisticated workforce optimisation technology to unlock optimum client benefits and promote greater environmental responsibility	Assessing long-term benefits and annual return on investment in eco-efficiency activities
	Good corporate citizen	Build business value through sustainable eco-friendly initiatives	Value-adding enterprise

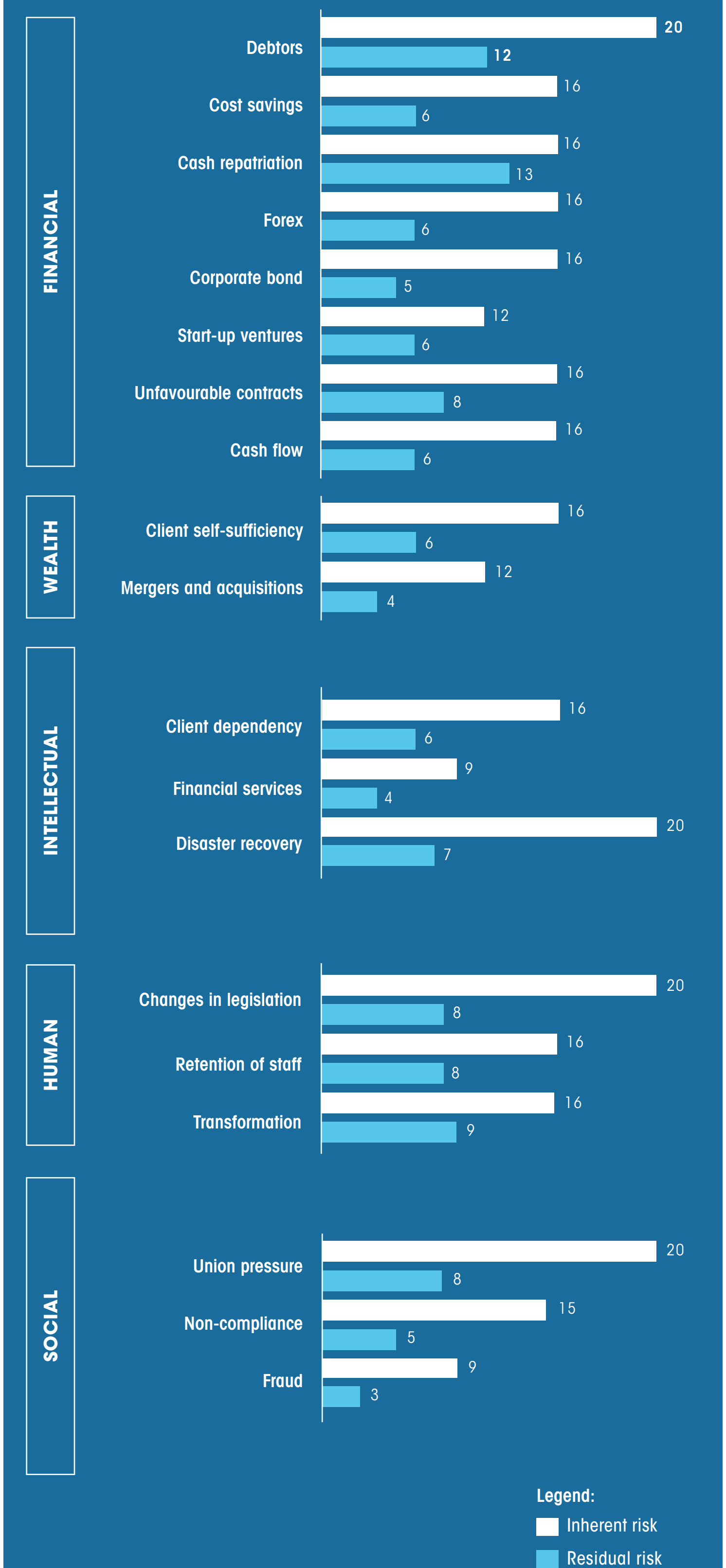
Key risks and mitigating controls

Risk	Mitigation controls
Inaccurate and untimely financial reporting, failure in operations' financial control environment	Group-wide internal control policies, procedures and reporting deadlines Well-resourced finance teams, external assurance processes ensure compliance
Non-achievement of cost savings from centralised, outsourced model	Continuous monitoring of costs, savings and quality of output, service level agreement re-negotiated
Business levels affected by continued pricing pressure in a static job market in South Africa Unsuccessful international mergers and acquisitions	Group strategy to diversify its products and services thereby creating additional revenue streams
Insufficient cash flow to meet payroll payments and obligations Challenges in remitting funds from African countries Declining margins	Payroll processes designed with adequate and efficient controls Tight Group credit management function Daily cash management. Constant focus on operating margins
Non-compliance with JSE and other legislative requirements Inability to service interest and/or capital repayments Adverse credit rating Non-compliance with banking covenants	Group central treasury management Maintaining banking relationships Regular testing of the appropriateness of the going-concern assumption Monthly covenant reporting
Labour legislation in South Africa has a negative impact on share price and business volumes	Ongoing information sharing with key stakeholders
Static jobs market, inability of the economy to create jobs	Diversify service offerings Explore possible acquisitions Holistic solutions offering
Inability to respond to clients' needs to drive self-sufficiency and disintermediation	Proprietary customer-centric delivery model
Revenue concentrated across a small spread of clients Entering new markets	Diversify into new industries and economic sectors Reduce dependency on key clients Innovative product offering
Outsourcing of key processes increases dependency of service providers	Service level agreement negotiated with appointed vendor Improved relationship management
Multiplicity of IT strategies Centralised backoffice fails to deliver cost and efficiency benefits	In-house maintenance of IT infrastructure by internal resources with supporting teams from recognised vendors
Key man dependency Disaster recovery and business interruption	Robust physical security Approved succession planning Independent operating entities have dedicated management teams Tested IT disaster recovery plan
Legislative regulation in South Africa dictating employee/employer relationship potentially compromising the Group's ability to introduce first-time job seekers into the world of work	Diversified geographic and service offering spread Proactive interaction and consultation with various stakeholders In-depth understanding of industry landscape
Financial loss due to inadequate transformation credentials in South Africa	Regulation responsible for continued commitment to transformation Employee share trust ensures broad-based ownership
Perception of the impact of South African legislative regulation of labour broking potentially compromising the Group's reputation	Proactive interaction and consultation with various stakeholders
Non-compliance with laws and regulations Financial and reputational damage	Internal code of conduct and ethics tip-off line Commitment to application of King III principles Abide by Business Leadership South Africa's code of good corporate citizenship
Non-compliance with applicable laws and regulations negatively impact revenue, reputation and share price of the Group	Compliance framework Internal audits Monitoring of applicable legislation
Group seen as irresponsible corporate citizen Changes in the procurement procedures of large clients resulting in difficulties in retaining existing clients and winning new business	Continuous measurement of carbon footprint
Cost implications around managing and minimising resource consumption	Environmental policy
Ecological footprint that is harmful to health and wellbeing	Continuous measurement of carbon footprint
Group seen as irresponsible corporate citizen	Monthly measurement of carbon footprint Reduction targets

Responsibility/oversight

Executive management Operational management
Executive management Internal resources
Executive management Operational management
Executive management Operational management
Executive management Operational management
Executive management
Executive management Operational management
Operational management Internal audit
Executive management Operational management
Executive management Operational management
Executive management Internal resources
Executive management
Executive management Operational management
Board Executive management Operational management
Executive management Operational management
Board Executive management Operational management Group HR
Executive management Operational management Group HR
Operational management Sustainability officer External assurance provider
Sustainability officer External assurance provider
Operational management Sustainability officer
Sustainability officer

Inherent versus residual risk



Risk appetite

Low	<7
Moderate	>7
Aggressive	>15

Investment proposition

The following characteristics define the Adcorp Group's objectives of shareholder value creation

Cash generative

Cash generation ratio of 87%* when compared to Group target ratio of 80%. Past five-year average cash generation percentage was 90%

* *Excluding effects of devaluation of Rand against foreign currencies.*

Above-average dividend yield

Five-year average dividend yield totals 5,2%

Growing organically and inorganically

Market share growth in existing markets achieved through sophistication, MSP, RPO and technology

Ability to execute and implement select acquisitions

Diversified geographic spread

Normalised EBITDA derived from non-South African sources has increased from 8% in FY2013 to 26% for FY2016

Balanced earnings mix

Earnings derived from labour broking activities has decreased from 58% in FY2013 to a target level of 35% for FY2017

Financial strength to explore expansion opportunities

Well-capitalised balance sheet and a strengthened ability to service debt obligations. Consistent credit rating maintained

Experienced management term

Management team capable of driving and delivering the Global strategy

Active stakeholder engagement

Adcorp engages proactively with its stakeholders both individually and collectively

Effective risk management and governance

The board endeavours to go beyond the minimum compliance where this is appropriate for the Adcorp Group

Stakeholder engagement

Adcorp's stakeholders have a fundamental role to play in assisting in shaping our reported content. However, because Adcorp's structure is decentralised, stakeholder engagement by necessity happens at a Group, divisional and company level.

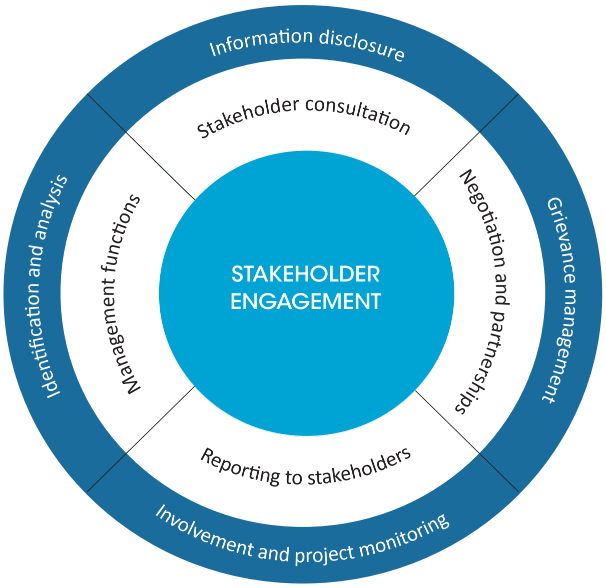
Essential to the effectiveness of Adcorp's integrated and collaborative approach to business is the interaction it maintains with all its stakeholder groups. Adcorp engages proactively with its stakeholders, individually and collectively at both a macro and operational level to share information and gain an appreciation for their perspectives.

The Business units engage with stakeholders important to their operations and which may be significantly impacted by their day-to-day activities and this informs our reporting. This engagement process also helps identify important commercial and sustainability issues and leads to workable solutions which are often industry-specific.

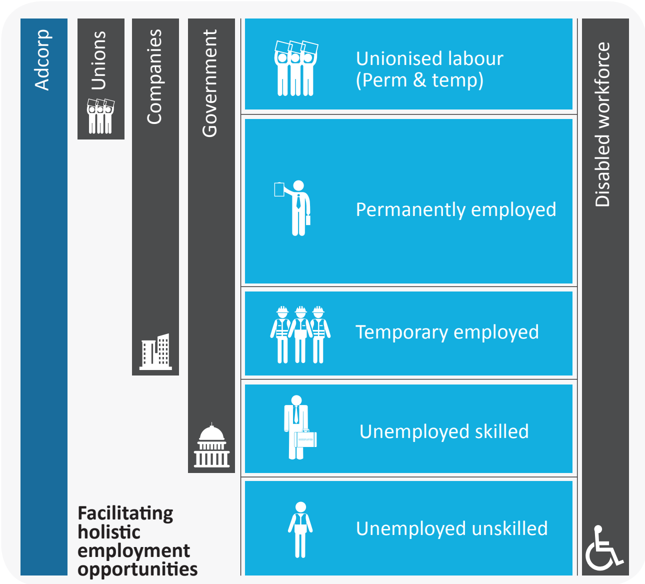
A wide variety of issues are identified, investigated and debated during our stakeholder engagement forums. The Group's board and management acknowledge their responsibilities to their stakeholders and are committed to communicating in a transparent and effective manner while engaging with each stakeholder group in line with their needs.

Engagement is ongoing and takes place in terms of a predetermined engagement plan.

Our approach – Stakeholder engagement



Our approach – Employment engagement model



Key stakeholders

	Shareholders, investors, analysts and providers of other capital	Clients	Employees	Government and regulatory industry bodies	Suppliers	Media	Local communities
REASONS FOR ENGAGEMENT	• Promote investment opportunities • To ensure that disclosures are based on the principles of transparency and substance over form • A balanced view of the positive and negative aspects of the Group's activities	• Key account management • Understand and resolve client concerns and utilise them to improve the value proposition • Risk mitigation • Grow with our clients • Provide innovative and alternate solutions	• Build brand ambassadors • Transparent communication • Collaboration/share ideas • Create a company culture • Develop and retain skills • Succession planning	• Build and strengthen relationships with Government • Provide input into the legislative development process that may affect the industry • Maintain legal compliance	• Build on existing IP investments • Maintain an ideal standard of quality and timeous supply of goods and services for the Group's operations • Obtain insight into new trends • Build strategic partnerships • Negotiate pricing	• Build relationships and reputation • Respond to questions raised within the media • Financial performance • Marketing opportunity • Good corporate citizen • Industry information education	• Socio-economic development among communities • Create partnerships that will best support the Group's CSI initiatives
TYPES FOR ENGAGEMENT	• Investor relations • Integrated annual reporting • Corporate website • Formal IAS presentations • Annual general meeting • Specific meetings with investors • The Stock Exchange News Service • Media releases	• Business interactions • Client satisfaction and risk mitigation surveys • Marketing campaigns • Anti-fraud, ethics and corruption hotline • Networking functions • Site visits • Training sessions	• Employee engagement • Corporate intranet, bulk sms, safety brochures • Group-wide communication emails • Awards functions • Strategy sessions • Senior management report-back sessions • Human resource management activities • Anti-fraud, ethics and corruption hotline • Awareness induction programme	• Direct engagement through industry body CAPES which is a fully participating member of BUSA and NEDLAC • Department of Labour audits • Lobby groups • Tender processes	• Business associations • Ongoing interaction with suppliers and subcontractors • Anti-fraud, ethics and corruption hotline • Supplier site visits	• Media engagement – Targeted media engagement utilising the expertise of specialist agencies • Digital and broadcast platforms • Proactive press releases • Thought leadership articles • Access to key spokesperson of the Group	• Ongoing support of projects and interaction within the communities • Facilitation of bursaries
KEY ISSUES	• Group strategic direction • Performance and future prospects • Industry developments • Business growth and sustainability • Levels of governance • Return on investment	• Digital service solutions • Service delivery • Client self-sufficiency and disintermediation • Implementation of new SA labour legislation • Skills shortage • Transformation in South Africa	• Strategic issues, continuous and relevant communication • SA labour law amendments • Fraud • Changes in practices, processes and procedures • Training and personal development • Group performance • Transformation	• Alignment with Government initiatives • Transformation progress in South Africa • Contribution to the economy • Procurement and amended BBBEE requirements in South Africa • Unions	• Stability and reliability of IT infrastructure • Service delivery • Business continuity • Collaboration opportunities with strategic partners	• Reputational impact	• Governance around CSI spend and bursary students' performance and management
ACTIONS TAKEN	• IAS presentation • Announcements on the Stock Exchange News Service • Annual general meeting • Specific meetings with investors • Corporate website • Constant engagement conducted by Group CEO • International strategy	• Using digitisation as an enabler to create smarter client- and candidate-centric solutions • Increased engagement through thought leader initiatives • Improve client experience • Executive conferences • Innovation • Provide value-added services • Retention of key clients	• Group-wide communication • Conference specifically structured to address employee concerns presented by Adcorp thought leaders and industry experts • Intranet communication • Thought leadership engagement with regard to new SA labour legislation • Leadership Academy talent pipeline • Corrective action revised procedures • SAFEM audits • Wellness programmes • Incentive, reward and recognition programmes	• Annual submission of employment equity information • Proactive interaction and consultation with unions and Department of Labour representatives • Invest in education-related projects • Ensure good corporate governance • Pay taxes and provide employment • Build and maintain relationships	• Remote disaster recovery plans • Contract negotiations • Offsite backups • Remote servers • Authentication of business credentials • Form partnerships • Regular assessment of delivery and product quality	• Media interviews across all platforms, including radio, TV and print • Media relations through specialist agency and increased interaction between media and Group spokespeople • Opinion pieces and thought leadership articles • Strengthen relationships with associated stakeholders	• Increased controls around the management of CSI spend • Continuous monitoring of academic performance

Our strategy

Macro trends

- Procurement trends are changing
- Master Service Provider (MSP) and Recruitment Process Outsourcing (RPO) offerings is gaining momentum globally and in South Africa, clients are asking for holistic solutions
- The USA and Europe are characterised by large players servicing multi national companies
- Emerging markets still hold much promise
- Heightened corporate activity in the sector
- High adoption rates of digitisation
- Sustained margin and credit term pressures
- The South African market is characterised by:
  - Low economic growth and negative jobs curve
  - Increased industrial action
  - Consolidation in the market
  - Significant opportunity to grow our market share
- There has been a resurgence in the use of temporary workers globally as companies prepare themselves for the digital age where new and more advanced skills are required

Our strategic response

- To adopt a strong client and candidate-centric approach
  - know our candidates and clients
- To focus on emerging markets where we can compete on an equal footing
  - Africa, the Middle East and the Asia-Pacific region

    These markets are characterised by:
    - *They are not dominated to the same extent as the US and European markets*
    - *Offer good growth potential*
    - *There have been relatively low adoption rates of sophisticated solutions such as MSP and RPO (ability to get in on the ground floor)*
    - *Increasing trade and investment flows between Africa, the Middle East, and the Asia-Pacific region*
    - *Resource-based linkages between Africa, the Middle East, and the Asia-Pacific region*
- To embrace digitisation to create "Apple" experience for our clients and candidates
- To build a world-class "clip-on" back office backbone
  - Optimised, standardised processes and procedures
  - Automated on Microsoft Dynamics AX ERP platform
  - Serviced by a highly digitised shared services centre (economies of scale)
- To raise capital in international capital markets for future international expansion
- International strategy
  - International hub established in Singapore
  - Ownership of international assets in the process of being transferred to Singapore holding company
  - Discussions with international financiers significantly advanced
  - Strong support for internationalisation strategy
  - Acquisition opportunities identified
  - Plans for IPO of international business being firmed up
  - Significant value uplift potential
  - Raise capital in international capital markets for future international expansion

Our vision and opportunities

- **To become a global workforce management solutions company of consequence focused on:**
  - **Africa**
  - **The Middle East**
  - **The Asia-Pacific region**
- An established leader in MSP/RPO solutions
- Grow into and with our key clients
- Use digitisation as an enabler to create smarter client- and candidate-centric solutions
- Accessing international capital markets to extend capability and reach
- South Africa remains an important core market
  - Offers sizeable scale advantage
  - Undisputed leader in the market – great pockets of potential
  - Strong cash flow characteristics
  - Global reference site for MSP/RPO offerings
  - Innovation hub of the Group
  - Incubator for talent
- Potential for a significant value uplift

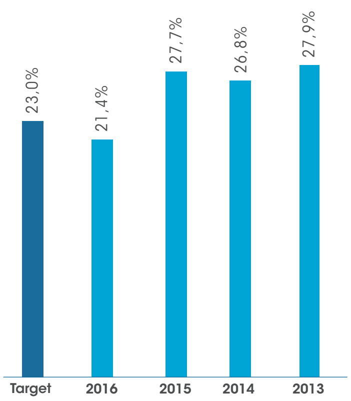
Advantages we have

- Our relative size and presence in large customers
- Strong pan-African presence
- Expertise in emerging markets
- Increasing investment and trade flows between Africa, the Middle East, Asia-Pacific region
- Expertise in oil, gas, mining and resources
- Globally relevant client reference sites in South Africa
- World class, "clip on" back office and cloud IT backbone
- Established international beachhead
- Undisputed leader in the South African market
  - Adcorp has presence in all top 100 JSE companies
- Well advanced in procuring international funding
- Management team capable of driving the global strategy

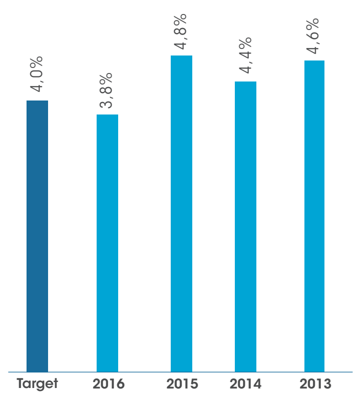
Our performance against stated targets

Financial

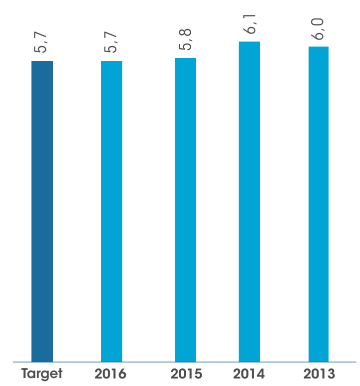
Return on assets managed (ROAM) (%)



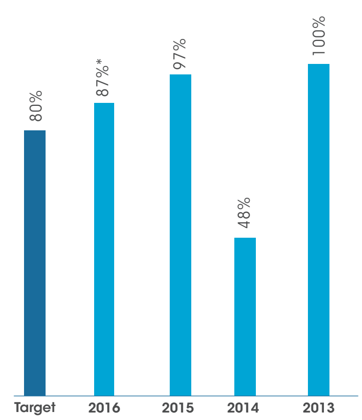
Return on sales (ROS) (%)



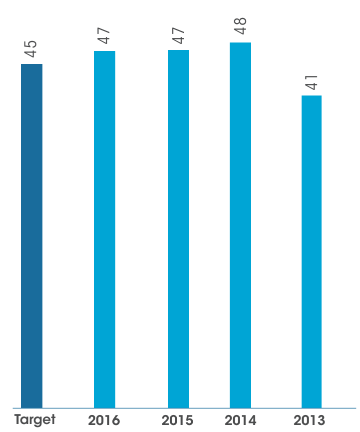
Asset turnover (ATO) (times)



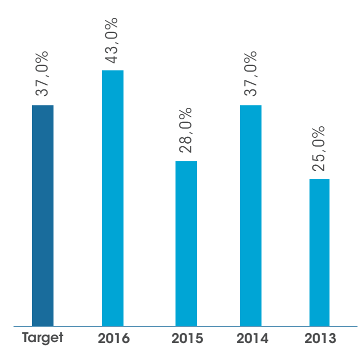
Cash conversion ratio (%)



Day settlement outstanding (DSO) (days)



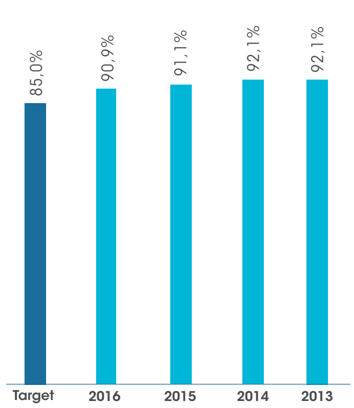
Gearing level (%)



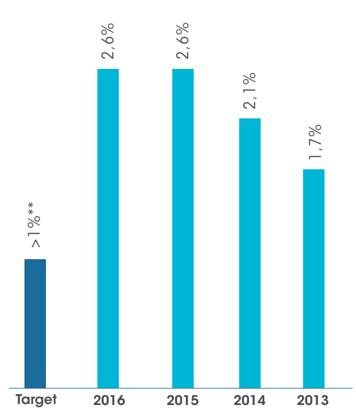
* *Excluding effects of devaluation of Rand against foreign currencies.*

Non-financial

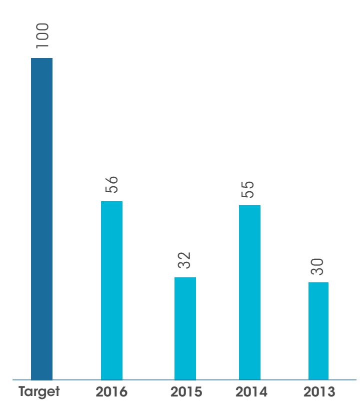
BBBEE (%)



CSI spend (%)



Leadership Academy enrollments



* *Object to remain a level 2 contributor.*
** *Net profit after tax.*

Achievements

- Revenue for the year increased by 17% to R15,6 billion
- Normalised earnings per share increased by 4% to 365,3 cents per share
- Operating profit for the year increased by 2% to R464,8 million
- Headline earnings per share increased by 0,4% to 299,6 cents per share
- Debtors days at 47 days (2015: 47 days)
- Cash conversion ratio of 87%
- Final dividend declared of 75 cents per share (2015: 88 cents per share)
- Kelly Group Limited (Kelly) fully integrated
- Dare (Australia) acquired for R266 million

Improvements

- Optimisation of backoffice (shared services centre) operation
- Diversified geographic mix and service offerings
- Employers favouring MSP and RPO model
- Strong client and candidate-centric approach

Challenges

- Clients' interpretation and response to new South African labour law
- Repatriation of funds from the rest of Africa
- Collections environment
- Cost pressures

Disappointments

- New labour law impacted volumes negatively in South Africa
- Sluggish economic growth
- Static jobs market in South Africa, inability of the economy to create jobs

Group at a glance

		Incorporating/ Brands	Description of business	Sectors serviced	Footprint
Group central	CENTRAL	Adcorp Head Office Adcorp Singapore Adcorp Shared Services Centre	The corporate office is based in Johannesburg providing strategic direction, centralised treasury, taxation and reporting services in the Group	Investment community, operating companies, Group employees, clients, capital and service providers	Gauteng – Head office Bryanston, Johannesburg
Traditional resourcing business	INDUSTRIAL	Labour Solutions Australia	Labour Solutions Australia specialises in outsourced workforce management solutions, labour hire and permanent recruitment	Food producers, Oil and gas producers, Mining, Industrial Transportation, Industrial Engineering, General Industrials, Construction & Materials, Healthcare Equipment and Services, Food & Drug Retailers	Northern territory, Tasmania, South Australia, New South Wales, Queensland, Victoria, Western Australia
		Capacity	Capacity Outsourcing is a registered TES (temporary employment service) provider of customised, flexible and contract Industrial (blue-collar) staffing solutions	Mining and minerals, Oil and gas, Forestry and paper, Chemicals, Steel and other metals, Food processors and producers, Beverages, Pharmaceuticals, Transport, Media, Telecommunications, IT and technology	Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga, Limpopo, Free State, North West
		Capital South Africa (Including Costars)	Capital South Africa is a workforce solution business offering various workforce solutions to businesses within South Africa and has the ability to manage mass recruitment assignments across various industries	Mining and minerals, Oil and gas, Construction, Forestry and paper, Chemicals, Steel and other metals, Food processors and producers, Beverages, Pharmaceuticals, Personal and household care, General retail, Healthcare, Leisure, Transport, Media, Government	Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga, Limpopo, Free State, North West
		Capital Africa	Capital is a Pan-African workforce solution business offering various workforce solutions to businesses throughout the African continent	Mining and minerals, Oil and gas, Construction, Retail, Healthcare, Transport, Government	Operational & Registered: Angola, Mozambique, Namibia, Ghana, South Sudan, Mauritius. Registered: Zambia, Malawi, Kenya, Zimbabwe. Operational through third Parties: Botswana. Congo, Gabon, Cameroon, Chad, Niger, Guinea, CAR
		Staff U Need (Including Fortress)	Staff U Need specialises in the provision of specialised staff for power station maintenance and construction. Recruits and employs highly skilled to unskilled staff for projects throughout South Africa	General industry and Government	Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga, Limpopo, Free State
		InnStaff (Including Zest)	InnStaff is a leading player in the South African hospitality industry. Services include outsourced management services, hospitality consulting, outsourced workforces	Hospitality and Leisure	Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, North West, Swaziland
		ADfusion Contract Management Services	ADfusion contract management services is a provider of outcomes based services	Fast moving consumer goods	Gauteng
		Charisma	Charisma Healthcare provides workforce managed solutions to the healthcare sector	Healthcare	Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Limpopo, Free State, North West
	SUPPORT STAFFING	Dare	Dare Contract Services is a dedicated team of professional recruiters and support staff who source highly qualified and experienced contract and permanent personnel for both local and international clients in the resources sector	Mining and minerals, Oil and gas	Australia, New Zealand, Houston
		Quest	Quest is South Africa's leading provider of scalable recruitment and staffing solutions for Frontline customer service, Sales, Marketing and Support staff		Gauteng, Western Cape, Northern Cape, KwaZulu-Natal, Mpumalanga, Limpopo, Free State, Eastern Cape, North West
		Kelly	Kelly is South Africa's first recruitment agency of choice for rapid permanent and contingency staffing solutions	Operates across all industries and sectors	Gauteng, Western Cape, Northern Cape, KwaZulu-Natal, Mpumalanga, Limpopo, Free State, Eastern Cape, North West
		DAV	DAV focuses on permanent recruitment and selection. With over 40 years' experience, clients and candidates deal with an expert team invested in delivering a service of the highest quality	Operates across all industries and sectors	Gauteng, Western Cape
		Premier	Premier Personnel offers specialist permanent recruitment solutions	Operates across all industries and sectors	Gauteng, Western Cape
		The Personnel Concept	The Personnel Concept offers specialised permanent recruitment, placing skilled financial candidates	Operates across all industries and sectors	Gauteng
	PROFESSIONAL SERVICES	Paracon SA (Including Nihilent 34,6% shareholding)	Paracon is a specialised ICT consulting, resourcing and solution business	Operates across all industries and sectors	Gauteng, Western Cape, KwaZulu-Natal
		Mondial	Mondial provides ICT resourcing and solutions, specialising in SAP	Oil and gas, Telecommunications, Banking and finance, IT and technology	Gauteng, Western Cape
		allaboutXpert	allaboutXpert provides project management-related solutions, including services, resourcing, project office, facilitations and training	Consumer, Banking and finance, Healthcare, General industry, Oil and gas, IT and technology, Telecommunications, Government	Gauteng, Western Cape, Brisbane
		talentCRU	talentCRU offers a range of sophisticated and innovative technology solutions to facilitate all aspects of recruitment across organisations	Operates across all industries and sectors	Gauteng, Brisbane, Victoria
		Paxus Australia	Paxus is a specialised IT contracting and recruitment business	Operates across all industries and sectors	Victoria, South Australia, Western Australia, New South Wales, Australian Capital Territory and Queensland
New generation business	BPO, TRAINING AND CANDIDATE BENEFITS	PMI (Including Adcorp Technical Training)	PMI is a training and education company registered as a Private Higher Education, Further Education and General Education Training provider	Operates across all industries and sectors	Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal
		Torque IT	Torque IT is a training solutions provider officially positioned as an undisputed leader in ICT education. Torque IT plays a vital role in providing its clients with learning solutions that result in reduced cost, improved efficiency, and increased innovation	IT and technology	Gauteng, Western Cape, KwaZulu-Natal
		FMS	FMS offers a wide range of "life-coping" services to the employees of various companies when faced with challenges such as illness, funeral and legal disputes	Healthcare, Transport, Insurance and assurance, Support services	Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal
		Adcorp Support Services	Adcorp Support Services sources employee and value-added benefit products to the Group's candidate workforce	Operates across all industries and sectors	Gauteng
	EMERGENT BUSINESS	Envisionme	www.envisionme.co.za is Adcorp's entrance into the online virtual recruitment space. A social media online job portal giving employers the opportunity to advertise their jobs directly to the Adcorp talent pool. Targeting the SME market that is more and more moving towards a self-service model with recruitment, www.envisionme.co.za offers leading-edge search and matching capabilities enabling employers to match their jobs to candidates in seconds	Operates across all industries and sectors	Global – web-based

BBBEE accreditation	Permanent	Temporary	Independent contractors	Revenue (R'000) South Africa	Revenue (R'000) International	Normalised EBITDA (R'000) South Africa	Normalised EBITDA (R'000) International
Level 2	52	–	–	1 926		(74 175)	(18 564)
n/a	3						
Level 3	139	–	–				
n/a	44	2 041	–	6 451 474	1 623 497	328 381	79 025
Level 2	580	29 728	–				
Level 2	498	23 014	–				
n/a	202	8 245	–				
Level 2	178	5 284	–				
Level 2	53	5 573	–				
Level 1	62	–	–				
Level 2	112	7 627	–				
n/a	19	–	305	1 436 396	946 152	65 975	29 167
Level 2	361	3 774	–				
Level 2	125	3 242	–				
Level 2	98	–	–				
Level 2	19	–	–				
Level 1	6	–	–				
Level 2	167	248	1 197	1 576 810	3 208 675	82 634	74 685
Level 2	38	3	–				
Level 2	126	14	–				
Level 1	110	101	–				
n/a	112	–	1 880				
Level 2	788	–	–	340 757		59 394	
Level 2	148	–	–				
Level 2	211	–	–				
Level 3	282	–	–				
n/a				64		(5 001)	
				9 807 427	5 778 324	457 208	164 313

Board of directors

1. Mfundiso Johnson Ntabankulu ("JJ") Njeke (58)
Independent Non-executive Chairman
BCom, BCompt (Hons), CA(SA)
Appointment: 1 July 2010

2. Sindisiwe Ntombenhle ("Sindi") Mabaso-Koyana (46)
Independent Non-executive Director
BCom, CTA, CA(SA)
Appointment: 14 September 2012

3. Michael Wolseley Spicer (63)
Independent Non-executive Director
BA and MA degree in History
Appointment: 21 August 2013

4. Timothy Dacre Aird ("Tim") Ross (71)
Independent Non-executive Director
CTA, CA(SA)
Appointment: 1 September 2009

5. Mncane Esau Mthunzi (44)
Independent Non-executive Director
BCom, PMD, AMP (Harvard)
Appointment: 28 February 2010

6. Nontobeko Sanelisiwe Ndhlazi (41)
Non-executive Director
BCom (Hons) (Accounting)
Appointment: 16 August 2011

7. Gugulethu Patricia ("Gugu") Dingaan (40)
Non-executive Director
BCom, CA(SA) and Executive Development Programme Certificate (USB-Ed: Stellenbosch Business School)
Appointment: 18 August 2010

8. Muthanyi Robinson Ramaite (47)
Non-executive Director
BJuris, Master's Degree in Public and Development Management
Appointment: 1 June 2007

9. Richard Linden Pike (54)
Executive Director – Chief Executive Officer
BCom (Hons), CA(SA)
Appointment: 18 October 2000

10. Amitava Guharoy (54)
Executive Director – Chief Executive Officer Adcorp International
BSc, CA(India), Management Accountant (India)
Appointment: 1 November 2015

11. Petrus Cornelis ("Nelis") Swart (54)
Executive Director – Chief Operations Officer
MCom
Appointment: 9 September 2002

12. Anthony Mark Sher (46)
Executive Director – Chief Financial Officer
BCom, BAcc, CA(SA), CFA
Appointment: 2 December 2009

13. Bhabhalazi Enock Bulunga (60)
Executive Director – Business Development and Corporate Affairs
BA Social Science
Appointment: 27 February 2014

Mfundiso Johnson Ntabankulu ("JJ") Njeke (58)

JJ is currently the Executive Chairman of Silver Unicorn Trading 33 (Proprietary) Limited. He was previously Managing Director of Kagiso Trust Investments from 1994 to 2010, a partner of PricewaterhouseCoopers, Chairman of the Institute of Chartered Accountants and its Education Committee. He served as a member of the Katz Commission of Inquiry into Taxation in South Africa, the General Committee of the JSE Limited, the Audit Commission – Supervisory Body of the Office of the Auditor General, the Audit Committee of National Treasury and the Editorial Board of the Journal of Accounting Research. JJ currently serves on the boards of MMI Holdings, Resilient Property Fund, MTN and Sasol.

Sindisiwe Ntombenhle ("Sindi") Mabaso-Koyana (46)

Sindi is the Executive Chairperson of Advanced Capital, an investment holding company in the mining and industrial sectors. Sindi is the founder member of African Women Chartered Accountants and was instrumental in the creation of its investment arm AWCA Investment Holdings. Sindi is currently the Non-executive Chairperson of AWCA Investment Holdings and serves on the board of Toyota SA. Previously, she was Group Chief Financial Officer of Transnet and the Passenger Rail Agency of South Africa, which she joined from Ernst & Young where she was an executive partner heading up the Government and public sector division across Africa.

Michael Wolseley Spicer (63)

Michael is currently a director of Accelerate Cape Town, the Deputy Chairman of Wesgro, the Western Cape Tourism Trade and Investment promotion agency, the Chairman of the Board of Governors of Rhodes University and a trustee of the Birdlife National Trust. Michael spent 20 years at Anglo American plc ending in the capacity as an Executive Vice President and a non-executive director and Chairman of Anglo American South Africa. He brings a wealth of business experience to the Adcorp board. He previously was the Vice President of Business Leadership South Africa from 2011 to 2014 having previously been its Chief Executive Officer for six and a half years. He was also Non-executive Chairman of BDFM from March 2011 to June 2013.

Timothy Dacre Aird ("Tim") Ross (71)

Tim currently serves on the boards of Eqstra Holdings, Mpact and PPC. Tim retired from Deloitte & Touche in May 2008, where he had been a partner since 1972. In 1988, he was appointed to the board of Deloitte Haskins and Sells, and after the merger in 1989/90 with Pim Goldby, he served on the joint board. He was partner in charge of the Johannesburg audit practice and a lead client service and advisory partner for several of Deloitte's large corporate clients. He also served on the Deloitte Remuneration Committee between 1994 and 1997 and was National Client Service Director and a member of the Deloitte Management Committee. He also headed up the Deloitte World Cup initiative before retiring from Deloitte in 2008. Tim served as a non-executive director of Liberty Group until his retirement in 2015.

Mncane Esau Mthunzi (44)

Mncane is the Massbuild Executive responsible for Builders Superstore format since October 2014 and is the President of the Black Management Forum. He was previously the Group Africa Food Retail and Supplier Development Executive for Massmart, a subsidiary of Wal-Mart. He joined Massmart from the Consumer Goods Council of South Africa, where he was Chief Executive Officer. Before joining the Council he was the Managing Director of the Black Management Forum for three years, Sales Executive at Microsoft, a senior manager at PricewaterhouseCoopers and a management consultant at Accenture for seven years.

Nontobeko Sanelisiwe Ndhlazi (41)

Nontobeko is the Group Chief Financial Officer of Women Investment Portfolio Holdings Limited (WIPHOLD) which she joined in 2011. She is also a non-executive director of some of WIPHOLD's investee companies. Prior to joining WIPHOLD, she worked for the Special Services Group (SSG) at Deloitte where she was a director. She was also a member of Deloitte's Transformation Board and its Women's Leadership Initiative. Before being appointed a director, Nontobeko was a manager at Deloitte and also completed her articles there.

Gugulethu Patricia ("Gugu") Dingaan (40)

Gugu is the Investment Executive at WIPHOLD where she is responsible for growing WIPHOLD's investment portfolio. Gugu is a non-executive director of the Distell Group, SA Corporate Real Estate Fund Managers (SAC), Landis and Gyr and an Audit Committee member of Distell, SAC and Landis and Gyr as well as a Remuneration Committee member of SAC. She is also the Chairman of the Distell Social and Ethics Committee and Khulisani Foundation. Since joining WIPHOLD in 2001, she has been involved in mergers and acquisitions, transaction structuring and valuations. Before WIPHOLD, she completed her articles with audit and assurance services group PwC.

Muthanyi Robinson Ramaite (47)

Robinson is active in a number of investment initiatives in the mining, property, aviation and ICT sectors, and has also been influential in a number of transformation and empowerment initiatives. He is currently the Chairman of Wescoal Holdings and Vusani Properties and serves on the board of Europ Assistance. During his term of office as Director-General for the Department of Public Service and Administration from 1999 to 2003, he served as Chairman of the Directors General Governance and Administration cluster of Government and as a board member of the State Information Technology Agency (SITA).

Richard Linden Pike (54)

Richard has been the Chief Executive Officer of Adcorp since his appointment in April 2001, after joining the Group as Deputy Chief Executive Officer in 2000 when Adcorp acquired Acumen Holdings Limited. He is an experienced public speaker, is the author of two published books, has written widely on business and current affairs and is a former fellow of the University of Warwick. In 1999, he listed Acumen Holdings on the JSE Limited having co-founded that company in 1995. Before starting this venture, he served as Financial Director of HL&H Mining Timber, having been the Group Financial Manager of the Hunt Leuchars & Hepburn Group and serving his articles at Deloitte Haskins & Sells.

Amitava Guharoy (54)

Amitava is Adcorp International's Chief Executive Officer appointed as a board member in 2015 and has brought a wealth of experience to the Group. Prior to joining Adcorp, he was a partner with PwC in India and Singapore for 20 years and thereafter the CEO Investment Banking Asia-Pacific (ex India) for a large Indian Investment bank.

Petrus Cornelis ("Nelis") Swart (54)

Nelis is Adcorp's Chief Operating Officer who was appointed in 2007 after having joined the Group in 1999. He was previously Divisional Director for Flexible Staffing and Managing Director of Quest Flexible Staffing Solutions. Before joining Adcorp, Nelis was the Commercial Director of Beier Industries Proprietary Limited. He also worked with Deloitte & Touche and Byrne Fleming during his seven years in the management consulting industry, lectured at the University of Pretoria and was a co-founder of the marketing research business Konsulta.

Anthony Mark Sher (46)

Anthony is Adcorp's Chief Financial Officer who was appointed in 2009. Previously, he was an internal investment professional at Ellerine Bros Proprietary Limited. Prior to Ellerine Bros, he was an equity analyst and Fund Manager of small cap investments at Stanlib Asset Management. He also gained experience as a banking and insurance analyst at Standard Bank Corporate Merchant Bank and was the Financial Director of a private financial services company that he was instrumental in co-founding.

Bhabhalazi Enock Bulunga (60)

Bhabhalazi is Adcorp's Executive Director for Business Development and Corporate Affairs. He brings a deep understanding of business development and transformation to the board of Adcorp. He joined the Group from Eskom where he was Group Executive responsible for human resources from 2010 to 2014, having previously been General Manager: Human Resources at South African Airways. While working at BHP Billiton between 2001 and 2007, Bhabhalazi's role as Human Resources Manager included managing CSI projects in KwaZulu-Natal and Mozambique and stakeholder relationships, in particular with communities and Government. He assumed the role of General Manager: Business Transformation for the South African Revenue Service after being deeply involved in transformation during the nine years he worked for Gillette, first as Human Resources Manager, then as Human Resources Director responsible for the company's human resource functions in India, the Middle East and Eastern Europe.

Leadership overview

Chairman's statement

JJ NJEKE

The financial year ended 29 February 2016 proved to be an extremely eventful one. While much progress was made in terms of progressing the Group's strategic plans, there were also a number of challenges, the most significant of which related to the impact of recent changes to South African labour laws.

The rewrite of these laws represented the most significant and comprehensive rewrite of South African labour laws in 40 years.

These changes to the law were the culmination of years of intensive negotiation between Government, labour and business, initiated around 2009 when various quarters in the trade union movement called for a total ban on the practice of Temporary Employment Services (TES) or "labour broking" as it became colloquially known.

This call for a ban of the industry was extremely threatening to the business of Adcorp which is the country's largest provider of TES services.

In the early stages of these negotiations, the industry had little to no voice to counteract the groundswell of opposition to TES that was gaining momentum.

In response, Adcorp tackled the challenge head on. In this regard, it was instrumental in resurrecting the TES industry body, CAPES, and took the initiative in developing and communicating counter arguments to the various calls circulating at the time in support of this proposed ban.

Central to this counter strategy was the effort to communicate the extremely important and positive role this industry plays in facilitating job creation in South Africa where unemployment remains one of country's key challenges.

In this regard, CAPES mobilised and participated in the key negotiating forums where the new laws impacting the TES industry and the South African labour market in general were considered namely, NEDLAC.

It is with a sense of pride that I am able to report that Adcorp was a major influencer in the construct of these new laws and was successful in convincing all parties to the negotiations that regulation of the industry was a far more appropriate course of action than an outright ban.

Although general economic conditions are not expected to change significantly in the foreseeable future, Adcorp remains positive about its own prospects.

The new laws were promulgated in January 2015 and, as with much new and unfamiliar legislation, resulted in a high degree of ambiguity in their interpretation which impacted Adcorp's sales volumes negatively.

Once again, it was Adcorp that took the lead role in educating clients and establishing legal precedent in the Labour Court which resulted in much needed stability returning to the TES market which largely prevails today.

Although these changes initially impacted Adcorp negatively, the timeous response by management who implemented a directed project, known internally as ProgrammeOne which was designed to offset the negative impact of lost volumes, was highly successful.

In addition to the legislative changes in the local South African market, the global industry has also experienced many forces of change which Adcorp has needed to respond and adapt to.

In particular, client procurement patterns have become far more sophisticated with many clients demanding greater value as well as requiring outcomes-based measurement of the effectiveness of staffing and workforce management solutions. Digital disruption is also a prevalent trend in the industry.

Complexity and change have become commonplace in an industry that, prior to the relatively recent past, hardly evolved for decades.

Adcorp's strategic response to these winds of change has been multi-faceted and a strong emphasis is placed on stakeholder engagement in every aspect of our business. These engagements have been delegated to executive management by the board in order to achieve sustainable relationships which thereby determine our ability to achieve long-term success.

The Group has embraced technology, has developed a number of globally relevant, innovative services and solutions capable of competing against the best in the world. Adcorp has adopted a far more customer-centric approach to selling and servicing clients, has established a world-class, efficient and cost-effective backoffice infrastructure and has internationalised its operations across Africa, the Middle East and the Asia-Pacific region, a geography which holds much potential and opportunity for the Group.

Accordingly, while many of these winds of change have disrupted elements of the industry, Adcorp has embraced this change, has adapted to it and has emerged better positioned strategically and more relevant as a business.

While FY2016 was affected by a number of local challenges such as the changes to South African labour laws as mentioned, the macro environment has also been challenging due to relatively slow economic and employment growth.

Although general economic conditions are not expected to change significantly in the foreseeable future, Adcorp remains positive about its own prospects.

This considered measure of optimism is predicated on the Group's exciting strategic direction, the relevance of its service offerings in a rapidly changing and dynamic environment, the role that technology can play in the business, its global expansion plans and its unique and strong positioning in the markets of its choosing.

Accordingly, I remain confident that the business will benefit and reap the fruits of its strategy and look forward to the rewards it should deliver for shareholders in the future.

I would like to express my appreciation and gratitude to the management team ably led by Richard Pike and fellow board members for their hard work and dedication to ensure that we continue delivering value to our shareholders.

MJN Njeke
Chairman

15 July 2016

Chief Executive Officer's report

RICHARD PIKE

OVERVIEW

The financial year ended 29 February 2016 was one characterised by mixed fortunes.

In one sense, it was an extremely challenging year while it was also a year characterised by many notable successes.

In the context of the many challenges which are described more fully below, the Group achieved a reasonable financial result in respect of FY2016, the salient features of which are as follows:

- Revenue for the year increased by 17% to R15,6 billion;
- Operating profit for the year increased by 2% to R464,8 million;
- Headline earnings per share increased by 0,4% to 299,6 cents;
- Normalised earnings per share increased by 4% to 365,3 cents per share; and
- A cash conversion ratio of 87% was achieved.

The major challenges faced by the Group during the year under review included the following:

- During the year, the long awaited, substantial changes to South African labour legislation were introduced. Initially, these new laws spawned much uncertainty and ambiguity resulting in much instability in the local market;
- As a result, sales volumes were impacted negatively in Adcorp's core South African market whereby a significant number of contract staff were either taken on as permanent employees of the client or simply had their contracts of employment terminated;
- The Group also faced extensive legal challenges at shop floor level emanating from these changes to labour laws;
- Economic conditions remained relatively stagnant during the financial year;
- Coupled with slow economic growth was slow growth in overall employment;
- There was a sustained downturn in the commodity cycle and, in particular, the oil price;

Margins should continue to improve and retrace previous levels as volumes continue to recover.

- The cash collections environment remained challenging;
- Planning and forecasting were hampered by a volatile Rand reporting currency;
- Debt markets, on which the Group so heavily depends, remained challenging; and
- There was a marked decline in the Adcorp share price, probably as a result of many of these factors.

Despite these many challenges which were faced head on, it was also an extremely rewarding and successful financial year with the Group emerging far stronger and better placed than at any time in the past.

These key successes include the following:

- In response to lower sales volumes emanating from the new South African labour laws, management acted promptly to design, plan and implement what became known in the Group as "ProgrammeOne", a management initiative focused on stripping out costs and regaining lost volumes. So successful was ProgrammeOne that 82% or R234 million of lost margin contribution was recovered in an extremely short time-frame;
- Through the local industry body, CAPES, the Group played a leading role in pursuing legal clarity in terms of the ambiguity emanating from the introduction of the new South African labour laws that had created so much market uncertainty. The matter was successfully challenged in the Labour Court in September 2015 with the court finding in favour of Adcorp's interpretation of these laws;
- Extensive efforts to educate clients around these new laws has also led to many clients having a better understanding of these laws and, as a result, they are now generally taking more rational decisions which has ultimately benefited Adcorp;
- The Group has also successfully defended a large number of shop floor orientated legal challenges in the CCMA and the Labour Court resulting in a substantial decrease in the number of legal matters outstanding thus significantly reducing the risk of financial loss to the Group emanating from these cases;
- Subsequent to these successful legal challenges, much stability has returned to the Temporary Employment Services (TES) market in South Africa and, as a consequence, there has been a relatively strong recovery in volumes, albeit not yet to the levels achieved prior to the new legislation;
- The Group's strategy of diversifying internationally has been vindicated by the depreciating Rand;
- The Group has also achieved new sales successes with a number of large clients by adopting a far more customer-centric approach to selling which is outcomes- and solutions-focused. Central to this approach are the Group's MSP (Master Service Provider) and RPO (Recruitment Process Outsourcing) offerings;
- In addition to a number of notable wins in the MSP and RPO space, there have also been some important market wins in the Australian market;
- During the year, the Group was successful in acquiring Australian oil and gas business, Dare;
- In terms of funding this acquisition, the Group was successful in raising off-shore debt to fund the entire Dare acquisition;
- Significant progress has been made in raising the international funding necessary to fund the Group's international growth strategy which should advantage Adcorp's existing shareholders and has the potential to unlock meaningful value from the Group's non-South African assets;
- Following the acquisition of the Kelly Group in FY2015, the integration of this business with the operations of Adcorp was completed successfully during the current financial year. This included migrating the entire backoffice systems of Kelly onto the Adcorp backoffice backbone which, in and of itself, was a major undertaking that was achieved with minimal disruption to the Group's day-to-day operations;
- During the year, the entire backoffice operations of Capital Outsourcing Group (COG) were also migrated onto the Adcorp backoffice backbone with minimal disruption to operations; and

- Associate company, Nihilent, has successfully filed its listing prospectus with the Bombay Stock Exchange (BSE) with plans to progress its IPO by the end of this year or early in 2017.

Review of operations

South Africa

As mentioned, the passing of the new Labour Relations Act (LRA) initially led to a high degree of uncertainty in the South African market resulting in a knee-jerk reaction from a number of prominent clients.

The resultant negative impact on volumes whereby a significant number of contract staff were either taken on as permanent employees of the client or simply had their contracts of employment terminated, was far higher than was anticipated due largely to the level of ambiguity in the interpretation of these laws by employers.

The main source of this ambiguity related to the status of contract workers, earning below a certain threshold and employed by TES. In question was the status of these employees after an initial three-month contracting period.

This was clarified in the milestone Labour Court ruling in September 2015 whereby the court found that, after this initial three-month contracting period, the TES retains the employment contract and that the client becomes a concurrent employer with the TES for the purposes of the LRA. Accordingly, both parties need to ensure compliance with the LRA in a co-employment relationship.

Subsequent to this ruling, much stability has returned to the TES market. As a consequence, there has been a relatively strong recovery in volumes, albeit not yet to the levels achieved prior to the introduction of the new legislation.

Also, this lower level of business activity affected margins negatively. Margins should continue to improve and retrace previous levels as volumes continue to recover.

In this regard, the Group has achieved some important client wins as mentioned. It is anticipated that the client-centric focus adopted by the Group will also assist greatly in the recovery of lost volumes and should advantage market share gains in an otherwise relatively stagnant South African labour market.

The integration of the operations of the Kelly Group is now complete and, although Kelly's white-collar operations were similarly, negatively affected by the recent changes to South African labour laws, the acquisition will benefit the Group going forward.

Rest of Africa, Asia and Australia

Australian IT specialist, Paxus, produced a solid performance, recording real earnings growth in its local currency. Specifically, the contracting side of the business is performing particularly well while permanent placements which have been under pressure for a number of years, have recovered well.

Earnings in respect of Australian blue-collar business, Labour Solutions Australia (LSA), were lower than in the prior year due in part to an increase in costs invested in positioning the business optimally for growth.

Also affecting profits was the slower than expected uptake of a sizeable new client contract which has now commenced and will position LSA well for growth in the new financial year.

The Group's Australian operations were bolstered by the acquisition of oil and gas-focused business, Dare, in May 2015.

The acquisition of Dare coincided with a significant decline in the global oil price which meant that the business reported a lower than expected profit for the year being affected by a radical, global scaling back of the industry in response to this dramatic drop in the price of oil.

Despite this, Dare has integrated well into the Group and has identified a number of potentially lucrative cross-selling and collaborative opportunities with other businesses within the Adcorp Group.

Also negatively impacted by the decline in global oil prices was the Group's African business beyond South Africa's borders which has a high dependency on the oil and gas industry.

The global oil and gas industry remains an important industry sector of focus for the Group, offering up much potential, even at the current lower energy prices. Accordingly, the Group has adopted a global approach to acquiring business in this industry sector given the advantage the Group has in terms of its extended geographic reach.

Indian associate IT solutions business, Nihilent, in which the Group owns a 35% stake, had a difficult year, being negatively impacted by a reduction in business emanating from South Africa as well as the weakened South African Rand which affected its margins negatively.

The business has indicated its desire to pursue an initial public offer (IPO) in India and, in this regard has registered a prospectus with a view to listing the company towards the latter part of this year or early in 2017.

As previously reported, the Group has established a physical presence in Singapore which now serves as the hub for the Group's international expansion.

This strategy is in line with the Group's intended objective of becoming a player of consequence, focused on emerging markets and the Southern Hemisphere and, in particular, Africa, the Middle East and the Asia-Pacific region.

Macro trends

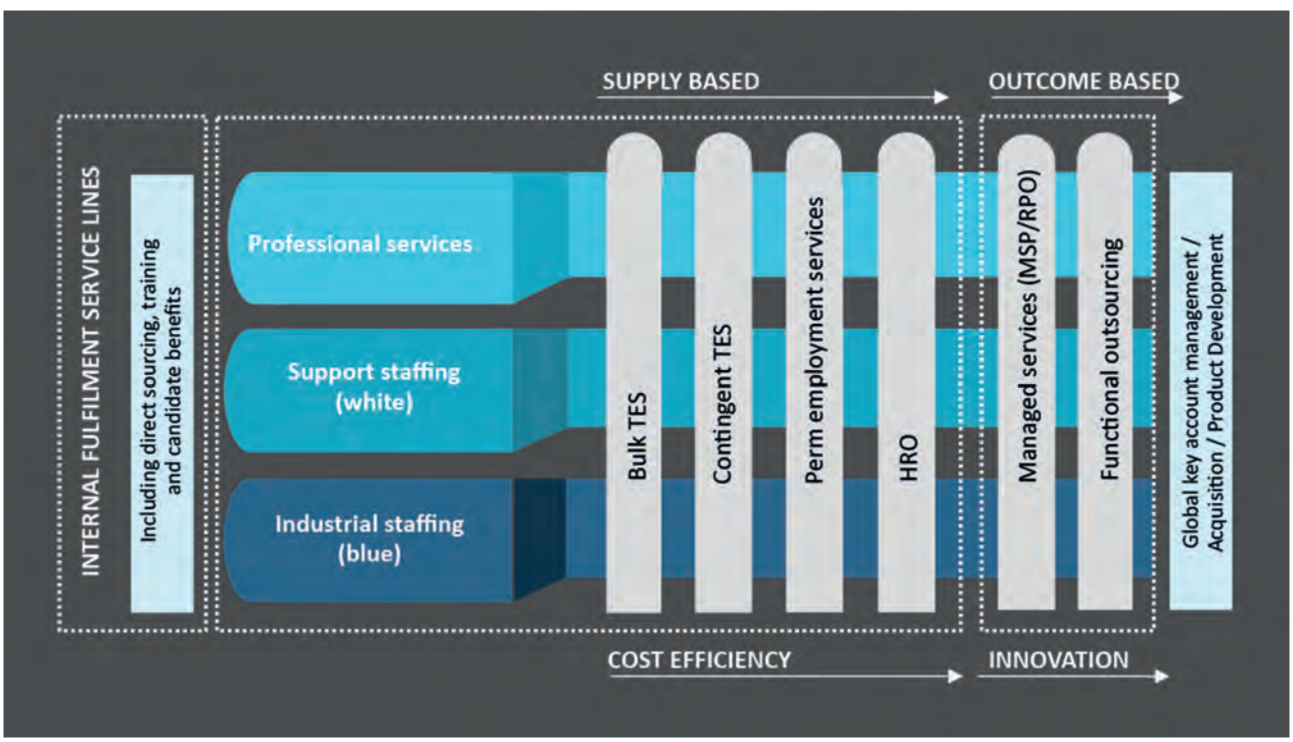
The following macro trends are characteristic of the trading environment in which Adcorp operates.

- Global procurement trends have changed significantly over the past years. Historically, sales were very much client relationship-focused while buying decisions tended to be local and decentralised in many client environments. This has changed whereby, more and more, centralised client procurement departments are responsible for the acquisition of staffing and workforce management services and solutions with the acquisition process being based largely on tenders. This requires vendors to be compliant across a broad spectrum of tender requirements, including the need to be able to service the extended geographic reach of its multi-national clients;
- This trend has resulted in vendor management solutions such as MSP and RPO gaining momentum in South Africa and globally with more and more clients seeking holistic labour solutions;
- This trend has also resulted in the USA and European markets being characterised by large industry players servicing multi-national clients. Additionally, the flexible labour market is growing in these jurisdictions;
- Despite the current downturn in the commodities cycle, emerging markets still hold much promise for growth as the demand for skilled labour increases and the requirement for sophisticated staffing procurement models fall in line with international trends;
- The industry has witnessed heightened levels of corporate activity in recent times, a trend which is likely to continue;
- The industry has also seen high adoption rates of digitisation;
- Margin and credit terms remain under pressure, largely as a consequence of the adoption of more sophisticated client procurement methods as described;
- The South African labour market specifically is characterised by:
  - Low economic growth and a negative jobs curve;
  - Increased industrial action;
  - Consolidation in the market; and
  - Each of these local trends provides Adcorp with significant opportunity to grow our market share in South Africa; and
- Also as a macro trend, there has been a resurgence in the use of temporary workers globally as companies prepare themselves for the digital age where new and more advanced skills are required.

Adcorp's strategic response to these macro trends

In response to the macro trends identified above, Adcorp has fashioned the following strategic response:

- The Group has formally adopted a client- and candidate-centric approach to its business. The customer-centric delivery model adopted by the Group is depicted as follows:



- The geographic focus of the Group is on emerging markets where Adcorp has the potential to become a major player. Specifically, the focus is on Africa, the Middle East and the Asia-Pacific region;
- These markets are characterised by:
  - They are not dominated to the same extent as the US and European markets;
  - They offer significant growth potential;
  - There are relatively low adoption rates of sophisticated solutions such as MSP and RPO which means that Adcorp has the ability to get in on the "ground floor";
  - There are increasing trade and investment flows between Africa, the Middle East and the Asia-Pacific region which the Group is able to tap into; and
  - There are strong resource-based linkages between Africa, the Middle East and the Asia-Pacific region which gives Adcorp the opportunity to provide unique offerings to clients across the span of their resource-based activities.
- The Group has embraced digitisation in order to create the "Apple" experience for our clients and candidates alike;
- The Group has focused over the past years on building a world-class "clip-on" backoffice backbone. Much progress has been made in this regard which is predicated on the following core principles and represents a significant strategic advantage to the Group:
  - Employing optimised and standardised operating processes and procedures;
  - Residing on an automated cloud-based ERP platform that has the ability to integrate new digital solutions; and
  - Is serviced by a highly digitised shared services centre providing the opportunity for economies of scale in transaction processing; and
- The Group has also sought to raise capital in international capital markets for future international expansion.

The opportunity and strategic vision for the Group

By focusing on the strategy as described, the vision of the Group and the opportunities this present are as follows.

- To become a global workforce management solutions business of consequence focused on:
  - Africa;
  - The Middle East; and
  - The Asia-Pacific region;
- To be recognised as an established leader in the delivery of MSP and RPO solutions;
- To grow into and with our key clients;
- Using digitisation as an enabler in order to create smarter client- and candidate-centric solutions;
- Accessing international capital markets to extend the capability and reach of the Group; with
- The potential for a significant value uplift for shareholders.

In terms of this strategy, South Africa and, as such, the operations of the Group focused on this market, remain an important core market for the following reasons.

- The Group's South African operations offer sizeable scale advantage;
- In this market, Adcorp commands a strong position whereby it is considered the undisputed leader and has the opportunity to tap into some lucrative pockets of potential in the South African market;
- The Group's South African business demonstrates strong cash flow characteristics;
- The South African business serves as a valuable global reference site for the Group's all-important MSP and RPO offerings;
- South Africa serves as the innovation hub of the Group; and
- The South African business serves as an incubator for human talent in the Group.

In pursuit of this strategy, the Group has a number of advantages in its favour which should stand it in good stead and provide the tailwinds needed in order to achieve its stated strategic objectives.

These can be summarised as follows:

- Our relative size and presence in a number of large and prominent customers provides a distinct advantage;
- The Group has a strong pan-African presence;
- Adcorp has extensive expertise in emerging markets;
- Increasing investment and trade flows between Africa, the Middle East and the Asia-Pacific region advantage the Group given its specific focus on these markets;
- The Group's expertise in oil, gas, mining and resources provide it with the ability to provide workforce management solutions across a specific and unique client base and geographic reach;
- Adcorp's globally relevant client reference sites in South Africa provide it with the ability to showcase its world-class workforce management solutions such that it can compete with the biggest and the best in the industry, anywhere in the world;
- The Group's world-class, "clip-on" backoffice and cloud IT backbone offer a major strategic advantage;
- The Group has an established international beachhead from which it is able to grow its operations globally;
- Adcorp is the undisputed leader in the South African staffing market; and
- It has a management team capable of driving the Group's client- and candidate-centric Global strategy.

General

Over the recent years, the global workforce management and staffing industry has seen the rapid adoption of innovative, new delivery models, the adoption of potentially disruptive technologies as well as a number of innovative approaches to the client interface. Coupled with this, is the imperative to remain operationally excellent and cost competitive.

Over the past years, Adcorp has invested extensively in new technologies, methodologies, expanding its global footprint and in streamlining its operating model.

This foresight has now been rewarded in the current, relatively tough global economic environment.

Much progress has been achieved in developing a cost-effective and efficient shared services capability with the ability to service the Group's operations on the same backoffice platform anywhere in the world.

In addition, the Group has adopted a far more client- centric approach to selling and is particularly well positioned in the industry in its markets of choice as mentioned.

This is evidenced by some important and sizeable client wins achieved over the past year, in multiple jurisdictions, across various industry sectors and against respected global competition.

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 in the Group.

In this regard, the Adcorp 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; and
- 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 development of human potential by way of extending a bursary scheme to disadvantaged individuals and communities as well as on the support of vegetable garden projects in disadvantaged communities. Additionally, the Group actively supports various charitable organisations.

Outlook and prospects

The global outlook for economic growth and consequently, growth in employment remains relatively muted.

Against this background, the Group is well positioned strategically, has the advantage of a cost competitive and operationally efficient backoffice, has access to the funding necessary in order to fulfil its international expansion aspirations of being recognised as a global industry player of consequence, specifically focused on Africa, the Middle East and the Asia-Pacific region.

Following the recent revision of South Africa's labour laws which initially affected volumes negatively in the Group's core South African markets, market conditions have stabilised and sales volumes are recovering.

The Group's customer-centric sales approach, ability to cross-sell across its various operations, its adoption of cutting edge technology as well as its revised delivery methods and processes have also stood the Group in good stead and should continue to contribute positively in the future.

Accordingly, while general market conditions are not expected to improve substantially in the foreseeable future, the Group remains positive about its prospects in this environment given its relevant strategic positioning, its extended geographic reach, its efficient operating platform, its access to capital necessary for international expansion and its globally relevant sales proposition.

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 financial period and look forward to their continued support in the future.

Richard Pike
Chief Executive Officer

15 July 2016


Operational Excellence
Compliant
Digital
Focus
Innovative
Innovation
Functional outsourcing

Our performance

Performance

Introduction

All organisations depend on various forms of capital (sometimes referred to as resources and relationships) for their success. These capitals are stores of value that, in one form or another, become inputs to an organisation's business model. They are increased, decreased or transformed through the activities and outputs of the organisation. For example, our financial capital increases when we make a profit and the quality of our human capital improves when we train our employees.

In this section of our integrated annual report we provide you with information on our performance in terms of our financial, intellectual, human, social and natural capitals.

This is the second year that we have begun using the International Integrated Reporting Committee's (IIRC) Framework, which was released in its final form in December 2013, to guide the structuring of the content of our integrated annual report.

Contents

Financial capital

Achievements

- Revenue increase
- Profit growth
- Annual dividend of 135 cents per share
- Dare acquisition
- Consistent debtors days

Improvements

- Shared services centre delivery
- Headline earnings
- Operating profit
- Accessing international capital markets to extend capability and reach

Challenges

- Collection environment
- Pricing pressure
- South African business volumes

Disappointments

- Debtors collections in rest of Africa portfolio
- Oil and gas vertical performance

Chief Financial Officer's report

Anthony Sher

Working capital management is a critical part of the business and an ongoing daily focus area for management.

Statement of consolidated normalised earnings*

for the year ended 29 February 2016

	Pro forma year to 29 February 2016 R'000	Pro forma year to 28 February 2015 R'000	% change
Revenue	**15 585 751**	13 322 398	17
Cost of sales	**(13 069 007)**	(11 126 945)	(17)
Gross profit	**2 516 744**	2 195 453	15
Other income	**128 325**	101 895	26
Administrative, marketing, selling and operating expenses	**(2 180 302)**	(1 842 361)	(18)
Operating profit	**464 767**	454 987	2
Adjusted for:			
Depreciation	**35 962**	32 815	10
Amortisation of intangible assets	**105 831**	80 815	31
– acquired in a business combination	**77 486**	61 083	27
– other than those acquired in a business combination	**28 345**	19 732	44
Share-based payments	**(31 164)**	80 724	–
Share-based payment expense	**36 308**	57 595	(37)
2013 BBBEE deal – IFRS 2 non-cash flow, share-based payment expense	**7 206**	7 206	–
Revaluation of share-based payment liability	**(74 678)**	15 923	–
Lease smoothing	**1 781**	322	–
Business establishment and transaction costs*	**44 344**	18 806	136
Business establishment	**30 906**	8 390	268
Transaction costs	**13 438**	10 416	29
Normalised EBITDA (excluding share-based payments, lease smoothing, establishment and transaction costs)	**621 521**	668 469	(7)
Adjusted for:			
Depreciation	**(35 962)**	(32 815)	10
Amortisation of intangibles other than those acquired in a business combination	**(28 345)**	(19 732)	44
Normalised operating profit	**557 214**	615 922	(10)
Net interest paid	**(110 053)**	(90 816)	(21)
Normalised profit before tax	**447 161**	525 106	(15)
Normalised taxation	**(76 125)**	(103 471)	26
Normalised operating profit for the year	**371 036**	421 635	(12)
Share of profits from associates	**23 078**	29 778	(23)
Non-controlling interest	**862**	342	–
Total normalised profit for the year – previously reported basis	**394 976**	451 755	(13)
Weighted average number of shares – 000's	**108 189**	103 415	5
Diluted weighted average number of shares – 000's	**112 008**	109 788	2
Normalised earnings per share – previously reported basis (cents)	**365,1**	436,8	(16)
Diluted normalised earnings per share – previously reported basis (cents)	**352,6**	411,5	(14)
Calculation of modified normalised earnings			
Total normalised profit for the year – as above	**394 976**	451 755	–
Adjusted for:			
Share-based payment expense*	**31 164**	(80 724)	–
Establishment costs*	**(30 906)**	(8 390)	–
Modified normalised profit for the year	**395 234**	362 641	9
Modified normalised earnings per share – (cents)*	**365,3**	350,7	4
Modified diluted normalised earnings per share – (cents)	**352,9**	330,3	7

* *Normalised earnings is defined as operating profit adjusted for depreciation, amortisation of intangibles, lease smoothing and once-off transaction costs relating to acquisitions. Previously, the Group reported normalised earnings after adjusting for share-based payments and establishment costs relating, inter alia, to the establishment of the Group's international operations.*

** *The pro forma financial information, as shown in the statement of normalised earnings, should be read in conjunction with the unmodified Deloitte & Touche independent reporting accountant's report thereon, issued on 24 May 2016, which is available for inspection at Adcorp's registered office.*

Adcorp Holdings Limited is listed in the business training and employment agencies sector of the JSE Limited. The consolidated figures in this integrated annual report include the results produced by the operating units in the statutory entities within the Group, as described on page 109 (directors' report).

Basis of preparation

The annual financial statements relate to the Adcorp Group of companies. In order to provide a better understanding of the Group's results they have been provided on a segmental basis.

The segments into which the Group has been divided are:

I. GROUP CENTRAL – Those segments that have not been aggregated with the other identified reportable segments. These include the items of income and expenditure related to Adcorp Holdings Limited, Group marketing, Group services, shared services, the central head office and treasury activities as well as the Singapore office.

II. TRADITIONAL RESOURCING BUSINESS (incorporating flexible and permanent staffing and professional services) – Includes industrial (blue-collar) flexible staffing services (including nursing), support staffing (white-collar) flexible staffing services, permanent recruitment services and professional services.

III. NEW GENERATION BUSINESS (incorporating business process outsourcing (BPO), training, candidate benching and emergent business) – This segment includes value-added services within the BPO segment, training, the provision of candidate benefit products and technology-enabling products and services.

The segmental analysis described above is not necessarily based on the results per statutory entity, but rather on a functional split of the activities within Adcorp. The detailed segment report appears on page 118.

Accounting policies applied

The accounting policies applied are in accordance with International Financial Reporting Standards (IFRS), as well as the South African Companies Act, No 71 of 2008, and are consistent with the accounting policies applied in the previous year.

Review of Group results

The Group's primary measure of performance is normalised profit. This is represented by operating profit adjusted for amortisation of intangibles arising on business combinations lease smoothing and once-off transaction costs relating to acquisitions. Previously, the Group reported normalised earnings after adjusting for share-based payments and establishment costs relating, *inter alia*, to the establishment of the Group's international operations. The specific non-recurring transaction costs incurred pursuant to the acquisition of Dare Holdings Proprietary Limited (Dare) have been, like that of the acquisition of Kelly Group Limited (Kelly) in the prior year, separately identified in the determination of the current and previous year's normalised profits.

On the basis where the treatment of the share-based payment expense and establishment costs have been modified, normalised earnings per share (NEPS) increased from 350,7 cents per share to 365,3 cents per share. The main contributing factor giving rise to the adjustments is attributable to the revaluation of the share-based payment liability. This is as a result of the lower prevailing share price as at the financial year-end. Going forward, the Group intends to adopt and report using the modified methodology so as to ensure comparability and consistency.

The previously reported NEPS of 365,1 cents per share for the year ended 29 February 2016 were 16% below the 436,8 cents per share for the comparative year. These earnings were impacted by challenging business conditions arising from a strained economic environment and the negative revenue impact and lower headcount volumes emanating from certain South African clients' reaction to the new legislative landscape.

The first full-year inclusion of the contribution from Kelly, the ten-month inclusion of the contribution from Dare and the extensive restructuring and cost rationalisation served to partly offset the negative impact of significantly lower volumes.

Gross profit margin levels remained relatively stable despite changes to the business mix. The overall expense ratio increased marginally from 13,9% to 14,0% evidencing good cost containment achieved against the backdrop of an extensive Group-wide restructuring programme on integration and right-sizing. The Group's normalised EBITDA margin was 4,0% (2015: 5,0%).

The statement referred to on page 39 sets out the normalised profit for the year ended 29 February 2016, as well as the comparative year.

Our industrial (blue-collar) flexible staffing businesses, being Capacity, Capital South Africa, Charisma and Staff U Need, performed satisfactory in the context of a challenging South African economic background and uncertainty within the legislative landscape. Normalised EBITDA attributable to this segment in South Africa was, however, 5% lower year-on-year.

The support staffing (white-collar) flexible staffing was worse affected by the headcount loss. The inclusion of Kelly and Dare on the basis outlined above, had somewhat of a mitigating affect and resulted in this segment's normalised EBITDA being 34% down year-on-year.

The performance of our professional services' segment (formerly referred to as independent contracting), including our master service provider business was satisfactory and in line with management's expectations.

The operating performance by FMS Marketing Solutions (FMS), the Group's main exposure to the BPO sector, coupled to our candidate benefits division continued to deliver a sound performance. Our training business, Production Management Institute of SA (PMI), delivered a creditable contribution despite continued difficulties in its industry.

The net interest expense of R110 million increased by 21% compared to the prior year, due to the higher levels of gross interest-bearing liabilities within South Africa and the Dare acquisition-related Australian Dollar-denominated debt.

Statement of financial position

	Year ended 29 February 2016 R'000	Year ended 28 February 2015 R'000	% change
Equity	**2 685 301**	2 465 032	9
Net borrowings	**1 162 469**	702 490	65
Total equity and net borrowings	**3 847 770**	3 167 522	21
Non-current assets	**2 636 416**	2 326 188	13
Current assets (excluding cash)	**2 895 680**	2 338 339	24
Non-current liabilities excluding borrowings	**(156 504)**	(287 187)	(46)
Current liabilities excluding borrowings	**(1 527 822)**	(1 209 818)	26
Total net assets	**3 847 770**	3 167 522	21

The Group's capital structure utilises a combination of equity and debt to fund its operations. Total net borrowings increased by 65% due to the higher levels of debt in South Africa and the Dare acquisition being funded 100% by additional Australian Dollar-denominated debt facilities. Consistent with Group treasury strategy, the Group has separate debt security structures for both South Africa and International. Both jurisdictions utilise funding from lenders, note-holders or both as the case may be.

When measured against the long-term Group weighted gearing target of 37%, the Group was able to achieve a gearing ratio of 43%. This was as a result of the higher debt levels mentioned above. Management believes that the Group's operations can support appropriate levels of gearing without introducing excessive financial risk. Consistent with what was previously reported, the directors believe that an optimal mix between committed long-term and short-term borrowing facilities remains weighted toward long-term dated debt by at least two-thirds as to one-third or more.

The Group continues to utilise several debt instruments with varying denominations, durations and debt costs to fund its ongoing operations. Both in South Africa and Australia, debt covenant reporting is formally done on a monthly basis. In this regard, over every measurement month and in both geographies, the Group remained fully compliant with all covenants. The Group has headroom in its covenants.

Given the intensive nature of the working capital cycle, the period-end statement of financial position tends to result in a fluctuating level of the Group's average net cash or overdraft position when compared to during the year. As at 29 February 2016, there was R478 million net cash on hand (2015: R571 million), which is deemed necessary to fund the cash-to-cash cycle requirements of the Group.

A breakdown of the consolidated interest-bearing liabilities in respect of the year under review is as follows:

	Notes to financial statements	**Year ended 29 February 2016 R'000**	Year ended 28 February 2015 R'000
Net gearing (%)		**43**	28
Net bank balances		**(477 903)**	(571 125)
Other non-current liabilities	21	**650**	1 210
Long-term loans	22	**1 349 502**	859 417
Long-term loans – South Africa		**857 322**	697 373
Long-term loans – International	22	**492 180**	162 044
Obligations under finance lease	24	**668**	2 448
Current portion of other non-current liabilities	24	**15 170**	12 077
Short-term loans	22	**274 382**	398 463
Short-term loans – South Africa		**223 361**	320 967
Short-term loans – International	22	**51 021**	77 496
Total interest-bearing liabilities (gross of net cash set-off)		**1 640 372**	1 273 615
Total net interest-bearing liabilities		**1 162 469**	702 490
Total long-term debt (%)		**82**	68
Total short-term debt (%)		**18**	32
Total*		**100**	100

* *Aggregate of all long-term and short-term interest-bearing liabilities gross of net bank balances as a percentage of total interest-bearing liabilities.*

Working capital and cash flow

Working capital management is a critical part of the business and an ongoing daily focus area for management. The level of cash collections underpins the ability of the Group to meet payroll obligations and service debt obligations. Conversion of receivables into cash is a high priority and, in this regard, cash conversion was 87% and days settlement outstanding (DSO) totalled 47 days (FY2015: 47 days). These statistics were achieved in the context of higher Rand values attributable to net working capital arising from the devaluation of the Rand against foreign currencies and the inclusion of other financial assets as receivables. If the above-mentioned items were included, the actual cash conversion ratio in the current year is 63% (2015: 97%).

The ageing of the accounts receivable book is well managed with 88% (2015: 88%) of total gross trade receivables outstanding not exceeding 60 days outstanding. The older than 90 days aged bucket averaged 10,5% (2015: 8,4%) of total receivables book over the year under review. Provision for bad debts remains at appropriate levels and the incurrence of bad debts written off is within management's expectations.

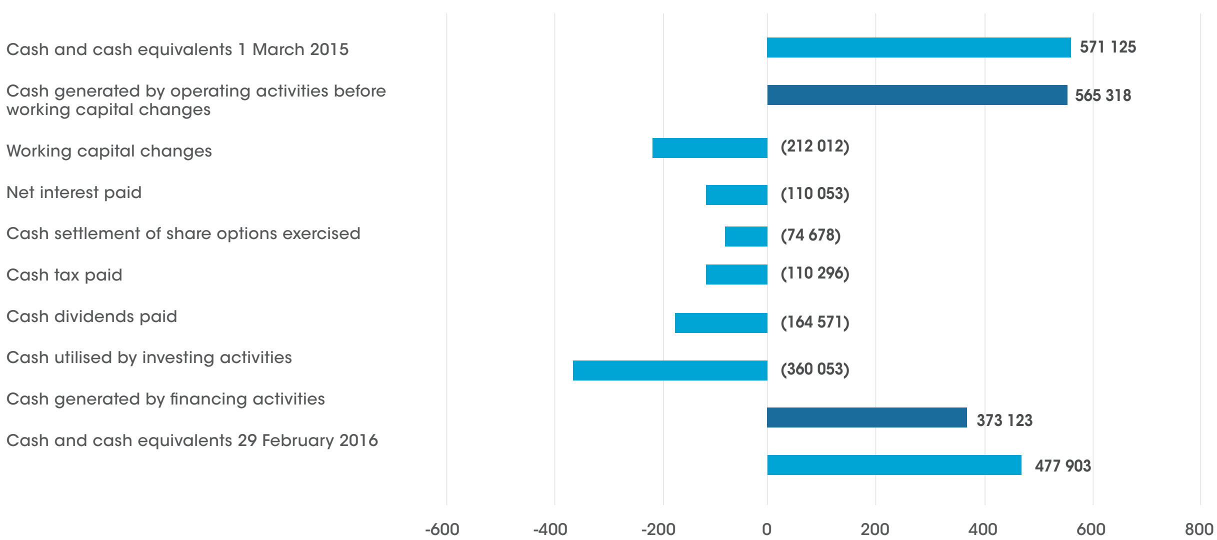
The philosophy of the Group continues to be predicated on the cash-generating potential of the underlying operating entities and businesses. As such, a Group cash conversion weighted target of 80% is the stated management objective. In this regard, and as above, the Group outperformed its target whereby 87% (of normalised operating profit) was converted into cash.

Cash generated from operations before working capital decreased by 12% (2015: 20%) to R565 million due to the lower aggregate non-cash flow and other adjustments. Management of working capital resulted in R212 million being consumed compared to the R46 million consumed in the previous year. In addition to that which is mentioned above, this was achieved in the context of, *inter alia*, a very challenging collections environment, difficulties in repatriating funds from certain African countries, disruptions in the integration of Kelly's credit control function into our shared services platform. Subsequent to the year-end, the working capital position has somewhat improved with our >90 day receivables bucket showing signs of improvement.

Overall cash utilised by operations totalled R106 million when compared to R258 million generated in the prior year. During the current year, the Group incurred a 21% increase in net finance charges, higher cash dividend paid and increased amount of cash tax paid.

A detailed cash flow statement appears on page 120.

Cash flow analysis (R'000)



Six-year review

The six-year review of key financial indicators is set out on page 102.

Financial targeting

Strategically, the Group adopted a philosophy of financial targeting in the 2002 financial year. Management has continually and consistently applied these metrics when assessing the overall performance of the Group.

The key financial return criterion is return on assets managed (ROAM), which is benchmarked against a target to ensure the achievement of superior financial returns to shareholders well in excess of the firm’s weighted average cost of capital (WACC). The WACC, in turn, is calculated with reference to an optimal capital structure introducing an ideal mix of debt and equity, as reflected by the Group’s gearing target.

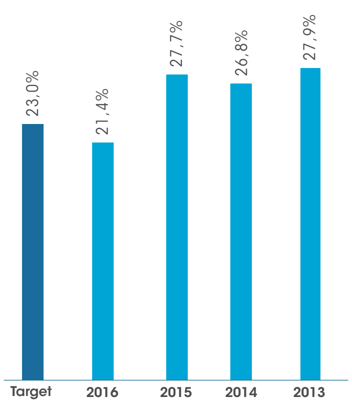
In regard to the above, the Group produced a weighted average ROAM of 21,4% versus a weighted target of 23%. In achieving this result, the weighted average return on sales (ROS) or operating margin achieved was 3,8% versus a weighted target of 4,0%, while the weighted average asset turnover (ATO) ratio was 5.7 times compared to the weighted target of 5.7 times.

In terms of gearing, the Group’s year-end weighted average gearing level was 43% versus a long-term target gearing level of 37%.

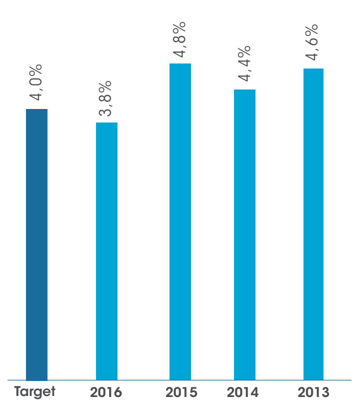
The weighted average is calculated using 65% attributable to South Africa and 35% attributable to International.

The performance of the Group against stated weighted average financial targets for the current and prior financial years appears in the graphs below:

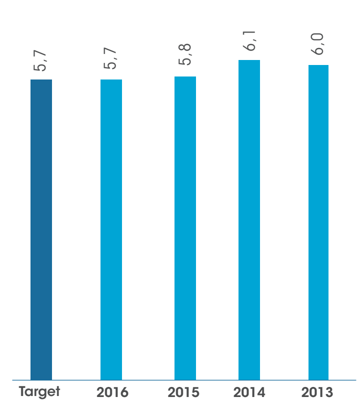
Return on assets managed (ROAM) (%)



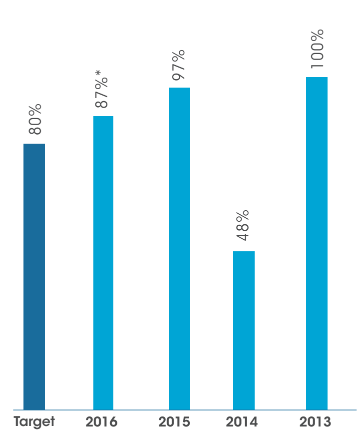
Return on sales (ROS) (%)



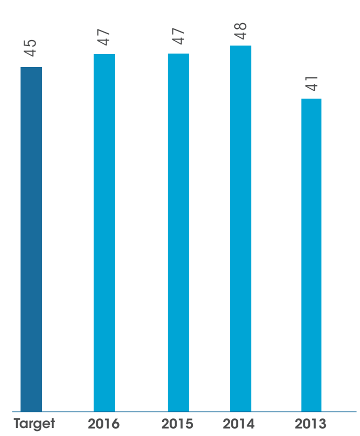
Asset turnover (ATO) (times)



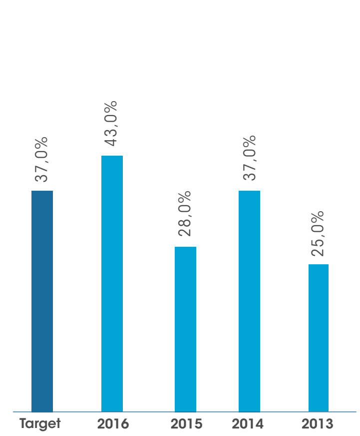
Cash conversion ratio (%)



Days settlement outstanding (DSO) (days)



Gearing level (%)



* *Excluding effects of devaluation of Rand against foreign currencies.*

Dividend payment

In determining the appropriate level of aggregate cash dividend to be paid, the directors have considered the requirement to be compliant with debt covenants in South Africa and Australia and what would sustainably allow the Group to fund its working capital in its various operational geographies. After careful consideration of the solvency and liquidity requirements of the Companies Act and the cash-generative characteristics of the Group, the directors have declared a final dividend of 75 cents per share (2015: 88 cents per share).

When considered with the interim dividend declared of 60 cents per share (2014: 60 cents per share) the total dividends for the year under review totalled 135 cents per share (2015: 148 cents per share).

A summary of dividends declared in respect of the current and prior years is as follows:

	Year to 29 February 2016	Year to 28 February 2015	Year to February 2014
Total dividends (cents per share)	**135**	148	140
Interim dividend (cents per share)	**60**	60	60
Final dividend (cents per share)	**75**	88	80*

* *Based on cash election alternative in respect of 2014 financial year.*

Acquisition of Dare

The acquisition of Dare followed the successful acquisition of Kelly in the prior year. The R266 million transaction was undertaken to diversify the Group's revenue streams into new verticals within the region of Australian and African. The transaction was closed in May 2015 and the normalised earnings performance for the ten-month period to February 2016, was below management's expectations. Management's attention is focused on achieving a successful integration of Dare within the broader Group.

Other less significant transactions were also undertaken during the period under review and these are disclosed on page 160.

Taxation

South African corporate income tax has been provided for at 28% (2015: 28%). Australian corporate tax has been provided for at 30% (2015: 30%).

The Group's overall normalised effective tax rate decreased to 17% (FY2015: 20%). This is mainly as a direct result of the utilisation and recognition of tax losses within the various South African entities within the Group.

The Group continues to apply a conservative approach with regard to our tax. There remains the uncertainty that adjustments arising from potentially unfavourable tax assessments of previous years, could impact future tax charges.

A detailed reconciliation of the actual tax for the year appears on page 150.

Going-concern assertion

The board has formally considered the going-concern assertion for Adcorp and its subsidiaries and believes that it is appropriate for the forthcoming financial year. The going-concern assertion can be found in the directors' report on page 113.

Subsequent events

Subsequent to the closure of the financial year ending 29 February 2016 and prior to the approval of this integrated annual report, namely 15 July 2016, the following events took place.

On 22 June 2016, the Group issued a further cautionary announcement as a follow on from the announcements dated 10 May 2016, 23 March 2016 and 9 February 2016 respectively, in which shareholders were advised that the company is currently engaged in negotiations relating to, *inter alia*, partnering with financiers on its international expansion strategy.

Negotiations in this regard are still ongoing and the company expects to conclude the deal in the foreseeable future.

The year ahead

The new year is proving to be challenging but full of opportunities as we continue to take steps to implement our strategic priorities. Our focus is on, *inter alia*: reducing the operating cost burden, achieving further efficiencies from our shared services centre, managing the cash-to-cash cycle, maintaining our gearing at acceptable and appropriate levels, optimising our capital structure and expanding and delivering on our Asia-Pacific strategy.

Acknowledgement

The Group's performance should be seen against a background of an onslaught at various levels. We faced numerous challenges in all jurisdictions with particular reference to South Africa and Africa. In an uncertain, unsettling and volatile environment, the dedication and sacrifice made by my colleagues at all levels was humbling. Each individual contribution is not capable of specific mention, but in aggregate the performances of the respective teams was praiseworthy. On behalf of the board, I express deep appreciation for their continued commitment to their own high standards and work ethic.

Anthony Sher
Chief Financial Officer

15 July 2016

Wealth creation

Achievements

- Increased value distributed to both temporary and permanent employees
- Successful integration of Australian business Dare
- Empowering people with jobs

Improvements

- Increased year-on-year value creation
- Growth in revenue from operations

Challenges

- Backlog in education and training in South Africa
- Stagnant economic growth in South Africa

Disappointments

- Ongoing unemployment levels in South Africa
- Repatriation of funds from rest of Africa
- Oil and gas vertical performance

Wealth creation

At Adcorp we take our role as a leading workforce management provider very seriously, and we only undertake initiatives that enhance our brand with candidates, clients and our own employees.

Economic value-add

In FY2016, Adcorp's activities generated R15,6 billion in economic value-add. Adcorp contributes to the socio-economic environment in a variety of ways, including the payment of salaries and wages to a vast workforce, both permanent and temporary. Taxes paid by the Group accrue to the State and are distributed into the greater socio-economic environment. We are a significant procurer of goods and services given our scale of activities and we aim to procure from local sources wherever possible.

As a leading provider of workforce management, Adcorp contributes directly to the economy by assisting and empowering people with jobs and the ability to earn salaries and wages. Through skills development programmes Adcorp has benefited broader society by providing individuals with an ability to make an entrance into the world of work. We aim to uplift communities by hiring locally and we maintain a diversity of cultures within our organisation, so strengthening our competitive positioning. Thus, the Group makes an important contribution to the economic wellbeing of individuals, and ultimately the economy as a whole.

Value-added statement*

for the year ended 29 February 2016

The measure of the value created by the Group is the amount of value added by its diverse activities to the costs of sales, products and services purchased.

The statement below shows the total economic value created and how it was distributed:

	2016		2015	
	R'000	**%**	R'000	%
Revenue from operations	**15 585 751**		13 322 398	
Paid to suppliers**	**(848 121)**		(646 379)	
Value added	**14 737 630**		12 676 019	
Income from investments	**46 746**		42 314	
Interest received	**23 669**		12 536	
Share of associate income	**23 078**		29 778	
Total value created	**14 784 377**		12 718 333	
Value distribution				
Employees	**14 006 316**	**95**	12 035 368	94,6
– Temporary staff	**7 190 323**		6 677 273	
– Independent contractors	**5 521 307**		4 190 355	
– Permanent staff (including directors)	**1 294 686**		1 167 740	
Capital providers	**298 293**	**2**	191 323	1,5
Interest paid	**133 722**		103 352	
Dividends to shareholders	**164 571**		87 971	
Central and local government	**124 916**	**1**	102 908	0,8
Company taxation	**110 296**		90 678	
Rates, taxes, licences and levies	**3 788**		3 415	
Skills development levy	**10 832**		8 815	
Corporate Social Investment	**5 435**	**0**	6 102	0,1
Education and training	**17 880**	**0**	11 317	0,1
Re-invested in the Group to maintain and develop operations	**334 345**	**2**	371 315	2,9
Depreciation and amortisation	**142 601**		113 630	
Income retained (profit for year)	**206 810**		244 202	
Deferred taxation	**(15 066)**		13 483	
	14 784 377	**100**	12 718 333	100
Value-added ratios				
Number of employees	**4 357**		4 222	
Revenue per employee (Rand)	**3 577**		3 155	
Value created per employee (Rand)	**3 393**		3 012	
Corporate Social Investment – % of profit after tax (Group basis)	**2,6**		2,5	

* *Assured by Gilden Assurance.*
** *Amounts attributable to foreign temporary staff and independent contractors have been reflected under value distributed to enhance disclosure.*

Intellectual capital

Achievements

- Expertise in emerging markets
- Progress of entrenching the client- and candidate-centric organisational framework
- Advanced workforce analytics and business intelligence
- Certainty of labour law legislation in South Africa
- Globally relevant client reference sites established in South Africa

Improvements

- Recognised as a global industry player of consequence
- Using digitisation as an enabler in order to create smarter client- and candidate-centric solutions
- Continuous innovation and diversification

Challenges

- Client response to labour law legislation in South Africa

Disappointments

- Relatively stagnant economic conditions
- Lack of skills to fill vacancies

Intellectual capital

Leveraging Adcorp's expertise in emerging economies

Adcorp is an acknowledged thought leader and pioneer in the human capital domain. The Group has consistently invested in strategic technologies and innovative ideas that add value to its increasingly international client base. The net effect of these investments is to ensure the Group's continued relevance as a provider of value-added services, customer service, labour-saving and other workforce management solutions and less, a traditional source of labour. Leveraging the Group's intellectual capital through discerning opportunities in other markets is a significant opportunity for the Group.

The Group was an early adopter of information technologies to track the on-the-job performance of temporary workers placed by Adcorp companies, and to offer high-performing temporary workers personalised career paths. These technologies give temporary workers registered with Adcorp companies access to career benefits such as salary increases, perks and career advancements that are usually reserved for traditional permanent employees. As a result, Adcorp companies have the highest employee tenure and retention rates in the industry, particularly for high-skilled workers. If one considers that many of the costs of placing a candidate in a client environment are incurred up-front (such as recruitment, training and early on-the-job performance management), whereas Adcorp's income from placing a candidate accrues over time, extending a candidate's tenure is crucial to the Group's return on its initial investment in its candidates.

Adcorp was the first labour market intermediary to offer full-service human capital solutions across the African continent. With a working-age population of 725 million people and projected economic growth over the next decade, Africa is one of the few remaining high-growth labour markets in the world. Establishing human capital services on the continent is fraught with difficulty, and the continent remains overly dependent on agriculture and mining, which makes it vulnerable to global commodity price shocks. But global economic convergence is a well-established pattern and Africa's tertiary services sector, now bigger than the continent's primary and secondary sectors combined, will continue to grow in future, particularly in the continent's largest and comparatively richest consumer markets, Egypt, Nigeria, Algeria, Kenya and Ethiopia.

Adcorp was one of the first labour market institutions to create a cost-effective method of achieving employers' statutory obligations such as the progress and development of women, unskilled, disabled and other disadvantaged people. The Group possesses an unrivalled employment equity advisory capability and one of the most progressive training and workplace readiness competencies in the industry. A significant challenge in labour markets, particularly in emerging economies, is how to integrate unskilled and semi-skilled people into the formal labour force.

The ability to produce strategic manpower development plans that meet regulatory burdens is a prerequisite for participating in any emerging economy.

Adcorp has one of the most advanced workforce optimisation practices in the world. A growing part of the practice comprises new technologies such as a Master Service Provider (MSP) solution for placing and managing temporary workforces and Recruitment Process Outsourcing (RPO) for placing permanent workforces. Through technology the Group is able to offer its clients economical ways to administer and control its labour costs, including the significant internal labour costs and overheads that clients require to manage their labour force. In difficult economic circumstances, many of Adcorp's clients aim to economise on necessary labour costs and avoid unnecessary labour costs. Combined with a specialised analytics capability that allows the Group to measure and report on the value it adds to its clients' workforces, Adcorp's workforce optimisation practice is a leading source of competitive advantage.

Adcorp was the first human capital services company in the world to offer temporary workers affordable financial services when banks, insurers and other financial institutions denied these workers access to saving, insurance and credit products due to their assumed uneven pattern of income. Even though the term "temporary worker" is in widespread use, it does not reflect employers' ongoing requirements for these workers. A temporary worker might work for just 12 months before finding a new job opportunity, but the work assignment filled by the worker can be, and often is, of a much longer duration. Large-scale construction projects can last anything up to ten years. Actively scheduled work, consisting of workers who fill predetermined shifts in bank branches or retail distribution centres, can be indefinite. Adcorp's unique understanding of the nature of these work assignments allows it to better manage insurance, credit and other income-smoothing products than many banks and insurers.

Adcorp's home market, South Africa, has been an important foundation for growth and innovation. The South African labour market landscape is highly competitive and complex, to the benefit of both employers and employees. But challenging economic policies and restrictive labour laws, combined with the growing saturation of the labour market in the formal sector, are unlikely to make South Africa a high-growth market in the foreseeable future. In the interests of expanding shareholders' opportunities and retaining the key skills that comprise Adcorp's human and intellectual capital, judicious and selective expansion into other markets where Adcorp can leverage its expertise is desirable.

Human capital

Achievements

- Progress made on succession planning
- Balanced race and gender workforce in South Africa
- Facilitator in the provision of specialist skills
- BBBEE level II rating maintained

Improvements

- Candidate benefits rolled out across the Group
- Traction in integration of acquired businesses

Challenges

- Compliance with far reaching amended labour legislation in South Africa

Disappointments

- Slow progress of achieving internal targets of transformation at middle and lower management in South Africa

Position the Group as a global workforce management solutions company of consequence focused on Africa, the Middle East and the Asia-Pacific region.

Adcorp's EEA 10 Summary of Employment Equity Report for Public Companies

Adcorp's South African workforce is broken down as follows:

	Male				Female				Foreign nationals		
Occupational levels	**African**	**Coloured**	**Indian**	**White**	**African**	**Coloured**	**Indian**	**White**	**Male**	**Female**	**Total**
Top management	7	0	1	16	7	0	1	8	0	2	42
Senior management	5	1	5	32	4	3	1	33	1	3	88
Professionally qualified and experienced specialists and mid-management	38	11	26	131	21	17	23	134	8	5	414
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	211	109	65	189	153	130	90	330	20	14	1 311
Semi-skilled and discretionary decision-making	2 668	354	48	75	951	298	51	165	15	6	4 631
Unskilled and defined decision-making	1 022	77	13	3	512	34	8	1	1	2	1 673
TOTAL PERMANENT	**3 951**	**552**	**158**	**446**	**1 648**	**482**	**174**	**671**	**45**	**32**	**8 159**
Temporary employees employed for less than three months	31 721	3 483	727	662	17 809	3 529	473	1 092	617	210	60 323
TOTAL	**35 672**	**4 035**	**885**	**1 108**	**19 457**	**4 011**	**647**	**1 763**	**662**	**242**	**68 482**
Notes: With regard to temporary employees, in terms of equity regulations we are required to report on the number of temporary employees who have worked for a period of more than 24 hours but less than three months and this is indicated in the table above. For the interest of the reader, below please find a breakdown of all temporary employees, regardless of length of service. *One of our Group companies became the client of several Temporary Employment Services (TES) and supplied over four thousand temporary employees by such TES companies, legislation requires that such numbers are deemed, for the purposes of Equity reporting, to be the employees of the operation and have been disclosed in the EEA 10, in line with regulation.*											
Temporary employees employed for less than three months	31 721	3 483	727	662	17 809	3 529	473	1 092	617	210	60 323
Temporary employees employed for more than three months	9 828	1 220	290	544	5 374	1 016	204	362	305	82	19 225
Total number of temporary employees as at 31 March 2016	**41 549**	**4 703**	**1 017**	**1 206**	**23 183**	**4 545**	**677**	**1 454**	**922**	**292**	**79 548**

Employment equity – South Africa

Permanent staff

for the 12 months ended 31 March 2016

	2016	2015	2014	2013
Total workforce	**4 357**	3 957	2 936	2 832
Total employees with disabilities	**145**	170	150	223
Workforce profile				
Race and gender profile				
Non-designated group (includes foreign nationals)	**508**	579	438	441
White females	**667**	836	635	676
Black males	**1 433**	1 093	810	750
Black females	**1 749**	1 449	1 053	965
Occupational level profile				
Management (top, senior, middle and junior)	**1 747**	2 147	1 446	1 452
Non-management	**2 610**	1 810	1 490	1 380
Management profile by gender (top management, senior management, middle management, junior management)				
Females	**962**	1 260	869	861
Males	**785**	887	577	591
Management profile by race				
Black	**823**	997	658	632
White (includes foreign nationals)	**924**	1 150	788	820
Non-management profile by gender				
Females	**1 485**	1 061	856	812
Males	**1 125**	749	634	568
Non-management profile by race				
Black	**2 359**	1 545	1 205	1 083
White (includes foreign nationals)	**251**	265	285	297
Disability profile				
Management	**17**	20	13	11
Non-management	**128**	150	137	212
People with disabilities by gender				
Females	**76**	97	108	146
Males	**69**	73	42	77
Total employees before reporting cycle	**3 957**	2 936	2 832	2 740
Add: Recruits	**3 399**	2 318	1 292	1 313
Less: Resignations	**1 995**	679	650	619
Non-renewal of contracts (contract employees)	**672**	471	358	344
Dismissals (misconduct and incapacity)	**78**	69	85	63
Retirements	**10**	9	8	3
Deaths	**10**	12	4	7
Retrenchments	**234**	57	83	185
	4 357	3 957	2 936	2 832

Adcorp Group total managed workforce

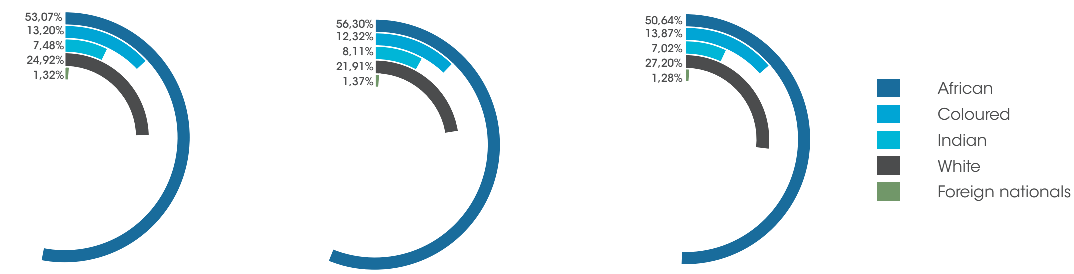
Temporary employees South Africa	79 548
Temporary employees International	9 346
Independent contractors South Africa	1 197
Independent contractors International	2 185
Adcorp Group total managed contract/temporary workforce	**92 276**
Permanent employees South Africa	4 357
Permanent employees International	284
Adcorp Group total permanent workforce	**4 641**
Total workforce	**96 917**

Adcorp has made significant strides in improving the quality of the information we provide in our reporting since our journey began a few years ago. Sustainability indicators were incorporated as part of the internal audit programme and training workshops were conducted. Specific steps were taken to ensure that as a major provider of human capital our personnel files contain all relevant documentation to support the labour-related indicators.

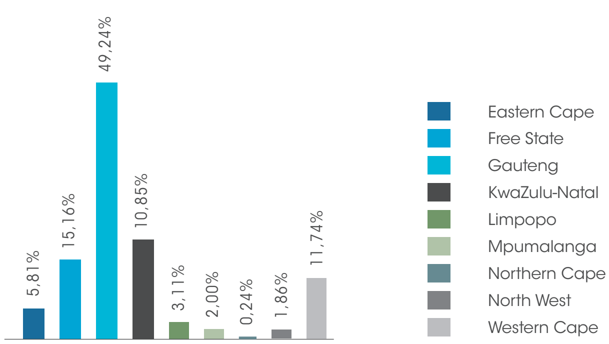
Permanent staff

Total workforce – South African employees

Total – 4 249*　　Male – 1 826　　Female – 2 423

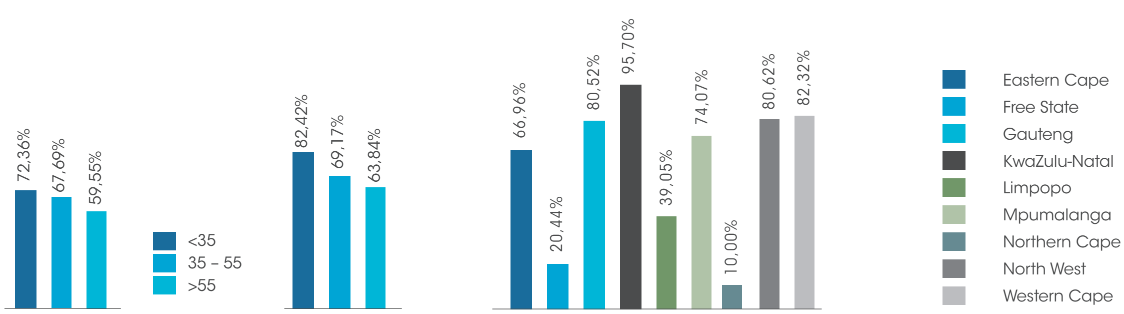


Region



Labour turnover By region, gender and age for the period 1 April 2015 to 31 March 2016

Male　　Female　　Region



Bargaining council

	Permanent staff	
Bargaining council	**Number**	**% of total**
Cleaning	0	0
MEIBC	0	0
MIBCO	0	0
NBCS	0	0
NRFBC	0	0
No bargaining council	4 249	100
Grand total	**4 249**	**100**

No incidents of discrimination, child or forced labour were reported.

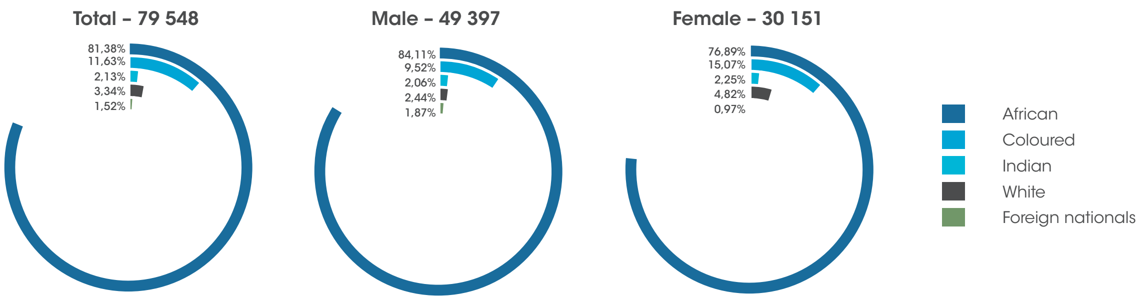
* *The difference between the figures shown for sustainability purposes and those reported for equity is due to the legislative requirement that any temporary staff who are employed for more than three months, must be reported as "permanent" for the purposes of equity. This is not the case for sustainability where only those persons actually employed by the company and on the payroll can be audited and assured.*

The diversity of the Group's operations and their associated industries influenced how the materiality of sustainable aspects was determined.

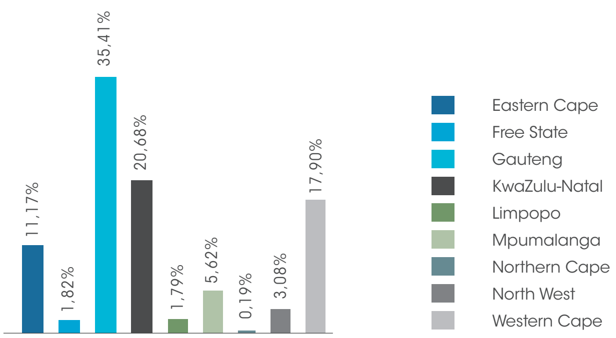
The data reflected below of the Group's total workforce includes all permanent, temporary and independent contract workers for the period 1 April 2015 to 31 March 2016.

Temporary staff

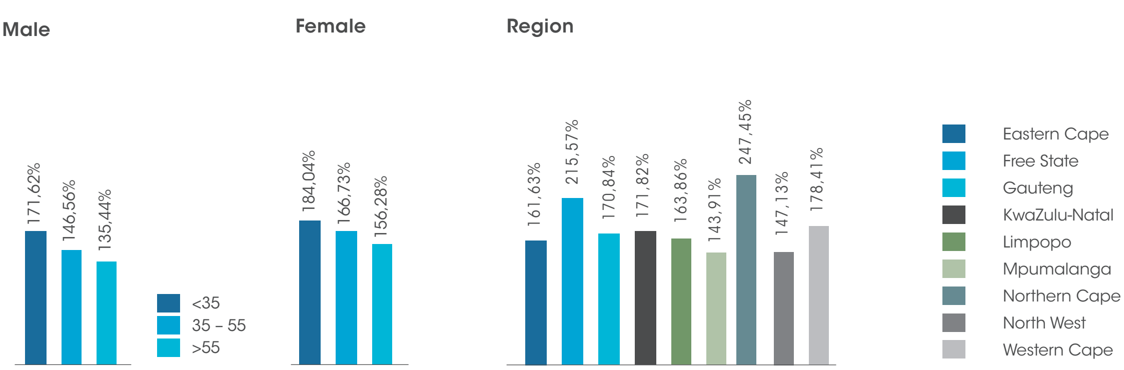
Total workforce – South African employees



Region



Labour turnover By region, gender and age for the period 1 April 2015 to 31 March 2016



Bargaining council

	Temporary staff	
Bargaining council	**Number**	**% of total**
Cleaning	33	0
MEIBC	4 857	6
MIBCO	3 184	4
NBCRFI	4 778	6
Furniture	1	0
Leather	11	0
Civil Engineering BC	134	0
No bargaining council	66 550	84
Grand total	**79 548**	**100**

No incidents of discrimination, child or forced labour were reported.

Adcorp constitutional commitment

Adcorp has committed itself to contributing in a meaningful way to the ideals enshrined in the Constitution of the Republic of South Africa.

"**FRAMING OUR REFLECTION:** We, the people of South Africa, Recognise the injustices of our past; Honour those who suffered for justice and freedom in our land; Respect those who have worked to build and develop our country; and believe that South Africa belongs to all who live in it, united in our diversity. We therefore, through our freely elected representatives, adopt this Constitution as the supreme law of the Republic so as to – Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights; Lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law; Improve the quality of life of all citizens and free the potential of each person – Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations. May God protect our people."

Adcorp is committed to the creation of an inclusive, diverse national labour market that provides equal opportunities to all South Africans. This extends beyond the essential verification requirements and legislative compliance. Rather, Adcorp is creating a culture in which its employees are personal enablers and ambassadors for transformation, holding each other and the business accountable and challenging each other in their behaviours. The unit standard of transformation is each individual and the desired outcome is to inculcate a conscious culture of inclusion, valuing diversity, behavioural alignment and attitudes that promote sustainable transformation both within and outside the organisation.

Adcorp's company ethos is framed by the excerpt on page 56 from the preamble to the South African Constitution.

From a labour perspective, this suggests that opportunities belong to all South Africans, from the future workforce in the form of learners currently in the education system and actual work seekers, to those already employed. It also extends to those who are unemployed, underemployed, discouraged, displaced, disabled or who have retired.

A commitment to broad-based black economic empowerment (BBBEE)

In South Africa, we recognises that transformation begins with our own staff. Over the years, we have maintained our BBBEE level 2 rating and we are rated as one of the JSE Limited's most transformed companies.

We believe in the socio-economic upliftment of the previously disadvantaged, and the empowerment of all our stakeholders. We are committed to the ethical codes and business practices we have set in place, as well as our core brand values, and strive to continually raise the bar with transformation in mind.

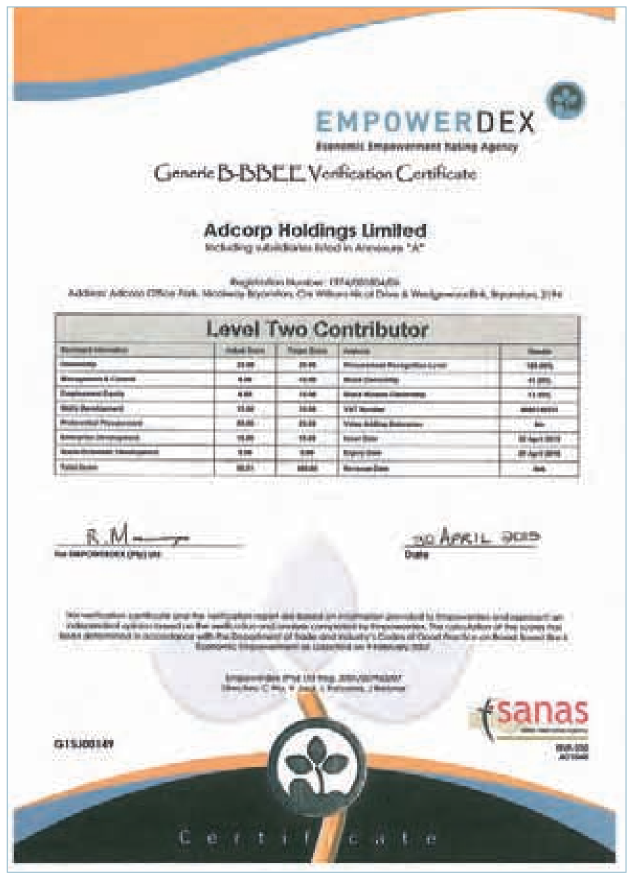
We believe in sustaining a healthy society and working environment, and recognise our responsibility in contributing towards the creation of an equitable business sector and a better future for all South Africans.

We acknowledge the necessity of a BBBEE framework that is fair, broad-based and inclusive, as well as the importance of initiatives that are measurable in determining the achievement of our objectives.

We support and comply with the employment equity guidelines set out by the South African Department of Labour, and believe our BBBEE framework should enhance business practices without compromising on standards of quality we have become recognised for.

Current BBBEE rating operates on seven levels:

1. Ownership
2. Management control
3. Employment equity
4. Skills development spend
5. Preferential procurement
6. Enterprise development
7. Socio-economic development



EMPOWERDEX
Economic Empowerment Rating Agency

Generic B-BBEE Verification Certificate

Adcorp Holdings Limited

Level Two Contributor

30 APRIL 2015

sanas

Certificate

Summary of dti Code scores for the Group – South Africa

Element	Indicator	**2016**	2015	2014	2013	2012
1. Ownership	Voting rights of black people (%)	**41,20**	41,45	50,36	45,90	33,04
	Voting rights of black women (%)	**13,10**	13,04	16,33	20,14	15,66
	Economic interests of black people (%)	**41,20**	41,45	50,36	45,90	33,04
	Economic interests of black women (%)	**13,10**	13,04	16,33	20,14	15,66
	Black participants in employee ownership schemes (%)	**22,20**	29,87	9,21	14,84	10,00
2. Management control	Board (%)	**54,17**	50,00	56,82	56,82	50,00
	Top black executives (%)	**12,50**	12,50	12,50	12,50	12,50
3. Employment equity	% black representation at:					
	• Senior management	**20,14**	25,63	27,03	23,98	32,45
	• Middle management	**32,09**	21,26	30,65	30,99	25,85
	• Junior management	**62,79**	59,12	59,26	47,76	48,99
4. Skills development spend	Skills spend on black staff as a percentage (%) of leviable amount	**3,84**	3,86	2,89	2,79	1,63
5. Preferential procurement	Total BEE procurement spend as a percentage (%) of total measured procurement spend	**101,08**	96,73	85,14	70,05	99,92
6. Enterprise development	Enterprise development as a percentage (%) of NPAT	**4,60**	4,64	14,57	3,59	2,91
7. Socio-economic development	Socio-economic development as a percentage (%) of NPAT	**1,56**	1,14	1,37	2,16	1,05

Sound human resource policies and best-practice approach

The Group's aim as an employer is to offer decent work, stimulating careers and career progression to its employees, in line with the strategic mandate of the business to retain key staff and comply with the relevant legislation.

Adcorp's workforce is provided with the opportunity to earn competitive rewards and develop their talents in a healthy and productive work environment where an emphasis is placed on the Group's values.

We have a demanding work ethic across various sectors and geographies. Our employees are aware of the level of performance required for their own and the Group's continued success.

Adcorp focuses on developing strong leaders in a corporate culture founded on our core values, by effectively managing our large talent pool and nurturing constructive relationships with both our employees and organised labour.

The Group's policies and practices are developed and monitored at a corporate level. Specialists oversee remuneration, transformation, stakeholder engagement, labour relations and training, while managing people is a designated line function.

Performance of management and supervisory employees is evaluated against predetermined targets, and performance appraisals determine annual performance-based incentives and career development opportunities.

Leadership Academy

The Adcorp Leadership Academy was developed to create a leadership pipeline to further enhance the existing talent pool and recognising excellence within the Group in order to meet increasingly complex business demands, facilitate succession planning and internal promotion opportunities.

This centralised development programme consists of a formal education, NQF-aligned and on-the-job skills transfer with the objective of increasing internal promotions as opposed to external recruitment.

Adcorp Leadership Academy statistics

ADCORP LEADERSHIP ACADEMY

2016	**2014/2015**	**2012/2013**
56 candidates enrolled	87 candidates enrolled	38 candidates enrolled
37 equity candidates	26 equity candidates	25 equity candidates
To complete in February 2017	To complete in July 2016	30 graduated

Skills development and training

Extended development reach into Africa

During the last year, we have continued to manage and run the training centre in Maputo – training skills in fitting, electrical and millwright trades – which has been provided for artisan aides, as well as fully qualified artisans, servicing both South 32 (BHP Billiton) as well as other companies – SAB, Parmalat, GE and Grindrod. A group of Mozambican engineering graduates received intensive six months of training at both the Maputo and the Welkom centres, prior to being deployed on various projects across the world.

The Pemba technical centre, situated in the North of Mozambique, which is being developed in collaboration with the Mozambican Government, is nearing completion. The building is completed and it is envisaged that the centre shall be ready to open its doors on 1 September 2016. This centre shall have both local accreditation from INEFP as well as being accredited by City and Guilds in order to provide internationally recognised qualifications.

We are also currently training 45 learners from the Namibian Training Authority to become qualified welders, electricians and boilermakers, at our centre in Jet Park. Once the training has been completed the learners shall be placed for job attachment training with companies in Namibia. They shall return to Jet Park, Johannesburg, to complete their training and trade testing in 2017.

Learnerships

The development of unemployed youth has been a focus for the Group as part of its skills development strategy. This is in line with the new BBBEE codes of good practice and the Group's commitment in being a corporate citizen, Its focus is not only to develop the unemployed youth, but ultimately absorbing them into gainful employment.

Agriculture

Food security remains a priority focus area for the continent. Skills development within the agricultural sector will be a strategic focus area for the Group as it will address the skills gap in the agricultural sector in Africa. One of the Adcorp Group companies is accredited to train across three agricultural qualifications and a number of skills programmes in both animal and plant production, as well as positioning the Group's technical courses within the sector.

Disability

The training of people (specifically the youth) with disability is one of the most humbling success stories within the Group. With a vision of impacting positively on the lives of the most disadvantaged and impoverished grouping in South Africa we, in partnership with I CAN, a disability specialist consultancy, has 664 people currently in our academies across the country and is proud to have launched our agricultural academy in the Midlands where we have 84 learners currently, undergoing agricultural-related qualifications. At 82% occupancy nationally in March of 2016 already, we are looking to expand our success story in 2016/2017.

Number of learnerships across the Group

Company	Roll-over	New	Total number of learner-ships	Across how many qualifications (including trades)	Across how many NQF levels	Across how many industry types	Specifically trained as an artisan	Learners below the age of 35	Total number successfully completed in FY 2013/14	In progress	Total number successfully completed in FY 2014/15	In progress
Capacity	820	0	820	7	3	4	0	613	333	168	77	161
Capital	520	0	520	10	3	5	11	402	232	154	37	74
SUN	151	0	151	6	4	5	0	104	111	16	141	13
Quest	325	0	325	8	3	5	0	278	83	162	45	134
ATS	1	0	1	1	1	1		1	1	0	0	0
ATT	62	37	99	7	1	3	99	93	16	83	20	72
Charisma	1	0	1	1	1	1	0	1	1	0	0	0
DAV	23	0	23	1	1	1	0	17	23	0	0	2
PMI	20	95	115	5	3	4	0	106	19	92	84	16
	1 923	132	2 055				110	1 615	819	675	404	472

Wellbeing, health and safety

Adcorp is committed to ensuring the wellbeing, health and safety of its employees. During the financial year under review, no major safety incidents or fatalities were reported among the Group's employees, and Adcorp Technical Training and Staff U Need passed their ISO 9001 surveillance audits with non-conformances.

Adcorp provides a comprehensive range of employee wellness benefits aimed at promoting both physical and psychological health, with the end result being reduced absenteeism rates.

A Group-wide assistance programme is provided to all permanent employees. This value-added benefit entitles employees, their immediate families and domestic workers to a broad range of services from emergency medical assistance, personal health advisory services, trauma and assault assistance, legal assistance, HIV protection services and funeral repatriation services. It is supported by a state-of-the-art 24-hour call centre.

Fundamental to Adcorp's business success is the Group's ability to attract and retain quality people, emphasising affirmative action practices to ensure equality.

With a managed workforce of approximately 100 000 people, it has become key that this workforce has the opportunity to receive life-enhancing benefits. In this regard, through a centralised function, the Group now offers its temporary employees:

- core benefits, including a funeral plan;
- electronic payroll card – ADvantage payroll card;
- mobile handset and airtime solution – contract rates but no contract;
- micro finance;
- debt counselling; and
- healthcare and retirement funding.

Safety and health at Adcorp is managed per operating entity and is a function of line management. Over and above strict adherence to the Occupational Health and Safety Act for permanent employees, the Group's temporary workforce, which spans various industry sectors and geographies, is well trained, ensuring that safety becomes a way of life.

Adcorp encourages a safety-conscious workforce that adheres to rigorous safety standards through constant education and training, particularly those employed within the blue-collar environment across all continents in which it operates.

The Group's operations are committed to:

- occupational safety, health and environmental (OSHE) issues;
- a safe and healthy working environment;
- supporting safety, health and environmental programmes of our clients;
- awareness of health, safety and environmental issues;
- training and developing an understanding of safety, health and environmental obligations;
- continuous development of OSHE management systems;
- integrating safety, health and environmental issues in all our business aspects;
- conforming to clients' occupational health and safety standards;
- regularly evaluating OSHE performance through audits to enhance improvement; and
- reviewing OSHE policy on an ongoing basis to ensure continuous alignment with the business ethics.

HIV/Aids remains a major social issue around the world

The Group's approach to this pandemic is based on the view that HIV can be managed with appropriate education. We have awareness campaigns in place, having first consulted with clients to ensure that their needs are met with regard to awareness and education for employees Adcorp places on assignment. Employees are:

- encouraged to know their status through HIV counselling and testing initiatives;
- advised on how to stay negative and ways in which to manage a healthy lifestyle should they test positive;
- made aware of their rights around HIV and Aids;
- taught coping mechanisms for dealing with HIV and Aids and how to receive further treatment; and
- briefed on the risk of HIV transmission, traditional and cultural beliefs, socio-economic factors, gender issues, mother-to-child transmission and the prevention of transmission of HIV.

Recognition and reward

Adcorp prides itself on the performance and sustained growth it has experienced over the past years, none of which would have been possible without the outstanding performance of both our employees and the Group companies.

We celebrate our achievements at a prestigious annual event where our individual and collective "heroes" are honoured and rewarded.

Adcorp's premier event of the year is the Chairman's Awards. This event is dedicated to those employees that deserve to be recognised and honoured for their hard work and commitment. Individual Adcorp Group employees and companies are rewarded for their exceptional achievements and contributions.

Social capital

Achievements

- Enhanced management team with additional capability
- Uncompromising compliance and governance
- Maintaining Group's reputation

Improvements

- Stakeholder communication
- Key account management with clients
- Adopted sustainable business practices

Challenges

- Compliance with applicable laws and regulations
- Clients' interpretation and reaction to the legislative landscape in South Africa
- Fraud

Disappointments

- Muted economic growth outlook

Key stakeholder engagement

Our relationships and reputation with external stakeholders are fundamental to the sustainability of our business. We rely on and have responsibilities towards a wide range of external stakeholder groups, from clients and suppliers to communities and broader society. This includes our responsibility for protection of the environment. These relationships, the issues they raise and how we address these issues are described in detail on pages 12 to 13.

Reputation management

Building a reputation for fair play

A firm's reputation spans both the objective and subjective domains. Ultimately, the two domains are connected of course, but for significant periods of time they can drift significantly apart. For instance, changes made last year to South Africa's labour laws and regulations amply illustrate the importance that changing impressions, as opposed to brute facts, play in decision-making.

By way of background, the "equal treatment" provision in last year's labour law amendments requires that temporary and permanent workers be paid equally for work of equal value. Additionally, the "deeming" provision requires that all employers who are involved in the employment relationship are accountable for unfair labour practices committed by any one of them.

The "equal treatment" provision is clear enough, if the statute is taken to mean that paying a temporary worker less or providing them with less beneficial working conditions, only for the reason that they are temporary, is against the law. The statute itself gives various reasons why different workers might reasonably be paid differently, such as when they have different levels of experience, skills, qualifications, performance, responsibility, and so on.

The "deeming" provision is more difficult to interpret, since communal responsibility amounts to no individual responsibility. The statute is intended to give a worker employed through a temporary work agency enhanced recourse if they have a grievance against their actual employer (the agency) or their apparent employer (the agency's client). Whether the "deeming" provision achieves this end is debatable, but the intention behind the statute is clear enough.

Extensive public debate around the "deeming" provision gave many people the superficial impression that agencies and their clients seek to evade their responsibilities to workers, based on a widely accepted but unfounded assumption that temporary workers are subject to a hiring-and-firing regime that is unlawful yet widely practised.

The reality is that temporary workers lodge significantly fewer grievances and, when they do, fewer grievances are decided in their favour – whether the grievances are lodged with the agencies or employers themselves or with public bodies such as bargaining councils, the CCMA and the courts.

In turn, extensive debate around the "equal treatment" provision gave many people the superficial impression that the new law specifically relates to workers sourced through temporary work agencies, based on a widely accepted but unfounded assumption that these workers are paid overwhelmingly less than permanent ones.

The reality is that the "equal treatment" provision was redundant, as it was implied by and had previously been challenged successfully under earlier laws relating to unfair labour practices. The reality is that the provision is comprehensive, relating to all workers, not only workers sourced through temporary work agencies, who comprise just 6,8% of the 11,8 million workers in South Africa's labour force or even temporary workers employed directly by companies without the use of a labour market intermediary (as 78,9% of temporary workers are). Indeed, workers sourced through temporary work agencies are generally young (the average age is 27), unskilled (three-quarters have a Senior Certificate or less), inexperienced (half were previously unemployed and many had never worked in their lives before) and transitory (one-third go on to find a permanent job within a year, and around half do so within three years) – which suggests that there is ample reason why temporary workers are in no meaningful sense comparable to the older, unionised and highly paid workers who make up the rump of South Africa's workforce.

Nonetheless, the impression was created that temporary work agencies play a sort of "arbitrage" function in the labour market, taking advantage of differences in earnings between different groups of jobseekers. Worse, the impression was created that taking advantage of lesser-paid workers is endemic to, not only industry practices, but to the underlying nature and rationale of the industry.

The colloquial term "labour broker" (rather than the internationally accepted term "temporary work agency" or the locally accepted term "temporary employment service") was cleverly inserted into the debate at the outset, initially causing no small degree of confusion among the public who had never heard the term before. Some employers have begun to ask whether the use of temporary work agencies, whatever their economic and social merit, gives the right political impression.

Employers who employ temporary workers directly without the use of agencies, constituting 25% of the national workforce and outnumbering agency workers by nearly three to one, have begun to ask themselves whether they should, as an alternative to taking their temporary workers on in a permanent capacity, rather outsource their temporary workforces altogether, in the process reducing their labour-related overheads.

South African employers are going through the motions at present, but economic realities have started to bite, particularly as economic growth projections for 2016 have dropped from the initial 3,5% to the current 0,6% and corporate earnings are predicted to fall by 7,2% this year.

The current economic environment is ripe for superficial impressions to make contact with reality.

Companies' need for workforce flexibility has not disappeared as a result of changes in labour laws. In fact, workforce flexibility is the single most important priority for businesses with sizeable labour costs, as it has been for the past two decades. In a depressed global economic environment where top-line growth is hard to come by, shareholders will demand progress in reducing cost/income ratios, particularly bloated and unnecessary overhead costs associated with managing their workforces. Adcorp is ideally positioned to take advantage of these trends.

Labour markets around the world are highly politicised – and they will remain so. In this challenging environment, it is crucial for businesses to cultivate and preserve a reputation for fair play. Adcorp's ongoing investments in information technology ensure that the Group complies with complex and changing legal obligations across its global operations and achieves the highest levels of accuracy in operational execution. By investing in cutting-edge technologies, Adcorp acts as a master vendor over other employment agencies against whom Adcorp would otherwise compete, or as an outsourced provider of recruitment services at an attractive price point compared to traditional human resource departments. By offering a full range of technology-enabled services, Adcorp expands its offerings, diversifies its business, and reduces the legal and compliance risk of any single service.

Sound corporate governance

Adcorp is committed to its code of ethical conduct promoting healthy business practices and managing daily transactions with honesty and integrity. We believe that this approach not only ensures a stable employment environment for all, but also ensures the continued future success of the Group.

In addition to the requirements and obligations of formal governance codes and legal requirements, as set out in the King III report on Corporate Governance Principles and the Companies Act, the Group, as a member of Business Leadership South Africa (BLSA), abides by the BLSA's stated values and Code of Good Corporate Citizenship which reinforces the importance of ethics and integrity encouraging innovation, healthy competition, a safe and healthy work environment, a well-trained workforce and adherence to legislative and regulatory requirements.

The Group recognises that fraud, abuse of power or the acceptance of bribes is an increasing problem in South Africa. Too often it goes undetected and unreported, resulting in financial losses to companies, which are to the detriment of all its stakeholders.

For this reason, Adcorp subscribes to a service that enables all stakeholders, but most specifically its employees, clients and suppliers, to report anonymously on dishonesty. This facility involves the professional services of an audit firm and is therefore a totally independent, anonymous ethics line which is managed by the Audit and Risk Committee and controlled by the board.

There were no material issues reported for the year. All matters were investigated and adequate corrective remedial action was taken.

Client engagement

Today's customer journey is dynamic, accessible and continuous because the digital touch points consumers are exposed to are always on.

While customers move at different speeds and take different paths across our various services lines and delivery channels, every client and candidate is now a digital customer, from the traditional to the digital-savvy one.

As a result of these trends, we need to prepare for the increasing demands and provide an overall customer experience that meets their expectations – and subsequently make changes if they find their provider isn't as "digitally intense" as they would want it to be.

The Group's clients and customers are the reason that Adcorp exists. Their requirements are as varied as the range of products and services the Group can offer them. In addition, the rapidly changing work environment requires constant innovation and the establishment of strategic partners that will support us in our drive to be industry leaders.

Adcorp continues to be a thought leader and meaningful strategic partner to its clients, immersing itself in their human resource and workforce management plans. Our client engagements have therefore now largely moved into the realities of our clients' businesses where the merits of each are analysed to find the best solution possible.

Corporate Social Investment

Corporate Social Investment (CSI) is a vital part of Adcorp's identity and it is with a great sense of pride that the Group so positively influences the lives of many. It is our intention to address the very urgent need in South Africa to assist in the fight against poverty and unemployment. Community upliftment goes hand-in-hand with focused skills development and the provision of opportunities for those looking to enter the employment market.

Our history of creating, maintaining and supporting developmental, social and environmental projects distinguishes who we are today. We find ourselves on the journey towards sustainability because of these initiatives we have consistently supported over the years. Even during tough economic times our philosophy is to be financially generous in order to play our part in improving the impoverished facets of South Africa's society. To this end, 2,6% of our annual profits (net profit after tax as verified by Empowerdex) are committed to sustainable projects.

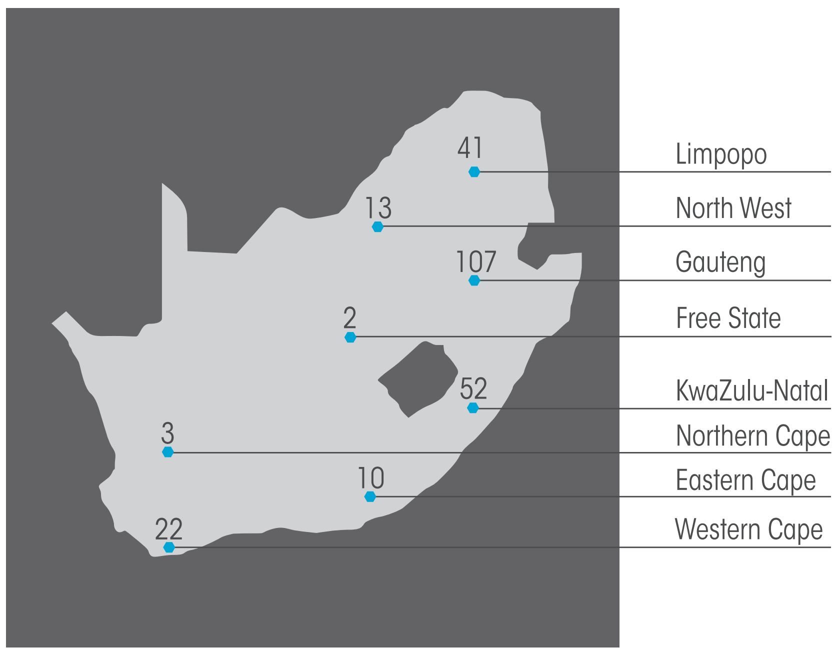
Social capital continued

In order to align these projects with our core business – human capital – Adcorp has refocused its efforts to focus on high school educational assistance and bursary schemes. We believe that the success of an individual is the success of a community, and the focus of our ongoing community initiatives is aimed at the upliftment of disadvantaged black communities through education and life skills training.

While the bursary component spearheads our CSI efforts, various socio-economic development initiatives close to our heart have been established. As a Group, our main aim is not only to enrich and empower the lives of many by placing first-time jobseekers into the formal economy on a daily basis, but to use our CSI initiatives as a supporting mechanism to further assist in reducing poverty and to make a positive impact on the lives of those less fortunate.

Social priorities

Bursaries for 2016
67% female / 33% male



CSI initiatives	Description	Progress/outcome
School Bursaries	At Adcorp we believe education is at the heart of skills development. In this regard, we financially support a number of disadvantaged school children in rural areas countrywide. Many of these rural schools have little or no access to metropolitan areas, which provide better opportunities for further tertiary education. By giving school children in rural areas the means to focus on their tuition, we believe that we are playing a vital role in academic development in South Africa.	The scheme was launched in 2008. Successful candidates from grades 7 to 10 are individually sponsored, with monies deposited into the schools' bank accounts for tuition, sports, academic costs and accommodation expenses. Learners from families who earn less than R14 000 per month and who achieve a minimum overall academic average of 55%, qualify for the bursaries and scholarships. Academic progress is monitored by Adcorp, as is responsible use of the monies by the schools.
Life College	A replicable social enterprise which develops and provides development and empowerment programmes for South African youth.	To help youth and adults from disadvantaged communities gain skills to improve their academic, entrepreneurial and life performance, enabling them to tackle life with a "Champion Mentality"

Natural capital

Achievements

- Assurance obtained on "green" indicators
- Reduced fuel consumption

Improvements

- Continued consolidation of suppliers
- Carbon-neutral initiatives

Challenges

- Extent of accurate and reliable data available
- Slow progress in centralised procurement

Disappointments

- Increased electricity and paper consumption

Natural capital

"Green" corporate citizen

Most of our businesses in our organisation do not have a large environmental footprint and therefore do not pose significant threats to the environment. We are, however, committed to reducing whatever environmental impact we have as this approach is aligned with our commitment to good corporate citizenship. Acting in an environmentally responsible manner is also directly linked to our ability to derive cost savings, which is an important focus across all areas of our business.

While we have not quantified the full financial impact that climate change could have on our business, we are aware of the multiple ways in which it could negatively impact our operations.

Implementing a Group-wide environmental programme has not been without challenges, but there is definitely opportunity for innovative product development, particularly relating to technology offerings, enhancing existing procurement methods and introducing a data collation strategy for environmental measurement.

Our aim is to embed a culture of social and environmental responsibility among our employees through training and awareness campaigns, duplex printing, electronic communication and car-pooling.

We continue to seek external assurance on our environmental indicators and now that we have a stable baseline benchmark to work from, we will look at implementing reduction targets across the Group. These targets will focus on a "reduce, reuse, recycle" approach which encourages commitment and a focus on reducing the Group's carbon footprint.

Lead industry initiator in carbon offsetting innovative technology products

Adcorp is one of the most innovative providers of workforce management solutions, having invested heavily to stay abreast of local and international trends. Adcorp promotes digitisation, both introducing key digital platforms from abroad and developing its own in-house applications.

The world is moving through a period of unprecedented change, therefore client-centricity and understanding our customers' needs is key. As a Group we adapt ourselves to the fast pace change that the market requires introducing efficiencies in the workforce management process. Workforce costs, being the biggest expense for most employers, are declining as the use of technology in human resource procurement and management, as well as productivity enhancement, gathers momentum.

The ecological footprint's primary imbalance is brought about by the need for paper. Paper still accounts for the primary means of communicating and processing timesheets and CVs. Automation through technology has brought about a significant change and we encourage a paperless environment, moving reporting schedules to electronic base systems.

It is Adcorp's ambition to become a leading initiator in carbon offsetting by offering diverse logical solutions enterprise-wide that facilitate workforce optimisation and unlock optimum client benefits to promote greater environmental responsibility.

Carbon-neutral initiatives

A joint partnership with one of our office automation suppliers has offered Adcorp a programme that assists in neutralising our environmental impact caused by the Group's printers and copiers in a simple, auditable and sustainable manner.

It allows the Group the ability to promote a carbon-neutral footprint on all its in-house printing. Due to the success of this initiative, the decision has been made to implement it across the Group's operations and automation supply chain. This further entrenches Adcorp's commitment to implement a Group-wide environmental policy that will boost the Group's "green credentials", support environmental sustainability and add value to our clients by being an environmentally responsible supplier.

An amount of R0,01 (one cent) per page consumed has been donated to the Kariba REDD+ Project. Through a 100% guaranteed verification process offered by a recognised and accredited provider, certified offset monthly certificates will be issued endorsing the offset amount or CO_2 equivalent.

ITEC

impactChoice

CERTIFICATE

Offset Type: VER

Certificate Type: Paper Consumption

Offset Classification: Scope 3

Certificate Number: 6866E4E7-3808-77BD-C628-E9AE353338D9

Offset Partner: Itec SA

Company Reg No: 2015/318575/07

No Of Pages Consumed: 11403592

Purchase Information

Issued To: Adcorp Holdings Limited

Company Reg No: 1974/001804/06

CO2 Offset Purchased: 151280.051472 Kg CO2-e

Billing Period: Feb 2016

Period: 1 March 2015 - 29 February 2016

Macro Certificate Information

Issued By: CarbonGreen Africa

Issued Date: 22 May 2015

Certificate Number: SP-1085EN

Total Tonnage: 10000 Tns CO2-e

Certificate Type: VER

Project Information

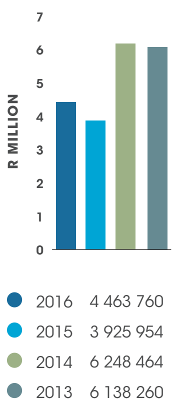
Kariba REDD+ Project

http://www.carbongreenafrica.net/component/content/article/41-our-projects-/46-kariba-redd-project.html

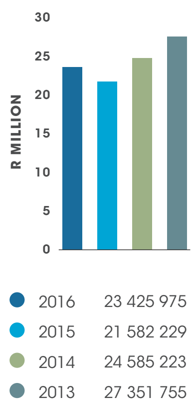
Carbon footprint

	Unit	**2016 Total Group**	2015 Total Group	2014 Total Group	2013 Total Group
Electricity	kWh	**4 463 760**	3 925 954	6 248 464	6 138 260
Paper	Copies printed	**23 425 975**	21 582 229	24 585 223	27 351 755
Fuel – petrol	Litre	**294 107**	376 164	230 037	309 560
Fuel – diesel	Litre	**274 425**	295 405	328 425	303 828
Water	Kilolitre	**30 566**	35 311	22 883	Not reported

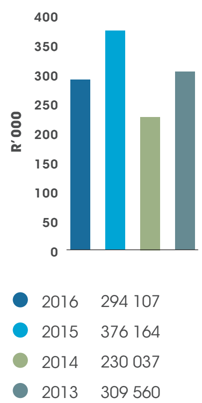
Electricity



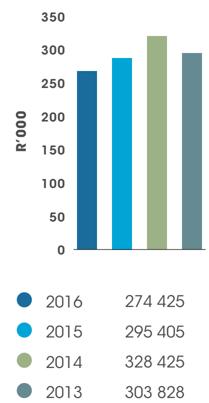
Paper



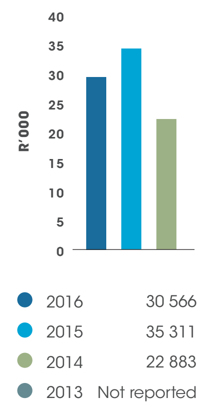
Fuel – petrol



Fuel – diesel



Water



The information reported above has been calculated in line with the following inclusions and exclusions:

Area	Inclusions	Exclusions
Electricity – kilowatt	Estimated electricity consumption associated with buildings rented by Adcorp. The Group's electricity costs are factored into our building rental rate with some buildings (including common facilities) shared with other tenants. Due to the fact that there is often insufficient data to accurately capture the exact electricity consumption per site, only data from Adcorp's head office was used to establish a baseline of kWh usage for FY2016 per employee. Given that all the Group's offices are very similar in activities, equipment and office layout/configuration, the electricity usage figure per employee for head office was used to calculate estimated consumption for the remainder of the Group's operations in South Africa.	n/a
Paper – copies printed	Actual number of printed copies as reported by third-party suppliers.	Preprinted stationery, envelopes and paper bought not used in printers monitored by third-party suppliers.*
Fuel – petrol/diesel	Actual consumption of all vehicles owned by Adcorp.	Actual consumption for vehicles used for business purposes, owned by employees.*
Water	Estimated water consumption associated with buildings rented by Adcorp.	n/a

* *The Group is in the process of making the necessary amendments to the current systems and processes that will enable the inclusion of some of the areas excluded in this integrated annual report, in future years.*

Transparency and accountability

JJ Njeke

Chairman's corporate governance review

The board of directors (the board) is committed to good corporate governance and understands its role and responsibilities contained in the Companies Act; conduct recommended by King III and the additional governance requirements of the JSE. In addition, the board places strong emphasis on achieving the highest standards of reporting as well as financial and operational risk management.

We have strong independent non-executive directors and our board benefits from their expertise and the different perspectives and thinking they bring to our deliberations.

During the year under review, the Remuneration Committee performed benchmark testing using an outside service provider on executive and senior management's remuneration to ensure that the amounts are in line with industry norms. In addition, stricter criteria within both the short- and long-term incentives were applied. For further details refer to the remuneration report on pages 85 to 91. The Transformation, Social and Ethics Committee played a stronger role in ensuring greater transformation within the Group as well as implementing better systems to ensure adherence to the roles of this committee as contained within the Companies Act.

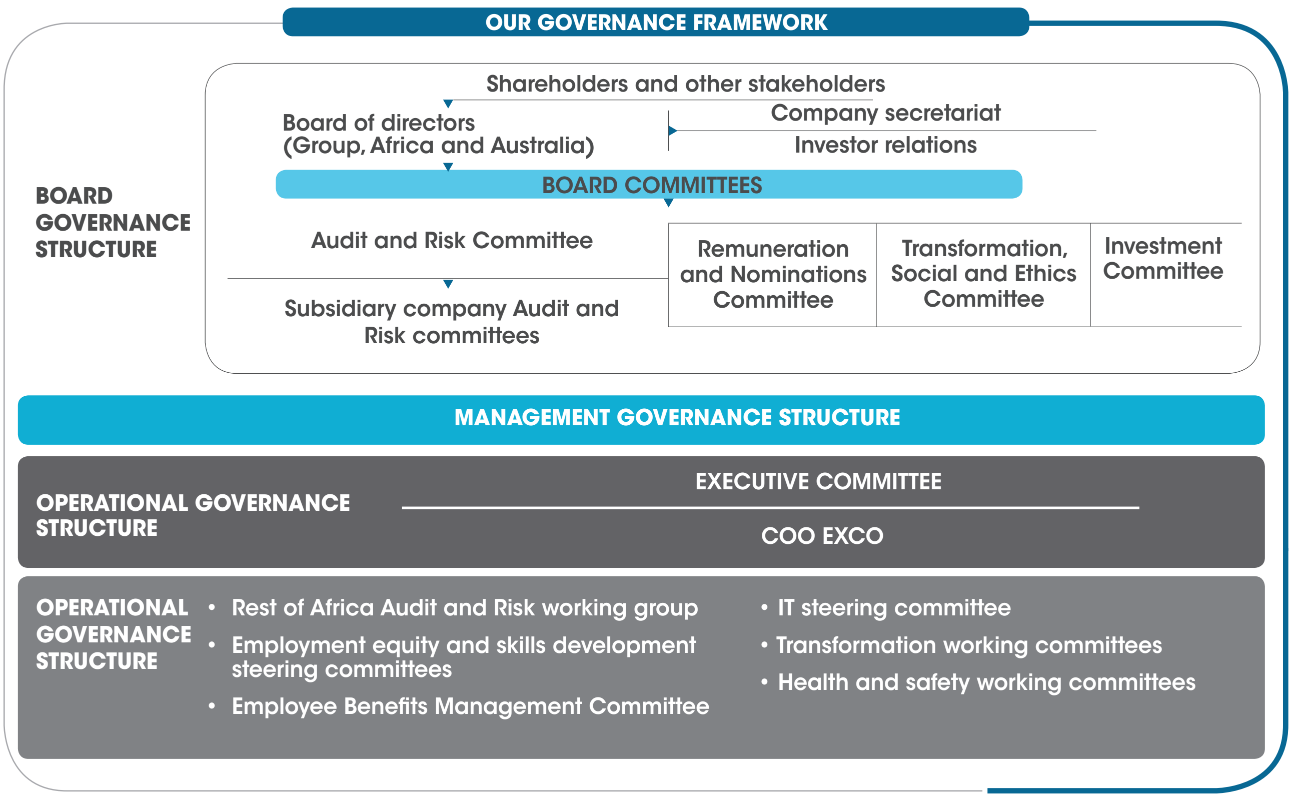
In order to obtain independent advice on the Group's corporate governance, an external evaluation of the board and its committees was undertaken by the Institute of Directors (the IOD) which highlighted some areas for improvement.

As Chairman of Adcorp, I am satisfied that the board continues to lead the Adcorp Group to achieve high standards of business integrity, ethics and corporate governance in the pursuit of its business objectives.

MJN Njeke
Chairman

15 July 2016

Corporate governance



Our approach to corporate governance

Adcorp understands that sound and robust governance practices are fundamental to earning the trust of stakeholders. The approach to governance standards throughout our organisation requires continuous focus as it is critical to sustaining performance and preserving shareholder value. We also recognise that strategy, performance, sustainability and risk are inseparable.

Our values-driven culture and code of ethics underpin Adcorp's governance structures and processes, committing the company to high standards of business integrity and ethics in all its activities.

Application of King III principles

To ensure that we consistently practise effective corporate governance throughout the Group, our board applies the principles of King III. In terms of the King III principles, the board must consider the concerns and priorities of its wider stakeholder environment in its strategic guidance and decision-making processes. A comprehensive assessment of our application of these principles is provided in our corporate governance King III compliance register which appears on our website www.adcorp.co.za, and a summary thereof appears on pages 95 to 99.

We review our governance structures and processes regularly and adapt them to accommodate internal developments and reflect national and international best practice. In some areas the board is of the view that, while recommended practice is being applied, further enhancements are regularly considered, in line with our objective of continuously improving Adcorp's corporate governance practices.

Adcorp is committed to entrenching the highest levels of corporate governance by:

- continuing to make progress in implementing structures, policies and procedures aimed at strengthening governance;
- recognising the principle of transparency as a critical element of effective sustainability reporting; and
- successfully entrenching King III principles throughout the Group.

Establishing materiality

Adcorp follows the Global Reporting Initiative's principle of materiality, which encourages companies to establish and report on their most relevant and important issues, which we define as our key priorities. We define our key priorities as those which have the potential to substantially impact our ability to create and sustain value for our stakeholders.

Role of the board

The overriding role of the board is strategic leadership that results in long-term sustainability and success for the mutual benefit of all stakeholders. This includes the setting, monitoring and review of strategic targets and objectives, the approval of material capital expenditure, acquisitions and disposals, oversight of governance, internal controls and risk management.

The board's responsibilities are outlined in the company's Memorandum of Incorporation and the board charter which is reviewed and adopted by the board annually. All the board committees operate under board-approved terms of reference which are updated annually to keep them aligned with current best practice. All our board committees are chaired by independent non-executive directors. The chairpersons of these committees attend our annual general meeting to respond to any shareholder queries. If the chairpersons are not available, then another committee member attends in their stead. The charters and terms of reference governing the board and its committees are available from the Adcorp secretariat. The Audit and Risk Committee and the Transformation, Social and Ethics Committee are statutory committees in terms of the Companies Act. Shareholders are required to elect the members of the Audit and Risk Committee at the company's annual general meeting. The members of other committees are appointed by the board.

Board members have unrestricted access to all company information and property and may seek independent advice in connection with their duties.

The board performs its duties within a framework of policies and controls which provide for effective risk assessment and management of our economic, environmental and social performance. It also plays an important role in setting ethical standards of conduct. Adcorp has several wholly owned subsidiaries. The Group's operating business units operate as divisions of these unlisted legal entities. Each of the Group's subsidiary companies has a separate board of directors; however, the main board and its committees oversee all significant aspects and transactions of the subsidiaries. The subsidiaries are also governed by the thresholds set by the board, which are set out in our limits of authority.

Board proceedings

The board meets at least four times a year, with additional meetings when necessary. The strategies of Adcorp are discussed and agreed on with executive management during an annual strategy session.

Board composition

The Group has a unitary board, the composition of which promotes the balance of authority and precludes any one director from dominating decision-making. Our board membership at year-end comprised five independent non-executive directors, three non-executive directors and five executive directors. Seven of our board members are black, of which three are women. The board, through input from its Nominations Committee, has a policy that at least 30% of the non-executive directors should be female.

Appointment and rotation of directors

New directors are appointed pursuant to the recommendations of the Remuneration and Nominations Committee, which conducts a rigorous assessment of the credentials of each candidate. Newly appointed directors are elected at the next annual general meeting following their appointment and stand for approval by shareholders. Newly appointed directors are given formal induction by means of a presentation detailing the Group's business, board matters, their duties and governance responsibilities as directors. This process is overseen by the Company Secretary. Directors are briefed on legal developments and changes in risk and the general business environment.

Each year, in terms of the company's Memorandum of Incorporation, one-third of Adcorp's non-executive directors retire at each annual general meeting and their re-election is subject to the approval of the shareholders. The reappointment of non-executive directors is subject to eligibility and performance. The board has determined that the directors to stand for re-election at this annual general meeting are SN Mabaso-Koyana, NS Ndhlazi and MW Spicer. The executive director A Guharoy appointed during the year stands for election.

The board's policy is that the mandatory retirement age for directors is 73 years, which can be increased to 75 years at the discretion of the board.

Board evaluation

The board and its committees underwent an external evaluation by the Institute of Directors (the IOD) on their effectiveness during the year under review. The evaluation assessed the appropriateness of the board structure and its effectiveness, as well as its professional development.

Some of the matters for attention arising out of the board evaluation include:

- Additional emphasis to be placed on succession planning by the Remuneration and Nominations Committee.
- A greater involvement in the international strategy and transformation within the Group.

The Chairman evaluates the independence of the directors classified as independent non-executive directors annually. The board has delegated certain functions to committees without abdicating any of its own responsibilities. This process of formal delegation involves approved and documented terms of reference which are reviewed annually.

Remuneration of directors

Non-executive directors receive fees for their services as directors, including fees for their membership of committees. These fees are approved by shareholders at the annual general meeting.

Further details of the executive and non-executive directors' remuneration and fees are included in note 44 to the annual financial statements.

Directors' interests

At each meeting directors are required to declare their interests and to disclose any conflicts of interests when and if they arise. Once a conflict has been disclosed, it is managed appropriately by the board as required by the Companies Act. The declaration of interests register is maintained and updated by the Company Secretary.

Dealings in shares and closed periods

The board, senior management and any persons that may be privileged to sensitive information are made aware of closed periods and periods not to trade. Closed and prohibited periods remain in force until the publication of results on SENS. Any period where the company is trading under cautionary is also classified as a closed period. All directors' dealings require the prior approval of the Chairman or a designated director and the Company Secretary retains a record of all share dealings.

Company Secretary

The Company Secretary is responsible for the effective processes and procedures to support the board and the performance of its committees in the discharge of their duties and responsibilities. The board is satisfied with the competence, qualifications and experience as well as the arm's length nature of the Company Secretary in relation to the board.

Board statement of effectiveness of controls

Based on the formal review and the report by the chief audit executive covering the Group's system of internal controls and risk management and considering the information responses and explanations given by management, together with discussions with the external auditor on the results of their audit, nothing has come to the attention of the board that caused it to believe that the Group's system of internal controls and risk management is not effective, or that the internal financial control does not form a sound basis for the preparation of reliable financial statements. The board's opinion is supported by the Audit and Risk Committee.

Ethics

The board's ethical leadership provides the foundation for the values which is central to the way Adcorp does business. Adcorp's decisions and actions are based on these values and they form the basis of Adcorp's Code of Conduct. Directors are guided by five values in performing their stewardship role: conscience, care, competence, commitment and courage.

The company has an independent, confidential and safe ethics tip-off line provided by an independent external service provider, through which employees or other parties can report unethical behaviour. These calls are monitored and progress on their resolution is reported to the Audit and Risk Committee, and where such matters are specifically labour-related they are referred to the Transformation, Social and Ethics Committee for resolution.

Stakeholder engagement

Adcorp subscribes to the stakeholder management principles set out in King III. The board has a clear understanding of its responsibilities to internal and external stakeholders and delegates its governance of stakeholder engagement to the Transformation, Social and Ethics Committee. Adcorp's stakeholders are defined as those entities and individuals significantly affected by the Group's activities and those which have the ability to significantly impact the Group's capacity to achieve its objectives. A table setting out these stakeholders and our stakeholder engagement can be found on pages 12 and 13.

While the board delegates some of its responsibilities for engagement with our stakeholders and potential investors to the Adcorp management team, its members interact with stakeholders at our annual general meetings and at presentations made by Adcorp's executive management team when we release our annual and half-year results.

Sustainability

Sustainability is an integral part of how Adcorp does business. Our commitment to achieving operational excellence in a safe and responsible way benefits all our stakeholders, including our employees, Government and the communities in which we operate. Our efficient use of resources, together with the provision of a safe and healthy working environment, contributes to the sustainability of our business and the environment.

The board ensures at all times that the company is, and is seen to be, a responsible corporate citizen. The board not only considers the financial performance of the company, but also strives to enhance and invest in the economic life of the communities in which it operates, society in general and the environment.

The board's Audit and Risk Committee, working in conjunction with the Transformation, Social and Ethics

Committee, oversaw the establishment of the relevant management structures and processes to achieve and improve the objectives of Adcorp's sustainability policy. The policy provides a framework for all Adcorp's current and future sustainability activities.

Government and regulatory industry bodies

Adcorp works closely with Government, regulators and lawmakers in order to protect its stakeholders' interests, avoid reputational damage and mitigate any potentially negative impact new statutes, regulations or changes to existing ones may have.

Compliance with all relevant regulations affecting the business activities of the Group is regarded as being of the utmost importance. Certainty with regard to the promulgation of the SA labour laws is of particular significance to the Group.

The directors have adopted the "apply or explain" principle contained in King III and required in terms of the JSE Listings Requirements. The assessment of the application and implementation of King III, including current levels of compliance in respect of the guidance and oversight of risk, governance and compliance management across the Group, is ongoing. Adcorp is compliant, and complied throughout the year, with all aspects of King III.

Adcorp is a founding member of the Confederation of Associations in the Private Employment Sector (CAPES). Established in 2003, CAPES represents the unified voice of the private employment sector to other stakeholders, which are primarily the South African Government, labour organisations and trade unions. In addition, CAPES is active in addressing matters such as the professionalisation of our industry, union agreements and social security as parallel initiatives to ensure that a decent work agenda is tabled and debated.

CAPES is a full member of Business Unity South Africa (BUSA) and has a number of representatives participating at the National Economic Development and Labour Council (NEDLAC). Adcorp is also a member of Business Leadership South Africa (BLSA).

Compliance

The board, through the Audit and Risk Committee, has satisfied itself with the extent of the company's compliance with the King III report and with the JSE Listings Requirements. Adcorp's Governance Register, as developed by the Institute of Directors of South Africa (IODSA), was completed. The overall score for Adcorp was AAA – highest application. The overall score as rated by the IoDSA Governance Assessment Instrument (GAI) is set out below.

Summary governance result – Overall

ADCORP HOLDINGS LIMITED
REGISTRATION NUMBER:
1974/001804/06

i The assessment criteria of the IoDSA web-based tool, the Governance Assessment Instrument (GAI), have been based on the practice recommendations of the King III report. These criteria are intended to assess quantitive aspects of corporate governance only, and not qualitative governance. Full disclaimer at **www.iodsa-gai.co.za**

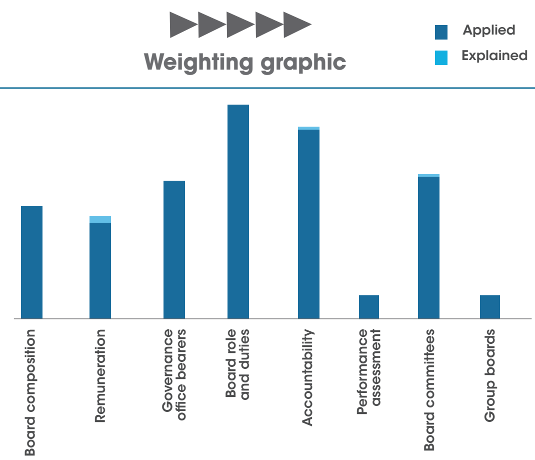
AAA – Highest application
AA – High application
BB – Notable application
B – Moderate application
C – Application to be improved
L – Low application

Overall score AAA | **Completeness meter 100%**

Application Meter

Board composition	AAA
Remuneration	AAA
Governance office bearers	AAA
Board role and duties	AAA
Accountability	AAA
Performance assessment	AAA
Board committees	AAA
Group boards	AAA

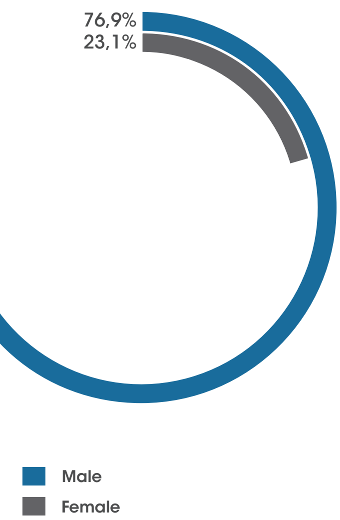
Weighting graphic



Independence

Board racial composition

Board gender composition



Board and committee attendance for the financial year ended 29 February 2016*

	Attendance			
Members	**Board**	**Audit and Risk Committee**	**Remuneration and Nominations Committee**	**Transformation, Social and Ethics Committee**
Independent non-executive directors				
MJN Njeke *(Chairman of the board and the Nominations Committee)*	4/4		4/4	
SN Mabaso-Koyana *(Chairman of the Remuneration Committee)*	3/4	4/4	4/4	
ME Mthunzi *(Chairman of the Transformation, Social and Ethics Committee)*	4/4	4/4		4/4
TDA Ross *(Chairman of the Audit and Risk Committee)*	4/4	4/4	+	
MW Spicer	4/4	4/4	4/4	
Non-executive directors				
GP Dingaan	4/4			
NS Ndhlazi	4/4			4/4
MR Ramaite**	4/4		4/4	3/4
Executive directors				
RL Pike *(Chief Executive Officer)*	4/4	+	+	+
PC Swart *(Chief Operations Officer)*	4/4		+	+
AM Sher *(Chief Financial Officer)*	4/4	+	+	
BE Bulunga *(Executive Director: Business Development and Corporate Affairs)*	4/4			+
*A Guharoy*** *(Chief Executive Officer: Adcorp International)*	2/2			

* *For the period 27 May 2015 to 24 May 2016 (ie when the board approved the year-end results for release on SENS).*
** *One of each of the meetings was attended by C Maswanganyi as alternate to MR Ramaite.*
*** *Appointed as director on 1 November 2015.*
\+ *Invitee.*

Summary of the roles and responsibilities of the board and its committees

Adcorp board

Role and responsibilities of the board

As fiduciaries, the board is accountable to shareholders as a whole and also owe a duty of care and diligence to the Group. It acts in the best interests of the company and its shareholders.

The board responsibilities and duties include the following:

- Exercises effective leadership underpinned by an ethical foundation based on fairness, accountability, responsibility and transparency and ensuring that the company's ethics are applied and managed effectively.
- Approves the long-term and short-term strategies and budgets for the business and ensuring that an adequate budgeting and business planning process exists that is aligned with the Group's strategic imperative and that performance is monitored against budgets and plans.
- Being accountable by providing open, prompt and meaningful reporting to shareholders and other stakeholders on financial and non-financial matters and by encouraging attendance at general meetings.
- Oversees the establishment and administration of the Group's system of corporate governance and acting as the focal point for and custodian of corporate governance.
- Ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.
- Ensures the integrity of the company's integrated annual report.
- Establishes a framework for the delegation of authority which is reviewed on an annual basis. This framework includes all matters reserved for board approval in addition to those specified in the Act and the MOI.
- Ensures that the company is and is seen to be a responsible corporate citizen by protecting, enhancing and investing in the wellbeing of the economy, society and the natural environment.
- Elects a chairman who is an independent non-executive director.
- Appoints the Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer through a formal process and ensuring a proper process of performance management and succession planning exists in respect of these positions. The board via the Remuneration and Nominations Committee receives notification and, where appropriate, provides input regarding senior executive management appointments, remuneration and succession plans. Senior executives include senior personnel reporting directly to the Chief Executive Officer and the Chief Operating Officer.
- Conducts the induction and ongoing training and development of directors through formal processes.
- Evaluates the performance of the board, its committees, individual directors and the Company Secretary every year.
- Is responsible for information technology (IT) governance, including aligning IT with the performance and sustainability objectives of the company, and monitoring and evaluating significant IT investments and expenditure.
- Uses its best endeavours to familiarise itself with issues of concern to its relevant stakeholders and strives to achieve the appropriate balance between the legitimate interests and expectations of the various stakeholders, in its decision-making process, to be in the best interests of the company.
- Appreciates that stakeholders' perceptions affect the company's reputation and therefore ensures proper management of the relationship between the company and all its stakeholders so as to protect and, where possible, enhance the reputation of the company.
- Formulates, implements and monitors the progress of the company's strategy.
- Being responsible for Adcorp's approach to corporate citizenship, safety, health, the environment, ethics, risk and compliance to applicable legislation.

To fulfil these responsibilities, board members participate in rigorous and effective debate and discussion.

Summary of key focus areas
for the financial year

ended 29 February 2016

- Enhanced governance within the board committees
- Early intervention to reduce costs due to the impact of the new labour legislation
- Steps taken to progress transformation within the Group
- Made progress with unlocking synergies across the Group

ending 28 February 2017

- Further international business expansion
- Progress transformation further within the Group
- Ensure synergies are unlocked across the Group

Audit and Risk Committee

Role and responsibilities of the Audit and Risk Committee

The Audit and Risk Committee is a statutory committee. Its members are independent non-executive directors.

The Audit and Risk Committee:

- reviews the Group's integrated reporting and financial statements;
- oversees risk management and IT governance;
- appoints, approves the planning, monitors the reasonableness of the fees and determines the independence in respect of the external audit function;
- assesses the performance of the external auditors and recommends, if deemed appropriate, their re-appointment at the AGM by the shareholders;
- appoints and assesses the performance of the internal audit function;
- obtains assurance on the financial statements, internal controls and sustainability information included in the integrated annual report;
- oversees the effectiveness of the system of internal controls;
- carries out its statutory duties set out in section 90 of the Companies Act, 2008;
- satisfies itself as to the expertise and experience of the Chief Financial Officer and the financial function; and
- satisfies itself that the external auditor of the Group was independent and the extent of other work undertaken by the auditor was in compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors.

The Audit and Risk Committee report can be found on page 107 of the financial statements included in this report. The risk report can be found on page 82.

Summary of key focus areas
for the financial year

ended 29 February 2016

- Overseen further enhancements of internal controls around the outsourced backoffice function
- Improvement of risk analysis and mitigating factors

ending 28 February 2017

- Further improve the risk assessment and mitigating factors for the Group
- Oversee improvements in the management of the Group compliance function
- Ensure the improved maturity of the IT governance framework

Summary of the roles and responsibilities of the board and its committees continued

Remuneration and Nominations Committee

Role and responsibilities of the Remuneration Committee

The Committee is a regulatory committee with a majority of independent non-executive members whose duties are delegated to it by the board of directors. The Committee is chaired by an independent non-executive director of the board, who is not the Chairman of the board. The Committee is required to have a minimum of two meetings a year to fulfil its responsibilities.

The Remuneration Committee:

- is responsible for appraising and assessing the performance and remuneration of the executive directors and senior management annually;
- ensures appropriate, transparent disclosure of remuneration;
- proposes to shareholders the level of remuneration of non-executive directors for approval at the annual general meeting;
- ensures that the mix of fixed and variable pay, in cash, shares and other elements, meets the company's needs and strategic objectives;
- sets performance targets and monitors achievements against specific parameters;
- satisfies itself that the recorded performance measures that govern the vesting of long-term incentives are accurate;
- reviews long-term incentive schemes, by adjudicating on the allocation of performance shares (PFs) to ensure the continued contribution to shareholder value and that administration is in terms of the rules and is on a fair and equitable basis; and
- oversees the preparation of the remuneration report and recommends it to the board for inclusion in the integrated annual report.

The remuneration report can be found on page 85.

Role and responsibilities of the Nominations Committee

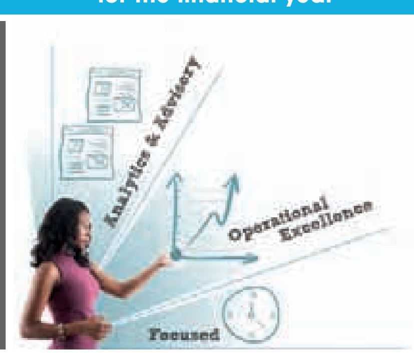
The Committee is composed of a majority of independent non-executive members whose duties are delegated to it by the board of directors. The Committee is required to have a minimum of two meetings a year to fulfil its responsibilities. The Committee is chaired by the Chairman of the board and its responsibilities are:

- to ensure that the appointment of directors is formal and makes appropriate recommendations to the board when vacancies arise by considering experience, diversity, skills and demographics;
- to ensure that appropriate consideration is given to succession planning for the Chief Executive Officer, other executive directors, the Chairman of the board and any other key positions within the Group;
- to appraise and/or recommend directors who are retiring by rotation to be put forward for re-election based on past performance, contribution and objectivity and is tasked with identifying new candidates as the need arises;
- to assist the board in its determination and evaluation of the adequacy, efficiency and appropriateness of the corporate governance structure and practices within the Group;
- to establish and maintain a board continuity programme by regularly reviewing the required skills, experience, race, gender and other qualities of directors;
- to ensure, with the assistance of the Company Secretary, that the proper process is followed for the appointment of new directors to the board; and
- to ensure induction and ongoing training of directors.

Summary of key focus areas
for the financial year

ended 29 February 2016

- Enhanced short and long-term incentives to be more closely aligned with the Group goals
- Closely monitored succession planning
- External evaluation of the board and its committees by the Institute of Directors (IOD)



ending 28 February 2017

- Further enhance succession planning
- Review remuneration structure and ensure that it is relevant, appropriate and market-related
- Further enhance long-term incentives in line with Group goals

Transformation, Social and Ethics Committee

Role and responsibilities of the Transformation, Social and Ethics Committee

The Committee is comprised of independent and non-executive directors. The non-executive directors include representatives of Adcorp's BEE partners and the Committee is chaired by an independent non-executive director.

The Transformation, Social and Ethics Committee monitors the company's activities with regard to:

- transformation strategies, objectives and targets and advises the board accordingly;
- transformation of procurement spend, enterprise development and socio-economic development;
- identifying stakeholder groups and managing these relationships;
- social and economic development, including the company's standing in terms of goals and purposes of:
  - the ten principles set out in the United Nations Global Compact Principles;
  - the OECD recommendations regarding corruption; and
  - the Employment Equity Act;
- the Broad-Based Black Economic Empowerment Act;
- good corporate citizenship, including the Group's:
  - promotion of equality, prevention of unfair discrimination and reduction of corruption;
  - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
  - record of sponsorship, donations and charitable giving;
- the environment, health and public safety, including the impact of the company's activities and of its products or services;
- stakeholder engagement, including the company's financial, strategic, legislative, reputational, competitive, regulatory and social responsibilities; and
- labour and employment, including:
  - the company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - the company's employment relationships, and its contribution toward the educational development of its employees.

The Committee's report can be found on page 92.

Summary of key focus areas
for the financial year

ended 29 February 2016

- Improvements in transformation within the Group
- Enhanced stakeholder interaction
- Clearer processes for the adherance to the Committee's responsibility with respect to the Companies Act

ending 28 February 2017

- Maintain transformation momentum
- Implement processes to ensure that all matters of an ethical nature are brought to the attention of the Committee
- Continue stakeholder management

Summary of the roles and responsibilities of the board and its committees continued

Investment Committee

Roles and responsibilities of the Investment Committee

The Committee is comprised of seven directors, four non-executive and three executive, with the Chairman being an independent non-executive director.

The Investment Committee has the following roles and responsibilities:

- To satisfy itself that the Company's project and investment valuation guidelines, including appropriate strategic, operational, financial and sustainability guidelines, and other procedures for the allocation of capital are consistently and properly applied;
- In respect of any borrowing, disposal, encumbrance or investment to be made by the Company, or any of its subsidiaries, considered observance and adherence to all regulatory approvals;
- Consider projects, acquisitions and disposal of assets in line with the Company's overall strategy;
- Review and evaluate all investment (and related financing), divestment, corporate restructuring and financing proposals which exceed the delegated authority levels of the executive management and which require prior approval of the Board;
- Review, and if necessary, evaluate all capital investment and disposal requests submitted by management in order to satisfy itself that such requests meet with the Company's investment guidelines;
- To perform such other investment related functions as may be determined by the Board from time to time; and
- To ensure that appropriate due diligence procedures are followed when investing, acquiring or disposing of assets.

Summary of key focus areas
for the financial year

ended 29 February 2016

- Enhanced the governance structures within this Committee
- Ensured independent advice was sought prior to an investment

ending 28 February 2017

- Evaluate potential investment opportunities ensuring they fit in with Adcorp's strategic objectives and that the required regulatory and commercial procedures are followed prior to investment
- Monitor the performance of previous investments

Executive Committee

The Adcorp Executive Committee (the Committee), which meets monthly, is the most senior executive decision-making body in the Group. The CEO chairs the Committee, which meets monthly, and its membership consists of:

Membership

RL Pike
Chief Executive Officer (CEO)

AM Sher
Chief Financial Officer (CFO)

PC Swart
Chief Operating Officer (COO)

A Guharoy
Chief Executive Officer Adcorp International

BE Bulunga
Corporate Affairs and Business Development Director

FA Gazendam
Chief Information Officer (CIO)

R van der Horst
Chief Commercial Officer (CCO)

JM Botha
Labour law expert

L Wilson
Chief Risk Officer (CRO) (ex officio by invitation)

H Lamprecht
Chief Audit Executive (CAE) (ex officio by invitation)

Role and responsibilities of the Executive Committee

Adcorp's Executive Committee is responsible for:

- strategic planning and implementation of Group strategy;
- analysis of market trends, industry developments and competitive activity;
- identifying key risk areas of the Group and assuring compliance with appropriate mitigating policies, procedures and internal controls;
- monitoring the integrity of Group-wide IT governance;
- tracking and managing company performance and taking action in this regard where necessary;
- optimising the Group's capital structure, managing the cash-to-cash (working capital) cycle and margins;
- ensuring Group-wide adherence to the Adcorp Code of Conduct and general corporate governance principles;
- driving BBBEE initiatives, transformation and employment equity; and
- production of transparent Group reporting and stakeholder engagement.

Summary of key focus areas
for the financial year

ended 29 February 2016

- Strategy
- Capital structure
- Performance and risk analysis
- Transformation
- Code of Conduct
- Supply chain management
- Stakeholder engagement

ending 28 February 2017

- Complete international funding
- Grow international portfolio organically and/or by select acquisition
- Maintain market leading status
- Client-centricity

RISK REPORT

Risk governance

The board is responsible for the governance of risk and determining levels of risk tolerance and is committed to protecting shareholder value by managing risk and opportunities within a predefined framework. The board has delegated this responsibility to the Adcorp Group Audit and Risk Committee.

Adcorp's Chief Executive Officer (CEO) is accountable to the board for the management of risks facing Adcorp and is supported by the management of these risks by the operating managing executives. The board has adopted the three lines of defence model for managing risk. This model enables the Group to embed risk management in all levels of the organisation.

The risk management function is responsible for guidance, challenge, advice and support of management, as well as reporting to the Executive Committee and Audit and Risk Committee. The objective of risk management is to identify and manage risks on a holistic basis to enable the Group to achieve its financial and non-financial business objectives and to maximise its reward for the level of risk accepted by the business.

Risk categorisation

The high-level risk categories used by Adcorp, and their definitions are the following:

Political/Environmental risk

These risks arise from the environment in which Adcorp operates, including the internal and external environment. These include unstable economic, political and social conditions.

Strategic risk

In this category all factors that might prevent the Group and/or company from achieving its strategic goals and direction are considered. The risk factors might influence (change) the strategic direction, or Adcorp's ability to implement and execute the strategy.

Operational risk

This category includes risks associated with the people, processes and techniques used to manage the day-to-day business.

Financial risk

Financial risks are related to the processes, techniques and systems used to plan, allocate and manage Adcorp's finances and assets.

Compliance risks

Compliance risks arise as a result of the failure to comply with regulations/legislation, as well as the risk of not responding to change in the regulations/legislation.

Information technology risks

Also known as "Cyber" risk, it includes any risk that may arise due to failure of information-related processes – for example, system failure, data loss, unauthorised access to information, unavailability of information, etc.

Fraud risk

The risk that fraud will undermine Adcorp's business objectives. The risk of fraud is inherently present in most business processes. Certain controls are specifically designed to reduce the possibility of fraudulent activities.

Reputational risk

This risk category includes any event that might damage Adcorp's reputation and as a result might impact future business opportunities.

During the year under review, the following specific key risk management actions were taken:

- L Wilson was appointed as the Chief Risk Officer.
- The Adcorp Group Risk Register was reviewed and updated by Adcorp MANCO on a quarterly basis.
- The Audit and Risk Committee met and reviewed the Adcorp Group Risk Register on a quarterly basis.
- Following the establishment of the Adcorp Africa Board, a risk register for Adcorp Africa was developed and reviewed by the Audit and Risk Committee.
- The risk and compliance function for Adcorp Africa was formalised and is monitored by the Adcorp Africa board.
- The Information Technology Risk Register was updated and key IT risks were escalated and reported to the Audit and Risk Committee.
- The Risk Department engaged with a number of operational business units and started the establishment of operational risk registers.
- Subsequent to the financial year-end, the Group's insurance portfolio was transferred to the care of the Group Risk Department.
- A preliminary risk workshop and training session for Adcorp Australia was conducted during December 2015 and a draft risk register has been forwarded to management for review.

Risk management framework

The board has approved the Adcorp Risk Management Framework (RMF) and it is intended to:

- set risk management objectives;
- define governance structures;
- categorise risks;
- specify risk management process;
- determine risk tolerance and appetite;
- explain tools and technology; and
- provide a framework for combined assurance.

The RMF has been developed in line with the COSO Integrated Control Framework and King III.

Adcorp's risk management objectives include:

- To protect shareholder value;
- Improve risk awareness and understanding of risks at all levels;
- Embed risk management in all the areas of the business;
- Instil a culture of risk management and risk ownership being practised as everyone's responsibility;

- Development of a standard risk reporting process that can be used to aggregate relevant risk management information across the Group;
- Applying a more confident and rigorous basis for decision-making and planning;
- To proactively manage risks and opportunities, thereby avoiding big surprises; and
- Improving compliance with the requirements of King III and best practice.

Risk management process

The risk management process consists of sections 1 to 4, as depicted in the adjacent diagram. The risk management process is designed and operated to identify, assess, monitor, manage and report on all foreseeable material risks over a suitable planning period of the business in a timely manner. It takes into account the probability and potential impact of risks. Risks identified are recorded in the risk register and are ranked in terms of significance. Significance is determined by an analysis of the likelihood and impact of each risk. Existing controls and management actions and their effectiveness and efficiency are also be taken into account in determining the residual risk. The ultimate goal is that all the top-ranked risks of the Group are reported to the board and relevant committees. Operational risks with a high residual risk rating are reported to the Group Executive Committee and the Audit and Risk Committee. Operating entities undertake to continuously monitor and review risk areas as part of their day-to-day activities.

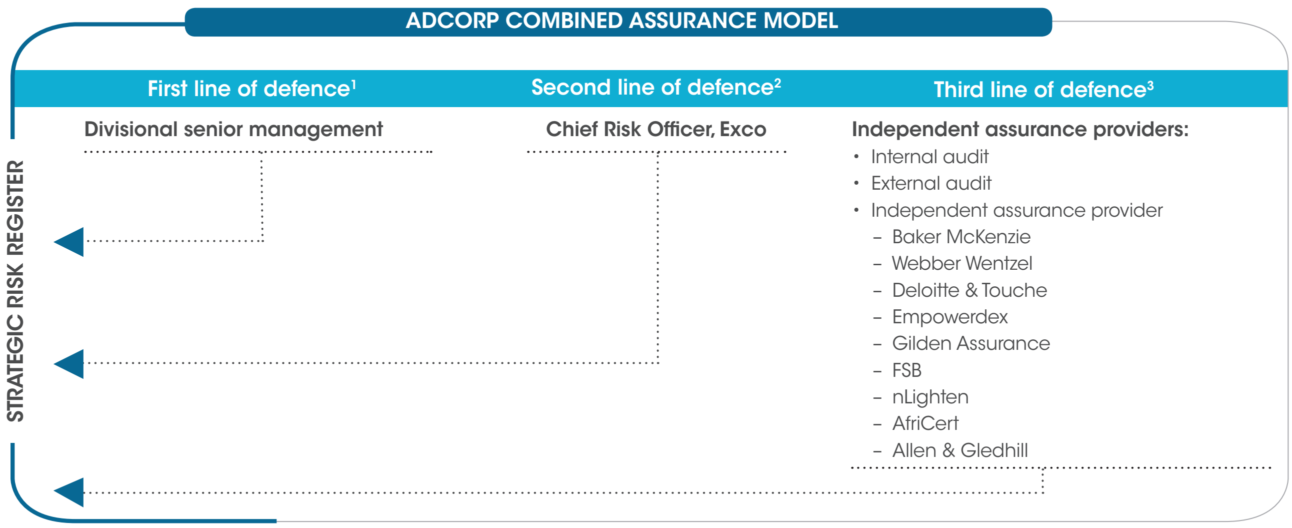
Risk tolerance and appetite

The board has set the risk tolerance levels, as well as the risk appetite in the RMF. Risk appetite is the amount of risk exposure, or potential adverse impact from an event, that the board is willing to accept. If the residual risk exceeds the risk appetite, additional risk responses are required to get the risk level within required tolerances. The board has evaluated each strategic risk and determined the risk appetite. Depending on the residual risk value, the mitigating activities were reviewed to ensure that they fall within the risk tolerance levels.

Combined assurance

The objective of the combined assurance model is to integrate, coordinate and align risk management and assurance processes within Adcorp. The combined assurance process is coordinated by internal audit. Internal audit review each strategic risk to establish if sufficient assurance has been obtained from the three lines of defence, as illustrated on the next page.

RISK REPORT continued



1. *Comprises the divisions that operate the business and are directly responsible for the processes that constitute the value chain, ie applying appropriate procedures, internal controls and Group policies and reporting issues to the Chief Risk Officer (CRO), the Audit and Risk Committee (ARC) or other governance bodies.*
2. *The CRO is a member of Exco and is accountable for the effective and objective functioning of the Group risk management function. The CRO reports to the CEO, and has direct and unrestricted access to the ARC Chairman. Development of Group-wide risk management policies, overseeing their implementation, and reporting on risk issues to Exco, ARC and the board form a key component of this role.*
3. *Independent assurance functions that are intended to provide an independent and balanced view of all aspects of risk management. Internal audit and the external auditors have unrestricted access to the Chairman of the ARC, Exco and members of the board. Internal audit and the external auditors also meet formally, ensuring optimal alignment.*

Internal audit considers the above-mentioned model to develop a written assessment on the effectiveness of the Group's system of internal controls and risk management, as required by King III.

Information technology governance

IT governance has been delegated by the board to the Audit and Risk Committee (ARC) and IT governance is a standing item on the ARC agenda. The appointed Chief Information Officer (CIO) is responsible for:

- review and acceptance of the IT Risk Register;
- strengthening of the IT governance structure; and
- chairing of the IT Change Advisory Board (CAB) forum.

More details on specific Adcorp risks can be found on page 9 under the section headed Key Risks and Mitigating Controls.

The Committee, having fulfilled its oversight role regarding the risk management process, is satisfied that it has met the requirements of its terms of reference.

Signed on behalf of the board

TDA Ross
Chairman, Audit and Risk Committee

15 July 2016

REMUNERATION REPORT

Adcorp's executive remuneration policy continues to be driven by performance and it rewards executives and senior divisional management for the value they add and the resultant shareholder returns. Financial performance and non-financial measures as outlined in scorecards determine the extent of the rewards provided to executives and senior divisional management.

Remuneration review

To ensure that the Group's remuneration levels are fairly benchmarked and in line with market norms, Adcorp commissions an independent external specialist survey of remuneration levels every second year. This is in line with the Group's remuneration philosophy and policy. The latest remuneration survey by independent external specialists was commissioned during the 2016 financial year-end. The scope, size and complexity of the executive and senior management roles were addressed and benchmarked against market trends. A non-executive survey was also undertaken. The conclusion was that save for the requirement for certain adjustments, most of the company's remuneration was largely in line with market norms except for two cases which were found to be above the norm and these have been addressed by the Committee. Adcorp has also received suggestions from various shareholders regarding the Group's remuneration policy and these suggestions have been incorporated in some of the adopted changes detailed below. The Committee continues to engage shareholders and entertain their recommendations in this regard.

The Adcorp team continues to pay special attention to how it balances the company's need for financial performance with achieving its long-term strategic objectives. Our approach to remuneration is, as far as possible, to align the interest of management, employees and shareholders. Adcorp's remuneration policy seeks to endorse a performance culture so as to attract and retain suitable talent to ensure sustainable value creation for shareholders, while keeping within best practice guidelines.

Taking into account best practice, the following areas have been addressed:

- Benchmarking executive, non-executive directors' and senior management remuneration against an appropriate peer group performed by an external advisor.
- Improving the criteria for the allocation of short- and long-term incentives.
- Providing shareholders with a more comprehensive remuneration report from a corporate governance and disclosure perspective.

A summary of the remuneration activities/decisions taken during the year under review are as follows:

- Ensured that key remuneration practices and policies support the delivery of the business strategy.
- Approved the Group's average increase in salary and wages for the Group's global operations.
- Approved the short-term incentive for executive directors and senior divisional management for the financial year ended 29 February 2016.
- Adjudicated the allocation of performance shares (PFs) in terms of the Adcorp Holdings Limited 2006 Share Plan (Adcorp Share Plan). No awards were allocated this year, except to a newly appointed executive in terms of his employment contract.
- Reviewed and approved the basis of calculation of the short-term incentive to be adopted for executive directors in respect of the financial year ending 28 February 2017.
- Agreed on the selection of a peer group of companies in order to compare the remuneration of Adcorp's executive and non-executive directors.
- Reviewed non-executive directors' remuneration for the financial year ending 28 February 2017 and recommended it to shareholders for approval.

Remuneration philosophies and policies

The remuneration function of the Remuneration and Nominations Committee, in compliance with the principles of King III, assists the board of directors in setting and administering remuneration policies. The remuneration policies within the Adcorp Group are reviewed annually by the Committee to ensure that they support the achievement of the company's overall business objectives, remain in line with best practice and fairly reward individuals for their contribution to the business. The Committee oversees compliance by the company and its non-listed subsidiary companies with the principles set out in King III and the Companies Act in relation to the remuneration of directors.

Adcorp's key remuneration philosophies and policies:

- are designed to support key business strategies and create a strong performance-orientated environment while aiming to attract, motivate and retain talented employees;
- set remuneration levels for executive directors and senior divisional management, taking cognisance of the remuneration policies and practices of comparable companies;
- gear a significant portion of executive directors' and senior divisional management's remuneration toward company performance, ensuring strong alignment with shareholder interests; and
- adopt the principle that non-executive directors do not receive remuneration or incentive awards related to share price or corporate performance, and that non-executive directors' fees are approved by shareholders each year.

REMUNERATION REPORT continued

Executive remuneration culture

As a primarily sales-driven organisation, Adcorp values and rewards individual contribution. Financial reward is, therefore, by its nature, individualistic and performance-based. While seven key financial targets (the "seven keys") are applied, as set out on page 88, in addition each executive director and senior divisional manager's remuneration is aligned with distinct targets relevant to his/her core business responsibility. Accordingly, the guaranteed component of executive remuneration is coupled with a larger variable component paid against the specific pre-determined and agreed key performance indicators (KPIs) set for each individual.

Our remuneration is structured into the following broad categories:

- An annual total-cost-to-company (TCTC) package, which is reviewed annually and adjusted during March each year.
- A performance-based annual cash incentive bonus awarded under the Short-term Incentive Scheme (STIS).
- A retention-driven Long-term Incentive Scheme (LTIS).

In addition, all permanent employees are members of defined contribution pension/provident fund schemes governed by the relevant legislation. The assets of the pension/provident funds are managed independently and therefore separate from the Group's assets.

All permanent employees are required to belong to a medical aid scheme. The necessary deductions are drawn monthly from the fixed component of remuneration, in accordance with regulations and legislation.

Overview of remuneration

Adcorp's pay scales are benchmarked against Patterson's Modern Ranges, using the following grades:

- Grade 1: CEO.
- Grade 2: Executive directors.
- Grade 3: Prescribed officers and senior divisional managers.
- Grade 4: General managers.
- Grades 5 to 7: Heads of departments, professionals and specialists.

Remuneration structure

The table below summarises the elements of the total remuneration package paid to executive directors and senior divisional management in respect of the financial year ended 29 February 2016:

Element	Fixed/variable	Policy	Changes made for financial year ended 2016
TCTC (includes salary, car allowance, retirement, life insurance and medical aid contributions)	Fixed	The company generally pays TCTC in the upper quartile of the market and is targeted to be competitive for comparable roles in companies of similar complexity and size, taking cognisance of the individual.	No changes
Short-term incentive (STI)	Variable	Short-term incentive payments aim to create a pay-for-performance culture by considering personal and company performance targets over a one-year period. The STI is used to determine annual payments.	The criteria for the payment of STI were updated and are detailed more fully below
Long-term incentive (LTI)	Variable	To create direct alignment between the interests of shareholders and participants, and to act as a retention tool over a three-year period. There is one LTI plan reported on in this report.	Updated vesting criteria incorporating a proportionate vesting model based on the following performance criteria: • Three-year average Return on Assets Managed (ROAM) 30% • Three-year average normalised EPS growth 15% • EBITDA generated by Adcorp South Africa and International operations 15% • DTI codes of good practice empowerment level 15% • Tenure 25%

Salaries are adjusted taking cognisance of the benchmarks depending on individual performance and experience and are reviewed each year. The review considers changes in the scope and roles performed by individuals, changes required to meet the principles of the remuneration policy and market competitiveness of salaries and benefits. Attention is paid to consistent job evaluation and grading of roles throughout the Group to ensure equity of reward, to facilitate transformation objectives and to ensure mobility within the company.

	TCTC % increase from 2015 to 2016
Executive directors	
RL Pike	7
PC Swart	7
AM Sher	7
B Bulunga	7
A Guharoy*	5
Prescribed officers	
B Carr	20
MA Jurgens	7
FA Gazendam	8
K Vittee	20

* *Paid in SGD – appointed to board with effect 1 November 2015.*

The level of TCTC for select prescribed officers were adjusted upwards pursuant to the findings of the benchmark survey.

The increase in TCTC packages for executive directors was 7% for 2016. This compared to an average 6% and 7% TCTC increase paid to all Group employees for 2015/2016. As above, pursuant to the benchmarking exercise undertaken, adjustment to certain prescribed officers' TCTC were made.

Salary and benefit adjustments for executive directors and senior divisional management were reviewed and approved by the Committee, while the CEO, COO and CFO approve adjustments for all other employees.

Benefits

The table below details benefits provided to employees as part of TCTC:

Benefit	Detail
Retirement/provident fund	Participation in the Adcorp retirement/provident fund is compulsory for all permanent employees. The fund is independently managed and supplies risk cover for death and disability.
Medical aid	All employees are required to belong to either a choice of company-selected external medical aids or to be a member of a spouse's/life partner's medical aid.
Group personal accident cover	All employees (permanent and fixed-term) are covered 24/7 for death, medical and disability expenses as a result of an accident.
Car allowance	Employees who need to use their motor vehicle during the course of their duties can elect to allocate a portion of their TCTC as a car allowance.

REMUNERATION REPORT continued

Short-term Incentive Scheme (STIS)

Performance-based rewards

The structure of annual performance incentives is primarily determined by Group performance conditions, and more specifically the seven key performance areas:

1. Normalised EPS performance against budget
2. Return on assets managed (ROAM)
3. Cash conversion
4. Strategic contribution
5. Individual performance
6. Transformation
7. Governance, risk, compliance and Group values

The exact key performance areas are revisited and reset annually by the Remuneration and Nominations Committee. The weighting allocated to each key area depends on the level of each employee and his/her sphere of influence on that criterion. The above areas have been updated from the prior year to more closely align management's goals with shareholders' interests.

STIS bonuses for executive directors and prescribed officers

Each executive director and senior divisional manager received a performance rating on their personal scorecard. The table below details the actual STIS payment to executive directors and prescribed officers:

Name	Base salary financial year ended 29 February 2016 R'000	Maximum STIS %	Maximum STIS payment R'000	Actual STIS %	Actual STIS payment financial year ended 29 February 2016* R'000	Actual STIS payment financial year ended 28 February 2015** R'000
Executive directors						
RL Pike	4 626	150	6 939	87	4 034	5 044
PC Swart	3 607	150	5 411	84	3 039	3 652
AM Sher	2 987	150	4 481	69	2 063	2 559
B Bulunga	3 210	50	1 605	30	970	1 250
A Guharoy***	SGD525	90	SGD473	74	SGD390	SGD450
Prescribed officers						
B Carr	2 350	100	2 350	65	1 528	2 057
MA Jurgens	5 044	50	2 522	18	900	2 357
FA Gazendam	2 690	100	2 690	43	1 147	2 002
K Vittee	2 159	100	3 239	61	1 326	1 709

* *Amounts appear in note 44.*
** *Bonus amounts paid on 1 March 2015 in respect of amounts provided for as at 28 February 2015.*
*** *Paid in SGD – appointed to board with effect 1 November 2015.*

Long-term Incentive Scheme (LTIS)

The Group has in place an incentive share scheme designed to align the objectives of executive directors and senior divisional management with those of stakeholders for a win-win scenario that will generate long-term sustainability.

The allocation of performance shares (PFs) under the Adcorp Share Plan is described below.

In terms of the Group's LTIS, PFs are awarded as long-term incentives to executives and senior divisional managers. PFs vest after a prescribed vesting period and the achievement of various performance criteria.

Details of movements in the Adcorp Share Plan for the year under review appears on page 111.

LTIS plan

Purpose	To align employees with shareholders over the long term by providing performance rewards and acting as a retention tool by providing retention awards.
Description of the plan	Eligible employees are allocated conditional allocations of PFs. The previously allocated share appreciation rights (SARs) provided employees, at the date the right vests, with the right to receive shares equal to the appreciation in the share price since grant date, while the PFs vest depending on performance. The issue of SARs has been discontinued. The vesting period has been extended to three years. The vesting of the PFs is subject to various non-market-related performance criteria and may vary between participants. All SARs and PFs expire after six years from grant date.
Eligibility	Grades 1 to 3 are eligible for participation under the Adcorp Share Plan.
Mix between retention and performance awards	The level of seniority determines the mix between performance awards and retention awards as follows:

Position	Grade	Performance criteria %	Vesting %
CEO	1	75	25
Executive directors	2	75	25
Prescribed officers and senior divisional managers	3	75	25

Performance period and conditions	Performance conditions are measured over a three-year performance period. The performance conditions used to determine the extent to which the PFs vest, are as follows:

	%
Three-year average Return on Assets Managed (ROAM)	30
Three-year average normalised EPS growth	15
Three-year average EBITDA generated by South Africa and International operations	15
DTI codes of good practice empowerment level	15
Tenure	25
Total	100

Vesting period	Vesting period is 3 (three) years.
Dilution	The PFs may be equity or cash-settled at the discretion of the participant. To the extent that there is an election of being equity settled, the PFs are dilutive to shareholders as ordinary shares would be issued. The aggregate maximum number of awards that may be made under the Adcorp Share Plan Is restricted to 10% of the issued shares in issue at any time.
Individual limited	Save for the provisions of the service contracts of the CEO and COO, as described below, awards under the Adcorp Share Plan to an individual may not exceed 1% of the issued share capital of the company as at 9 July 2012, being the date on which the amendments to the Adcorp Share Plan were approved by shareholders*.
Early termination	The rules of the Adcorp Share Plan distinguish between so-called good leavers (death, retrenchment, as determined in accordance with the employer company policy, retirement, ill health, injury or disability, as determined to the satisfaction of the Committee) and bad leavers (resignations or dismissals). Bad leavers will forfeit all unvested awards. Good leavers will receive a proportion of their vested awards, prorated for service and performance to the date of termination of employment.
Board policy	Subject to the discretion of the Committee, the Adcorp Share Plan is used for annual long-term incentive awards. The annual awards are based on multiples of the TCTC of the employee. The Committee reviews these multiples regularly to ensure they are in line with market trends, and remain fair and motivating as longer-term rewards.

** Allocation of PFs under the Adcorp Share Plan to directors and prescribed officers can be found on page 159.*

BBBEE Scheme

In terms of the company's BBBEE transaction as detailed on page 143, no non-executive directors have been granted any PFs under the Adcorp Share Plan.

Retention payments or severance lump sums

Retention payments or severance lump sums are only considered in exceptional circumstances. Where these payments are made, approval is sought from the Committee.

REMUNERATION REPORT continued

Employment contracts – executive directors

The Chief Executive Officer and the Chief Operating Officer are contracted for a 5 (five) year period, effective 1 March 2012. They are entitled to standard Group benefits, as well as to participate in the Group's short-term and long-term incentive plans. These employment contracts expire on 1 March 2017 and are currently the subject of negotiations between the parties.

Other executive directors and senior divisional management are employed in terms of standard employment contracts.

Total emoluments for the year ended 29 February 2016

Remuneration paid to executive directors and prescribed officers for the current and comparative year is detailed on pages 157 and 158.

Further details of long-term incentives

Details of long-term incentives awarded to executive directors and prescribed officers can be found on page 159.

Appointment of executive and non-executive directors

Both executive and non-executive directors are subject to ratification by shareholders at the first annual general meeting following their appointment and are then required to submit their resignation by rotation in accordance with the company's MOI.

The appointment of a non-executive director may be terminated without compensation if that director is not re-elected by shareholders, or otherwise in accordance with the company's MOI.

Non-executive fees

Non-executive directors are appointed to the board based on their ability to contribute competence, insight and experience appropriate to assisting the Group to set and achieve its objectives. Consequently, fees are set at levels to attract and retain the calibre of director necessary to contribute to a highly effective board. Non-executive directors receive fees for their services as directors and for services provided as members of board committees. They do not receive short-term incentives, nor do they participate in long-term incentive schemes.

As suggested by King III, board fees comprise both a retainer fee and an attendance fee. The level of fees paid to non-executive directors is based on current market practice and similar comparators. The total remuneration payable to non-executive directors requires approval of shareholders at the annual general meeting. The last approval by shareholders was obtained at the annual general meeting of shareholders on 26 August 2015.

Total emoluments to non-executive directors were as follows:

	Chairman fees	Board meetings	Audit and Risk Committee meetings	Remuneration and Nominations Committee meetings	Transformation, Social and Ethics Committee meetings	Special meetings	Total*
29 February 2016							
MJN Njeke	**787 138**	**–**	**–**	**77 858**	**–**	**2 500**	**867 496**
GP Dingaan	**–**	**161 712**	**–**	**–**	**–**	**2 500**	**164 212**
SN Mabaso-Koyana	**–**	**202 752**	**141 368**	**87 664**	**–**	**–**	**431 784**
ME Mthunzi	**–**	**237 810**	**141 368**	**–**	**87 689**	**–**	**466 867**
NS Ndhlazi	**–**	**161 712**	**–**	**–**	**55 604**	**2 500**	**219 816**
MR Ramaite	**–**	**161 712**	**–**	**56 872**	**33 870**	**–**	**252 454**
TDA Ross	**–**	**237 810**	**282 735**	**–**	**–**	**2 500**	**523 045**
MW Spicer	**–**	**237 810**	**141 368**	**56 872**	**–**	**2 500**	**438 550**
	787 138	**1 401 318**	**706 839**	**279 266**	**177 163**	**12 500**	**3 364 224**
28 February 2015							
MJN Njeke	443 592	–	–	18 612	–	–	462 204
GP Dingaan	–	112 417	–	–	–	–	112 417
SN Mabaso-Koyana	–	175 289	132 120	46 530	–	–	353 939
ME Mthunzi	–	175 289	111 280	–	47 605	–	334 174
NS Ndhlazi	–	112 417	–	–	35 039	–	147 456
MR Ramaite	–	112 417	–	18 112	24 173	–	154 702
TDA Ross	–	175 289	264 237	–	–	–	439 526
MW Spicer	–	175 289	132 120	35 039	–	–	342 448
	443 592	1 038 407	639 757	118 293	106 817		2 346 866

* *Amounts appear in note 44.*

Interests of directors in share capital

The aggregate holdings of directors of the company and their immediate families in the issued ordinary shares of the company is detailed in the following table:

	29 February 2016			28 February 2015		
	Number of Adcorp ordinary shares held			Number of Adcorp ordinary shares held		
	Direct beneficial	**Indirect beneficial**	**Total**	Direct beneficial	Indirect beneficial	Total
RL Pike	**828 580**	**–**	**828 580**	563 080	–	563 080
MR Ramaite	**15 000**	**–**	**15 000**	15 000	–	15 000
AM Sher	**–**	**175 000**	**175 000**	100 000	–	100 000
MW Spicer	**48 000**	**–**	**48 000**	–	–	–
PC Swart	**–**	**243 375**	**243 375**	–	75 000	75 000

There were no changes in the interests of the directors (or their associates) between the financial year-end and the date of this report.

Directors' loans

Directors have no loans with the company.

Interest of directors in contracts

The directors have certified that they had no material interest in any transaction of any significance with the company or any of its subsidiaries.

A register detailing directors' and officers' interest in the company is available for inspection at the company's registered address.

Directors' (or their associates') interests in Adcorp shares

Only the directors mentioned in the table above held any direct beneficial interests in Adcorp's shares as at 29 February 2016.

The Committee has conducted its affairs in compliance with the board-approved terms of reference and has discharged its responsibilities contained therein.

The Committee is satisfied that the overall principles laid down by King III and the Companies Act have been adhered to, unless specifically stated.

Signed on behalf of the board

SN Mabaso-Koyana
Chairperson, Remuneration Committee

15 July 2016

REPORT OF THE TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE

The Committee met four times during the year in order to discharge its responsibilities.

Committee activities during the year

During the course of the year, the following significant matters were addressed by the Committee:

- Ensuring compliance with the functions of the Committee as defined by the Companies Act, including:
  - Ten items as set out in the United Nations Global Compact principles;
  - OECD recommendations regarding corruption;
  - Working against corruption;
  - The Employment Equity Act;
  - The Broad-Based Black Economic Empowerment Act;
  - Being a good corporate citizen;
  - Environment, health and public safety;
  - Consumer relationships; and
  - Company's standing in terms of the ILO protocol on decent work and conditions.
- Continuously improving on transformation within the Group. External consultants were brought in to assess the level of transformation within the Group and based on the recommendations, management are assessing how best to improve transformation within the Group. There was also a focus on the BEE rating to ensure compliance with the new codes.
- There were further improvements in stakeholders' engagement, including an integrated trade union and federation strategy.
- The Public Protection of Personal Information (POPI) Act was assessed and steps taken to ensure confidentiality of employees, candidates and clients' information.
- Processes were set up to ensure that any unethical behaviour is reported to this Committee.
- Updating and approving the sustainability reporting guidelines.
- Ensuring that all employees, in particular the temporary workforce were being paid the correct wage, above the minimum wage and on an equitable basis.

Transformation within human resources

The transformation framework follows the strategic business plan of the Group. It is supported by a performance measurement system which focuses on measuring the key objectives at all levels throughout the Group. The system facilitates effective planning, implementation and monitoring by the Committee and reflects the individual and collective commitment of all directors and senior divisional management to the process.

A table detailing the number of employees and the employment equity status of the Group appears on page 53. Although significant strides have been made within this area, the Committee has utilised the services of an external consultant and will monitor further improvements in this area.

Matters in progress

- Continuous improvement on the transformation scorecard.
- Establishment of a more formal working group to ensure compliance with the committees terms of reference.

Corporate 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 in detail in the social capital section of this report on page 61.

Reporting and compliance

Adcorp strives to comply with relevant environmental, social and governance legislation and regulations. Our reporting is also guided by the Global Reporting Initiative's (GRI) Guidelines. This year's report includes indicators relevant to the business which have been externally assured by Gilden Assurance Proprietary Limited – see page 93.

Conclusion

In terms of its charter and its statutory obligations, the Committee can confirm to shareholders that the Group gives its transformation, social and ethics responsibilities the necessary attention. Policies and programmes are in place to contribute to social and economic development, ethical behaviour towards employees and other stakeholders, fair labour practices, environmental responsibility and good client relations.

There were no substantive areas of non-compliance with legislation and regulation, or non-adherence with codes of best practice applicable to areas within the Committee's mandate that were brought to the Committee's attention. The Committee has no reason to believe that any such non-compliance or non-adherence has occurred.

Signed on behalf of the board

ME Mthunzi
Chairman, Transformation, Social and Ethics Committee

15 July 2016

INDEPENDENT ASSURANCE REPORT TO THE MANAGEMENT AND STAKEHOLDERS OF ADCORP HOLDINGS LIMITED

Introduction

Gilden Assurance has been appointed by Adcorp Holdings Limited ("Adcorp") to conduct an independent assurance engagement in Accordance with AA1000AS (2008) in relation to the Adcorp Integrated Report ("the Report") for the financial year that ended on 29 February 2016.

Gilden Assurance is an independent and licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from a team of associates. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with 18 years' experience in sustainability performance measurement involving both advisory and assurance work.

Scope and subject matter selected for assurance

The agreed subject matters for assurance are:

- Adcorp's adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness.

For both permanent and temporary workforce:

- South African workforce composition by race, gender, citizenship and disability (page 52 – 55).
- South African labour turnover rate by province, gender and age group (page 52 and 55).
- Incidents of child labour statement (page 54 and 55).
- Incidents of forced labour statement (page 54 and 55).
- Incidents of discrimination statement (page 54 and 55).

For temporary workforce only:

- Number of employees covered by collective bargaining agreements (page 55).

Economic:

- Direct economic value generated and distributed (page 48).

Environmental:

- Amount of fuel (diesel and petrol) used within the Scope 1 reporting boundary (page 67)
- Amount of printing paper used (page 67)

Assurance standards and suitable criteria applied

Gilden Assurance performed the assurance engagement in accordance with the AccountAbility AA1000AS (2008) Type 2 requirements. The following assessment criteria were used in undertaking the work:

- AA1000APS 2008 (AccountAbility Principles Standard) criteria for inclusivity, materiality and responsiveness
- For the workforce, economic and environmental disclosures: the validity, accuracy and completeness of data as per Adcorp's reporting procedure

Level of assurance

Gilden Assurance planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusions for a moderate assurance level.

Work performed by Gilden Assurance

The assurance activities included:

- Interviews with relevant functional managers to understand and test the processes in place for adherence to the AA1000APS principles and the underlying data management systems for the disclosures;
- Testing, on a sample basis, the collection, aggregation and reporting processes in place for the most material operations including Capacity, Capital, Charisma, Paracon, Quest Staffing and Quest Support;
- Reporting the assurance findings to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process; and
- Assessing the presentation of disclosures relevant to the scope of work in the Report to ensure consistency with the assurance findings.

Engagement limitations

The evidence gathering procedures for moderate assurance are more restricted than for high assurance and therefore less assurance is obtained.

It is noted that workforce detail at the scale of Adcorp is continuously changing on a daily basis due to staff movement. The data reported and tested was as at the last day of the financial year unless otherwise specified. It is important to understand the moderate assurance conclusion in this context.

Respective responsibilities and Gilden Assurance's independence

Adcorp was responsible for preparing the Report and for the collection and presentation of information within the Report. *Gilden Assurance's* responsibility was to the management of Adcorp alone and in accordance with the terms of reference agreed with Adcorp.

INDEPENDENT ASSURANCE REPORT TO THE MANAGEMENT AND STAKEHOLDERS OF ADCORP HOLDINGS LIMITED continued

Gilden Assurance applies a strict independence policy and confirms its impartiality to Adcorp in delivering the assurance engagement. This assurance engagement is the third consecutive assurance engagement conducted for Adcorp, the previous one being for the 2015 Integrated Report.

Assurance conclusion

In our opinion, based on the work undertaken for moderate assurance as described, we conclude that Adcorp has adhered to the AA1000 principles of inclusivity, materiality and responsiveness for the reporting period and that the diclosures specified in the scope of this assurance engagement have been prepared in accordance with the defined reporting criteria and are free from material misstatement.

Key observations and recommendations

Based on the work set out above, and without affecting the assurance conclusion above, the key observations and recommendations for improvement are:

In relation to the Inclusivity Principle

Adcorp's leadership has expressed its accountability to those on whom it has an impact and who have an impact on it. Responsibility has been appropriately delegated for stakeholder groups and evidence observed pointed to inclusive stakeholder engagement and collective decision-making performed, the results of which are reported to the Board regularly. The continuation of the current stakeholder engagement practices is recommended.

In relation to the Materiality Principle

Adcorp has conducted a materiality determination process for mapping and disclosing its material issues in a transparent and balanced manner for the reporting period.The materiality determination has been integrated with the internal risk management process. Material issues for the year have been revised, considered at Board level and linked to the reported sustainability themes as relevant to the strategic objectives of the business. The materiality section of the Report was also revised to reflect the shifting of material issues as determined previously. It is recommended that the formalised process be continued.

In relation to the Responsiveness Principle

Adcorp has responded appropriately to stakeholder issues that affected its sustainability performance as demonstrated by decisions, actions and performance, as well as communication with stakeholders. Matters addressed were found to be directly related to the stakeholder concerns and were conducted in an appropriate manner without prejudice to any one stakeholder group. Continued responsiveness is recommended.

In relation to the workforce, economic, and environmental disclosures

Gilden Assurance found that adequate processes and systems are in place to capture source-data for the disclosures assessed in the assurance scope. Extensive internal audit procedures have also been performed on the data by Adcorp during the year resulting in improved data quality. Upkeeping the province of residence remains a challenge when employees move between provinces. It is recommended that the internal audit function continues with its scope of work and focuses on data input quality controls at operational level.

Petrus Gildenhuys

Director, Gilden Assurance Proprietary Limited

Johannesburg, 15 July 2016

AA1000
Licensed Assurance Provider
000-156

The assurance statement provides no assurance on the maintenance and integrity of sustainability information on the website, including controls used to maintain this. These matters are the responsibility of Adcorp.

CORPORATE GOVERNANCE – KING III COMPLIANCE REGISTER 2016 – CHAPTER 2

This document has been prepared in terms of the JSE Listings Requirements and sets out the application of Chapter 2 of the corporate governance principles by Adcorp Holdings Limited as recommended by the King Report and Code on Corporate Governance for South Africa, 2009 (King III).

Principle number	Principle	Applied/ partially applied/ not applied	Application of the principle or applicable explanation
CHAPTER 2: BOARD AND DIRECTORS			
2.1	The board should act as the focal point for and custodian of corporate governance	Applied	The board's terms of reference specifies the role of the board, the chairman, the CEO and the individual members of the board. The board is further supported by four sub-committees that have delegated responsibility to assist the board in specific matters. The sub-committees report to the board at every board meeting.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied	The Adcorp board has ensured the implementation of risk and sustainability frameworks. Strategy sessions are held annually which is approved by the board.
2.3	The board should provide effective leadership based on an ethical foundation	Applied	Adcorp Holdings has an explicit set of values that plays a key role in shaping the culture of Adcorp and its operating companies. The board's ethical leadership provides the foundation for the values which are central to the way Adcorp does business. Adcorp's decisions and actions are based on these values and they form the basis of Adcorp's Code of Conduct.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	The board has appointed the Transformation, Social and Ethics Committee to assist in this regard. The terms of reference of the Committee as it relates to corporate citizenship requires that the Committee should monitor: • Promotion of equality, prevention of unfair discrimination, reduction of corruption; and • Contribution to development of the communities via our CSI projects. Corporate Social Investment is a vital part of Adcorp's identity and it is with a great sense of pride that the Group so positively influences the lives of many. With a history of creating, maintaining and supporting development, social and environmental projects distinguishes who we are today.
2.5	The board should ensure that the company's ethics are managed effectively	Applied	Adcorp has a board-approved Code of Conduct in place which includes the value statement of the company. The Transformation, Social and Ethics Committee's responsibility is to monitor cases reported on the tip-off line, review any statements on ethical standards, review significant cases of employee conflict of interest, misconduct or fraud and any other area where unethical activity by employees or the company is alleged.
2.6	The board should ensure that the company has an effective and independent Audit Committee	Applied	The Audit and Risk Committee has terms of reference that have been approved by the board. The Audit and Risk Committee meets quarterly and reports to the board at every board meeting. The Audit and Risk Committee is properly constituted with four independent non-executive directors, one of which is the chairperson of the Committee and members are appointed annually by shareholders at the annual general meeting..
2.7	The board should be responsible for the governance of risk	Applied	The board is assisted by the Audit and Risk Committee in discharging its duties for managing risk.

Transparency and accountability continued

CORPORATE GOVERNANCE – KING III COMPLIANCE REGISTER 2016 – CHAPTER 2 continued

Principle number	Principle	Applied/ partially applied/ not applied	Application of the principle or applicable explanation
2.8	The board should be responsible for information technology governance	Applied	The board is assisted by the Audit and Risk Committee in discharging its duties for managing IT governance.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	The board has ensured that a compliance framework and code of conduct has been implemented. Adcorp has zero tolerance for non-compliance. The board also reviews and considers all new non-statutory corporate governance recommendations and implements them if the board deems them to be in the best interest of Adcorp and its stakeholders. A quarterly report is presented to the Group Audit and Risk Committee updating legal and compliance matters for Adcorp
2.10	The board should ensure that there is an effective risk-based internal audit	Applied	The risk department is separate to the internal audit function. The board has ensured the establishment of the Group internal audit function which complies with the standards as set by the Institute of Internal Auditors for the Professional Practice of Internal Auditing and Code of Ethics. The function has terms of reference which has been approved by the Audit and Risk Committee. The internal audit methodology includes a risk-based approach.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	Applied	Adcorp's stakeholders are defined as any group or individual that can affect the company's operations, or be affected by the company's operations. These stakeholders include but are not limited to customers, employees, shareholders, unions, investors, analysts, government and regulatory bodies. The values bind the brands together and ensure consistency in interactions with all stakeholders. Stakeholders are treated fairly and Adcorp strives to enhance and develop services and communication channels to meet their expectations. In doing this, Adcorp keeps up-to-date of all developments in markets, labour legislation, improves and updates the knowledge and understanding of its industries on an on-going basis, and applies its unique entrepreneurial skills and industry knowledge to grow and be successful. The Transformation, Social and Ethics Committee regularly identifies all the stakeholders and oversees how the Group interacts with these stakeholders.
2.12	The board should ensure the integrity of the company's integrated report	Applied	The annual integrated report is compiled by an internal team, approved by management and is audited by independent external auditors, with oversight from the Audit and Risk Committee and approved by the board prior to publication and circulation.
2.13	The board should report on the effectiveness of the company's system of internal controls	Applied	The board is assisted by the Audit and Risk Committee in reporting on the effectiveness of the company's system of internal controls which is done annually and a note is included in the annual financial statements.

Principle number	Principle	Applied/ partially applied/ not applied	Application of the principle or applicable explanation
2.14	The board and its directors should act in the best interest of the company	Applied	The board and its committees strictly adhere to its fiduciary duties and duty of care and skill codified in the Companies Act. Policies/procedures have been implemented to ensure that directors act within the best interests of the Group at all times. This includes: • The declaration of all relevant interests at board meetings; • Disclosure of any potential or perceived conflict of interest by individuals; • A policy that deals with the dealing in the Group's securities; and • The taking of legal advice by the board when deemed necessary to ensure compliance with the relevant legislation and the JSE Listings Requirements. Directors are permitted to obtain independent advice in respect of their duties and liabilities.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	Not applicable	The Audit and Risk Committee reviews financial information in detail and recommends any special action to the board if required. In this regard, the Group's solvency and liquidity and going-concern status are reviewed on a regular basis. Appropriate measures will be taken if the Group suffers financial distress at any stage.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of the chairman of the board	Applied	An independent non-executive chairman has been appointed. The roles of the chairman and the CEO are separate.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	Applied	The board appointed the CEO and provided input into senior management appointments. The role and function of the CEO is formalised and the board evaluates the performance of the CEO annually in combination with the Remuneration and Nominations Committee. A delegation of authority framework, approved by the board, is in place.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Applied	The board consists of 13 Directors, eight non-executive directors and five executive directors. Five of the non-executive directors are independent and three are not independent. In assessing the status of directors, the principles of King III and the JSE Listings Requirements are considered.

CORPORATE GOVERNANCE – KING III COMPLIANCE REGISTER 2016 – CHAPTER 2 continued

Principle number	Principle	Applied/ partially applied/ not applied	Application of the principle or applicable explanation
2.19	Directors should be appointed through a formal process	Applied	The board has adopted a policy on the procedures for the appointment of directors to ensure that the appointments are formal, transparent and a matter for the board as a whole. This process is overseen by the Remuneration and Nominations Committee.
2.20	The induction, ongoing training and development of directors should be conducted through a formal process	Applied	All new directors are subject to a formal induction programme facilitated by the Company Secretary. The board is updated on the latest employment regulations annually at the strategy session and experts are brought in for training as and when required.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	Applied	As stipulated in the board's mandate, it is the board's responsibility to appoint and remove the Company Secretary. A suitably qualified, competent and experienced Company Secretary has been appointed.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	Applied	The appraisal process of the board and committees are conducted annually. During 2016, this was conducted by an external evaluation by the Institute of Directors. The results of such evaluation are considered and action plans implemented where required. The independent evaluation is conducted every three years.
2.23	The board should delegate certain functions to well-structured committees without abdicating its own responsibilities	Applied	The board committees assist the board in executing its duties, powers and authorities. The required authority is delegated by the board to each committee to enable it to fulfil its respective functions through formally approved terms of reference. Delegating authority to board committees or management, other than the specific matters for which the Audit and Risk Committee carries ultimate accountability in terms of the Companies Act, does not mitigate or discharge the board and its directors of their duties and responsibilities and the board fully acknowledges this fact. The board has established the following committees: • Audit and Risk Committee. • Remuneration and Nominations Committee. • Transformation, Social and Ethics Committee. • Investment Committee. The composition of the committees complies with the relevant provisions of the Companies Act, the JSE Listings Requirements and King III. Refer to the committee reports in the integrated annual report for further details.
2.24	A governance framework should be agreed between the group and subsidiary Boards	Applied	The activities of the subsidiary Boards are reported to the main board. All subsidiaries apply the policies and procedures of the holding company.

Principle number	Principle	Applied/ partially applied/ not applied	Application of the principle or applicable explanation
2.25	Companies should remunerate directors and executives fairly and responsibly	Applied	The Remuneration and Nominations Committee considers the remuneration of the executive and non-executive directors on an annual basis which is benchmarked against peer groups to ensure fair remuneration. Non-executive directors' fees are approved by shareholders with executive directors' remuneration being reported to shareholders annually in the integrated report.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Applied	Remuneration of the executive and non-executive directors as well as prescribed officers is disclosed in the annual integrated report.
2.27	Shareholders should approve the company's remuneration policy	Applied	The remuneration policy is approved by the shareholders through a non-binding special resolution at the annual general meeting of Adcorp Holdings.

Financial statements

Six-year review

for the year ended 29 February 2016

	2016	2015	2014	2013	2012	2011
Statement of comprehensive income						
Revenue (R'000)	**15 585 751**	13 322 398	11 802 415	8 616 842	6 423 229	5 384 566
Normalised earnings before IFRS adjustments, depreciation, amortisation, share-based payments, lease smoothing and establishment and transaction costs (normalised EBITDA) (R'000)*	**621 521**	668 468	544 381	422 541	309 267	258 593
Normalised operating profit (R'000)*	**557 214**	615 921	497 950	380 768	272 741	224 054
Normalised effective tax rate (%)*	**17,0**	19,7	25,0	20,1	15,8	10,7
Total normalised earnings (R'000)*	**394 976**	451 754	358 572	269 466	195 358	174 413
Modified total normalised profit (R'000)*	**395 234**	362 641	–	–	–	–
Profit before taxation (R'000)	**260 740**	330 479	256 133	232 430	164 762	127 008
Profit for the year (R'000)	**206 810**	244 202	162 504	179 361	135 702	115 695
Statement of financial position						
Fixed and other non-current assets (R'000)	**2 539 848**	2 180 606	2 066 066	1 783 043	1 382 865	741 338
Deferred taxation (R'000)	**96 568**	145 582	98 196	77 427	57 774	49 753
Current assets (R'000)	**3 741 744**	3 018 440	2 527 794	2 267 426	1 399 800	1 135 582
Total assets (R'000)	**6 378 160**	5 344 628	4 692 056	4 127 896	2 840 439	1 926 673
Ordinary shareholders' interest (R'000)	**2 690 811**	2 468 153	2 099 675	1 888 652	1 438 764	1 012 890
Minority and BEE shareholders' interest (R'000)	**(5 510)**	(3 121)	(2 095)	7 009	2 223	421
Non-current liabilities (R'000)	**1 393 690**	1 018 163	915 631	85 879	192 394	180 711
Deferred taxation (R'000)	**113 634**	132 099	97 611	83 696	77 439	20 386
Current liabilities (R'000)	**2 185 535**	1 729 334	1 581 234	2 062 660	1 129 619	712 265
Total equity and liabilities (R'000)	**6 378 160**	5 344 628	4 692 056	4 127 896	2 840 439	1 926 673
Profitability						
Return on assets managed (ROAM) (%)	**21,4**	27,7	26,8	27,9	29,5	29,6
Return on equity (%)	**15,3**	19,8	18,0	16,2	15,9	18,2
Return on sales (operating margin) (%)	**3,8**	4,8	4,4	4,6	4,5	4,4
Normalised EBITDA/revenue (%)	**4,0**	5,0	4,6	4,9	4,8	4,8
Asset turnover	**5,7**	5,8	6,1	6,0	6,6	6,7
Expense ratio (%)	**14,0**	13,8	14,3	15,5	16,9	18,8
Number of employees	**4 357**	4 222	2 936	2 987	2 768	2 308
Liquidity						
Cash generated by operations to normalised operating profit (%)	**63,0**	97,0	47,7	99,6	78,9	128,5
Current ratio	**1,7**	1,7	1,6	1,1	1,2	1,6
Total net interest-bearing liabilities (R'000)	**1 162 469**	702 490	777 602	470 347	409 969	122 669
Gearing (%)	**43,2**	28,5	37,1	24,8	28,4	12,1
Net interest-bearing debt to normalised EBITDA	**1,87**	1,05	1,43	1,11	1,32	0,47
Net interest-bearing debt to tangible asset value	**2,78**	1,28	3,83	2,03	2,47	0,39
Days settlement outstanding	**47**	47	48	41	36	36
Statistics						
Weighted average number of shares in issue ('000)	**108 189**	103 415	93 299	78 989	65 236	60 110
Total number of shares in issue ('000)	**109 955**	109 371	100 092	91 812	77 374	61 850
Normalised earnings per share (cents)*	**365,1**	436,8	384,3	341,1	299,5	290,2
Modified normalised earnings per share (cents)*	**365,3**	350,7				
Earnings per share (cents)	**192,0**	236,5	176,9	221,6	208,0	192,5
Headline earnings per share (cents)	**299,6**	298,5	188,6	236,7	209,1	195,7
Annual dividend/capital/scrip distribution (cents)	**135**	148	140	140	137	175
Dividend/capital/scrip distribution cover (times) based on normalised EPS	**2,7**	3,0	2,7	2,4	2,2	1,7
Net asset value (R'000)	**2 685 301**	2 465 032	2 097 580	1 895 661	1 440 987	1 013 311
Net tangible asset value (R'000)	**418 498**	549 110	202 792	231 230	166 229	315 894
Net asset value per share (cents)	**2 442**	2 254	2 096	2 065	1 862	1 638
Net tangible asset value per share (cents)	**381**	502	203	252	215	511

** Normalised earnings is defined as operating profit adjusted for depreciation, amortisation of intangibles, lease smoothing and once-off transaction costs relating to acquisitions. Previously, the Group reported normalised earnings, including adjustments for share-based payments and establishment costs relating, inter alia, to the establishment of the Group's international operations. The Group's primary measure of performance is normalised earnings.*

Definitions

Asset turnover
Revenue divided by average tangible assets.

Cash generated by operating activities to operating profit (cash conversion ratio)
Cash generated by operations as a percentage of normalised operating profit.

Current ratio
Total current assets divided by total current liabilities.

Days settlement outstanding (debtors days)
Debtors days are calculated using the peel-back method, whereby the trade debtors balance is reduced by monthly sales (including VAT) until the balance is exhausted.

Dividend/capital/scrip distribution cover
Normalised earnings per share divided by the annual dividend/capital/scrip distribution per share.

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

Expense ratio
The aggregate of administrative, marketing, selling and operating expenses as a percentage of revenue.

Gearing
Total net interest-bearing debt divided by total ordinary shareholders' interest.

Headline earnings per share
Headline earnings per share is profit attributable to owners of the parent, adjusted for profit or loss on sale of property and equipment (net of tax) and impairments divided by the weighted average number of shares in issue.

International Financial Reporting Standards (IFRS) adjustments
IFRS adjustments include non-cash flow items, share-based payments, amortisation of intangibles and lease smoothing.

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

Net tangible asset value per share
Ordinary shareholders' interest less intangible assets and goodwill, divided by the number of shares in issue at the year-end.

Normalised earnings before interest, tax, depreciation and amortisation (EBITDA)
Operating profit adjusted for depreciation, amortisation of intangibles, share-based payments, lease smoothing, business establishment and once-off transaction costs relating to acquisitions.

Normalised EBITDA margin
Normalised EBITDA as a percentage of revenue.

Normalised operating profit
Normalised EBITDA adjusted for depreciation and amortisation of intangibles other than those acquired in business combinations.

Normalised profit
Normalised operating profit after interest and normalised taxation.

Normalised taxation
Actual tax charge adjusted for tax on amortisation of intangibles arising on business combinations and lease smoothing.

Modified normalised profit
Total normalised operating profit adjusted for share-based payments and business establishment costs.

Return on assets managed (ROAM)
Normalised operating profit adjusted for amortisation of intangibles other than those acquired in a business combination divided by the average total of property and equipment, trade and other receivables and taxation prepaid.

Return on equity
Total normalised profit divided by average equity of shareholders.

Return on sales (operating margin)
Normalised operating profit adjusted for amortisation of intangibles other than those acquired in a business combination divided by revenue.

Total normalised profit
Normalised operating profit after interest and normalised taxation adjusted for share of profits from associates and non-controlling interest.

Approval of the annual financial statements

To the shareholders of Adcorp Holdings Limited

The board of directors is responsible for the preparation of the consolidated and separate financial statements of Adcorp Holdings Limited.

The board acknowledges its duty to ensure balanced content and fair presentation in the consolidated and separate financial statements so that it provides a comprehensive assessment of the performance of the company and Group for the financial year ended 29 February 2016.

The company and Group consolidated and separate financial statements are prepared in accordance with the provisions of the South African Companies Act, No 71 of 2008, and comply with International Financial Reporting Standards (IFRS) and incorporate full and reasonable disclosure in line with the accounting policies of the Group. They fairly present the state of affairs of the company and the Group as at the end of the financial year, and the net income and cash flows for the year. It is the responsibility of the independent auditors to report on the fair presentation of the annual financial statements and their report is contained on page 106.

These consolidated and separate financial statements have been audited in compliance with the requirements of the South African Companies Act, No 71 of 2008.

The directors are ultimately responsible for the internal controls of the Group. Management enables the directors to meet these responsibilities. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity, objectivity and fair presentation of the annual financial statements and related financial information presented and to adequately safeguard, verify and maintain accountability for shareholder investments and Group assets. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. Systems and controls are monitored throughout the Group. Further details of such, including the operation of the internal audit function, are provided in the corporate governance section of the integrated annual report.

Based on the information and explanations provided by management and the internal auditors, the directors are of the opinion that the accounting and internal controls are adequate and that the financial records may be relied upon for preparing the consolidated and separate financial statements in accordance with IFRS and maintaining accountability for the Group's assets and liabilities. 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 period under review and up to the date of this integrated annual report.

The directors have a reasonable expectation that the company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, accounting policies supported by judgements, estimates and assumptions in compliance with IFRS are applied on the basis that the Group and company shall continue as a going concern.

These consolidated and separate financial statements were prepared by: A Viljoen (BCom Honours), and supervised by the Group Chief Financial Officer, AM Sher (CA(SA), CFA).

The consolidated and separate financial statements for the year ended 29 February 2016, were approved by the board on 24 May 2016 and signed on its behalf by:

RL Pike	AM Sher
Chief Executive Officer	*Chief Financial Officer*

Johannesburg
24 May 2016

Company Secretary compliance statement

I certify, that to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns as are required of a public company in terms of the Companies Act, No 71 of 2008, as amended, in respect of the year ended 29 February 2016 and that all such returns appear to be true, correct and up to date.

Kevin Fihrer
Company Secretary

Johannesburg
15 July 2016

Independent auditor's report

To the shareholders of Adcorp Holdings Limited

We have audited the consolidated and separate financial statements of Adcorp Holdings Limited set out on pages 114 to 171, which comprise the statements of financial position as at 29 February 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Adcorp Holdings Limited as at 29 February 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 29 February 2016, we have read the directors' report, the Audit and Risk Committee's report and the Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per MLE Tshabalala
Partner

24 May 2016

Buildings 1 and 2, Deloitte Place
The Woodlands, Woodlands Drive
Woodmead, Sandton

National Executive: *LL Bam *(Chief Executive)*, *AE Swiegers *(Chief Operating Officer)*, *GM Pinnock *(Audit)*, *DL Kennedy *(Risk Advisory)*, *NB Kader *(Tax)*, TP Pillay *(Consulting)*, *K Black *(Clients and Industries)*, *JK Mazzocco *(Talent and Transformation)*, *MJ Jarvis *(Finance)*, *M Jordan *(Strategy)*, S Gwala *(Managed Services)*, *TJ Brown *(Chairman of the board)*, *MJ Comber *(Deputy chairman of the board)*.

A full list of partners and directors is available on request. *Partner and Registered Auditor

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code.

Member of Deloitte & Touche Tohmatsu Limited.

Report of the Audit and Risk Committee

for the year ended 29 February 2016

The company's independent Audit and Risk Committee (ARC) presents its report for the financial year ended 29 February 2016. The Committee's duties and objectives, as mandated by the board, allow it to discharge its statutory and other board-delegated duties in keeping with its terms of reference. These duties are briefly set out in this report. Further information can be found on page 77 of the transparency and accountability section.

Composition, meetings and assessment

The Committee consists of four independent non-executive directors.

The members of the ARC were recommended by the board to shareholders and were formally appointed at the annual general meeting on 26 August 2015.

Closed sessions are arranged with key relevant parties and private sessions of members are held from time to time to ensure confidential assessments and discussions can occur. At least four Committee meetings are held during the year. Details of meeting attendance appear on page 75.

The Committee's terms of reference prescribe that the effectiveness of the Committee, its chairperson and individual members is assessed annually. The outcome of the external evaluation by the Institute of Directors during 2016 was positive.

Roles and responsibilities

The Committee is satisfied that it has executed its responsibilities in keeping with the requirements of the Companies Act, the JSE Listings Requirements and the recommendations of King III, as well as its additional requirements prescribed by its terms of reference which have been endorsed by the board of directors. Its key areas of responsibilities are to:

- perform its statutory duties as prescribed by the Companies Act, including the appointment and the assessment of the independence of the external auditors;
- oversee the integrated reporting process and assess disclosures made to all stakeholders, which included the financial statements for the year under review and recommended it to the board for approval;
- oversee and evaluate the governance of risk and related internal control environment, and considered the recommendation of the Chief Audit Executive in respect of the effectiveness of the system of internal controls;
- monitor and assess all internal and external assurance providers;
- obtain assurance from internal audit on the effectiveness of internal controls;
- assess the expertise and experience of the Chief Financial Officer (CFO) and the resources within the financial function; and
- recommend the financial statements and integrated annual report for approval by the board.

In order to execute his responsibilities, the Chairman of the ARC met separately during the course of the year with the Chief Audit Executive, the Company Secretary, the Chief Risk Officer, management and the external auditors.

External auditor appointment and independence

The Committee has satisfied itself that the external auditor of the Group was independent. The requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the year under review. There is a formal procedure and policy that governs the process whereby the auditor is considered for non-audit services.

The Committee has nominated, for election at the annual general meeting, Deloitte & Touche as the external audit firm for the 2017 financial year. The Committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE Limited list of auditors and advisers. The previous designated audit partner, having served a six-year period, was rotated for the 2016 financial year with a new designated audit partner.

Financial statements and accounting policies

The Committee has assessed the Group's accounting policies and the consolidated and separate annual financial statements as well as the integrated annual report for the year ended 29 February 2016 and is satisfied that they are appropriate and comply in all respects with International Financial Reporting Standards (IFRS). The Committee supports the opinion of the board and the external auditor with regard to the annual financial statements which have been approved by the board and will be presented to shareholders at the annual general meeting to be held on 25 August 2016.

Based on the information and explanations given by management and the internal and external auditors, the Committee is of the opinion that the accounting and internal controls, including the internal financial controls, are adequate and that the financial records may be relied upon for preparing the financial statements in accordance with IFRS and maintaining accountability for the Group's assets and liabilities.

Integrated annual report

The Committee fulfils an oversight role regarding the integrated reporting process.

Accordingly, the Committee:

- has considered the integrated annual report and has assessed the consistency with operational, financial and other information known to the Committee members, and for consistency with the annual financial statements;
- is satisfied that the integrated annual report is materially accurate, complete and reliable and consistent with the annual financial statements; and
- recommended for approval on 15 July 2016, the integrated annual report for the year ended 29 February 2016 for approval by the board.

Governance of risk

The Committee is responsible for overseeing the governance of risk across the Group.The risk management framework has been revised and adopted by the board based on the Committee's recommendations, and its continued implementation will be managed by the Chief Risk Officer.

Nothing has come to the attention of the Committee to indicate that any breakdown in the functioning of internal controls resulting in material loss to the Group and company has occurred during the year and up to the date of this report.

Internal audit

The Committee in mandated to ensure that the internal audit function is independent, properly resourced and effective within the Group. The internal audit function is performed by the in-house audit team, led by H Lamprecht, the Chief Audit Executive (CAE). To maintain independence, the CAE reports functionally to the Committee and, only from an administrative perspective, to the CFO.

Evaluation of the expertise and experience of the Chief Financial Officer and the finance function

The Committee has considered and is satisfied with the appropriateness of the expertise and adequacy of resources within the finance function and with the experience of the CFO in performing the financial responsibilities within the Group.

Going concern

Based on the results of management's assessment of the solvency and liquidity and the applicability of the going-concern assertion as to the affairs of the Group, the Committee concluded to the board that the company shall be a going concern for the foreseeable future.

The Committee is satisfied that it has met the requirements of its terms of reference.

TDA Ross
Chairperson, Audit and Risk Committee

24 May 2016

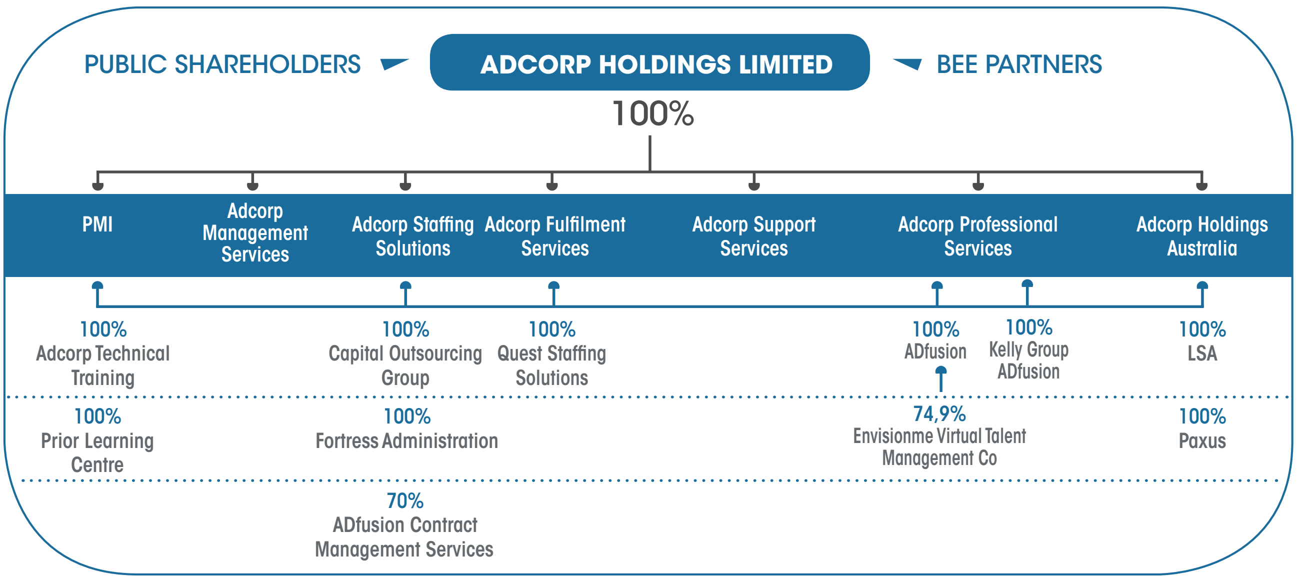
Directors' report

for the year ended 29 February 2016

The directors have pleasure in submitting their report and financial statements for the year ended 29 February 2016.

Nature of business

Adcorp Holdings Limited is an investment holding company whose subsidiaries carry on business in South Africa, the rest of Africa, Singapore and Australia. Areas of activities include the permanent recruitment and flexible staffing sectors, professional services as well as the provision of business process outsourcing, training and financial services.



Share capital

The authorised share capital is 183 177 151 ordinary shares of 2,5 cents per share. The issued share capital of the company at 29 February 2016 was 109 954 675 shares of 2,5 cents per share.

Movements in share capital during the year are shown below:

Group	Number 000's	R'000
Opening balance 1 March 2014	**100 092**	2 502
Issue of shares: Acquisition of Kelly Group Limited	**6 684**	167
Issue of shares: Scrip distribution	**2 042**	51
Issue of shares: Employee share scheme	**553**	14
Opening balance 1 March 2015	**109 371**	2 734
Issue of shares: Employee share scheme	**584**	15
Closing balance 29 February 2016	**109 955**	2 748

for the year ended 29 February 2016

Share premium

Movements in share premium during the year are shown below:

	2016 R'000	2015 R'000
Opening balance 1 March	**1 718 856**	1 487 124
Employee share option scheme:		
243 000 shares issued at premium of R34,98 per share	–	8 499
310 000 shares issued at premium of R33,96 per share	–	10 525
583 875 shares issued at premium of R32,98 per share	**19 253**	–
Scrip distribution:		
2 041 902 shares issued as capitalisation of share premium	–	(51)
Acquisition of Kelly Group Limited (KGL):		
2 250 000 shares issued at premium of R32,73	–	73 632
116 664 shares issued at premium of R31,98	–	3 730
4 317 460 shares issued at premium of R31,48	–	135 893
Transaction costs capitalised to share premium	–	(496)
Closing balance 29 February	**1 738 109**	1 718 856

Dividend

An interim dividend of 60 cents per share was paid on 7 December 2015.

On 24 May 2016, the board declared a final gross dividend of 75 cents per share (2015: 88 cents per share) for the year ended 29 February 2016. The final dividend which, together with the interim dividend of 60 cents per share, results in a total distribution in respect of the financial year ended 29 February 2016 of 135 cents per share.

The source of the dividend will be from distributable reserves and paid in cash.

The salient dates are as follows:

Last date to trade *cum* dividend	Tuesday, 30 August 2016
Date trading commences *ex* dividend	Wednesday, 31 August 2016
Record date	Friday, 2 September 2016
Date of payment	Monday, 5 September 2016

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 29 August 2016 and Friday, 2 September 2016, both days inclusive.

Shareholders who are not exempt from the dividend withholding tax of 15% will therefore receive a net dividend of 63,75 cents per share. The company has 109 954 675 ordinary shares in issue and its income tax reference number is 9233/68071/0.

STRATE

Adcorp dematerialised its issued shares with effect from 9 July 2001 since time settlement of any trade on or outside 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 can be traded. Adcorp's Company Secretary may be contacted should a shareholder require advice on the dematerialisation of his/her share certificates.

Adcorp Holdings 2006 Share Trust

Under the Adcorp Holdings 2006 Share Trust, eligible employees were awarded conditional allocations of share appreciation rights (SARs). The scheme also makes provision for the award of performance shares (PFs).

The SARs provided employees, at the date the rights vest, with the right to receive ordinary shares equal to the appreciation in the share price since grant date. In the event of the share price decreasing, no value is inherent in the SARs and as a result no benefit accrues to the employee. The award of SARs was discontinued in favour of PFs only. No value is inherent in the PFs as their vesting is subject to various non-market-related performance criteria. All SARs and PFs expire after six years from grant date.

As at 29 February 2016, all SARs were exercised and the PFs were all unvested. On the assumption of being equity settled into the future, it is not possible to determine the quantity of ordinary shares required to discharge this commitment in full. There is no amount payable by participants on exercise. They will receive shares, or be cash settled, equal to the value of the share price on the future exercise date.

Opening balance 1 March 2015			Option granted/(cancelled)/(exercised)							Closing balance 29 February 2016		
Quantity	Price (R)	Value (R)	Date option granted (R)	Quantity PFs granted	Value of PFs granted (R)	Quantity lapsed	Quantity exercised	Price (R)	Value (R)	**Quantity**	**Price (R)**	**Value (R)**
3 000	18,15	54 450^+	22/11/2005	–	–	(3 000)	–	18,15	(54 450)	**–**	**18,15**	**–**
150 000	26,39	3 958 500^	26/02/2010	–	–	–	(150 000)	26,39	(3 958 500)	**–**	**26,39**	**–**
50 000	26,39	1 319 500#	26/02/2010	–	–	–	(50 000)	26,39	(1 319 500)	**–**	**26,39**	**–**
150 000	26,75	4 012 500^	31/01/2011	–	–	–	(150 000)	26,75	(4 012 500)	**–**	**26,75**	**–**
50 000	26,75	1 337 500#	31/01/2011	–	–	–	(50 000)	26,75	(1 337 500)	**–**	**26,75**	**–**
115 000	27,52	3 164 800#	22/02/2012	–	–	–	(115 000)	27,52	(3 164 800)	**–**	**27,52**	**–**
70 000	28,53	1 997 100#	17/10/2012	–	–	–	(70 000)	28,53	(1 997 100)	**–**	**28,53**	**–**
1 954 500	31,18	60 941 310#	28/02/2013	–	–	(35 000)	(1 919 500)	31,18	(60 941 310)	**–**	**31,18**	**–**
1 961 000	33,80	66 281 800#	27/02/2014	–	–	(245 000)	–	33,80	(8 281 000)	**1 716 000**	**33,80**	**58 000 800**
2 107 500	31,64	66 681 300#	19/02/2015	–	–	(105 000)	–	31,64	(3 322 200)	**2 002 500**	**31,64**	**63 359 100**
–	32,50	–#	01/07/2015	100 000	3 250 000	–	–	32,50	–	**100 000**	**32,50**	**3 250 000**
6 611 000		209 748 760		100 000	3 250 000	(388 000)	(2 504 500)		(88 388 860)	**3 818 500**		**124 609 900**

^ SARs # PFs + Old Adcorp Employee Option Scheme

Summarised as follows:

	Quantity PFs granted	Quantity lapsed	Quantity exercised	Closing quantity
SARs	–	(3 000)	(300 000)	**–**
PFs	100 000	(385 000)	(2 204 500)	**3 818 500**
	100 000	(388 000)	(2 504 500)	**3 818 500**

1 007 500 of the PFs exercised during the year converted into the issue of 553 000 ordinary shares.

Adcorp Employee Benefit Trust 2 (AEBT2)

As advised in the circular to shareholders dated 18 April 2013, Adcorp concluded the 2007 BBBEE transaction prior to the global financial crisis, and the growth assumptions and other variables which were applied in the then deal subsequently turned out to be inappropriate for the post-global financial crisis environment. As a result, the 2007 BBBEE transaction was unlikely to materialise any value to Adcorp's strategic 2007 BBBEE partners by 2017, which was the end date of the 2007 BBBEE transaction.

On 20 May 2013, shareholders approved the 2013 BBBEE transaction and the unwinding of the 2007 BBBEE transaction. As a consequence thereof, authority was obtained to repurchase the Adcorp "A" ordinary shares and to issue Adcorp "B" rdinary shares to a new trust called Adcorp Employee Benefit Trust 2 (AEBT2).

As at 28 February 2016, AEBT2 owns 6 729 140 (2015: 6 729 140) Adcorp "B" ordinary shares on behalf of the employees of Adcorp. These shares are represented by units which were allocated to all Adcorp employees in the Group at the time of the initial allocation, which was August 2013.

Units which are forfeited due to employees leaving early are reallocated to new employees; however, the total number of "B" ordinary shares does not change. Based on the amount of the notional debt that has been paid down as at 29 February 2016 and using the same share price at that date, given the ten-year vesting period, the theoretical number of shares that would have vested is 6 729 140.

Further details of the issue of the Adcorp "B" ordinary shares to AEBT2 appears on page 143.

Subsidiaries and associates

Details of the company's operating subsidiaries and associates are set out in Annexure A on pages 166 to 171.

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

	2016 R'000	2015 R'000
Total profit after taxation	**453 847**	457 879
Total losses after taxation	**(236 787)**	(139 233)
	217 060	318 646

Significant shareholders

Details of significant shareholders are included on page 174.

Special resolutions

At the annual general meeting (AGM) held on 26 August 2015, Adcorp's shareholders passed the following special resolutions during the year for the purposes indicated:

- Special resolution 1: To approve, in terms of section 66(8) read with section 66(9) of the Companies Act, the remuneration payable to executive and non-executive directors for their services as directors.
- Special resolution 2: To approve that the company and/or any subsidiary of the company be authorised to repurchase shares issued by the company.
- Special resolution 3: To approve, in terms of section 44 read with section 45 of the Companies Act, that the company provide financial assistance for the subscription of any debt securities and the provision of any loans or other financial assistance to present or future related and Inter-related companies.

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, acting Company Secretary and auditors refer to the inside back cover.

Directors' remuneration and interests held
Details of directors' remuneration and interests held appear on pages 157 to 159 of the annual financial statements.

Directors' interest in contracts
No material contracts involving directors' interests were entered into in the current year. The directors had no interest in any third party or company responsible for managing any of the business activities of Adcorp.

Events after reporting date
Subsequent to the end of the financial year ended 29 February 2016 and prior to the approval of this integrated annual report, various transactions or events took place as disclosed fully in note 54 on page 165.

Going concern
The directors have a reasonable expectation that the company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, accounting policies supported by judgements, estimates and assumptions in compliance with IFRS are applied on the basis that the Group and company shall continue as a going concern.

Auditors
The Audit and Risk Committee has nominated, for re-election at the annual general meeting of shareholders, Deloitte & Touche to continue in office in accordance with section 94(7) of the South African Companies Act, No 71 of 2008.

Directorate and secretary
The names of the directors and Company Secretary are set out on pages 20 to 23 and 105 respectively. Ms LM Mojela resigned as an alternate director on 11 May 2015. Ms N Sihlangu was appointed as an alternate director on 11 May 2015 and resigned on 1 February 2016. Mr A Guharoy was appointed as an executive director on 1 November 2015. There were no changes to the Company Secretary during the year under review.

Statement of financial position

as at 29 February 2016

		GROUP		COMPANY	
	Notes	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Assets					
Non-current assets		**2 636 416**	2 326 188	**1 213 838**	1 579 871
Property and equipment	4	**137 796**	112 425	**–**	–
Intangible assets	5	**753 170**	611 752	**–**	–
Goodwill	6	**1 513 633**	1 304 170	**–**	–
Investments	7	**10 000**	7 800	**10 000**	–
Investment – available-for-sale	8	**–**	42 288	**–**	–
Investment in subsidiaries	9	**–**	–	**1 203 838**	1 574 642
Investment in associates	10	**125 249**	102 171	**–**	–
Deferred taxation	11	**96 568**	145 582	**–**	5 229
Current assets		**3 741 744**	3 018 440	**2 875 075**	1 696 591
Trade, other receivables and prepayments	12	**2 795 262**	2 315 813	**1 591**	3 846
Other financial assets	13	**29 728**	–	**–**	–
Amounts due by subsidiary companies	14	**–**	–	**2 868 245**	1 691 082
Taxation prepaid		**70 690**	22 526	**4 745**	1 454
Cash resources	51	**846 064**	680 101	**494**	209
Total assets		**6 378 160**	5 344 628	**4 088 913**	3 276 462
Equity and liabilities					
Capital and reserves		**2 685 301**	2 465 032	**2 450 289**	2 035 838
Share capital	15	**2 749**	2 733	**3 170**	3 154
Share premium	16	**1 738 109**	1 718 856	**1 738 109**	1 718 856
Treasury shares	17	**(36 963)**	(12 990)	**–**	–
Non-distributable reserve	18	**–**	–	**119 918**	119 918
Share-based payment reserve		**121 787**	114 581	**121 787**	114 581
Foreign currency translation reserve	19	**110 737**	(3 442)	**–**	–
Cash flow hedging reserve		**(2 971)**	(2 391)	**–**	–
Accumulated profit		**757 363**	650 806	**467 305**	79 329
Equity attributable to equity holders of the parent		**2 690 811**	2 468 153	**2 450 289**	2 035 838
Non-controlling interest		**(6 186)**	(4 042)	**–**	–
BEE shareholders' interest	20	**676**	921	**–**	–
Non-current liabilities		**1 507 324**	1 150 262	**879 407**	697 373
Other non-current liabilities – interest-bearing	21	**650**	1 210	**–**	–
Long-term loan – interest-bearing	22	**1 349 502**	859 417	**857 322**	697 373
Derivative financial instrument	23	**4 245**	3 416	**–**	–
Share-based payment liability	42	**38 625**	151 672	**–**	–
Obligation under finance lease	24	**668**	2 448	**–**	–
Deferred taxation	11	**113 634**	132 099	**22 085**	–
Current liabilities		**2 185 535**	1 729 334	**759 217**	543 251
Non-interest-bearing current liabilities		**1 527 822**	1 209 818	**255 856**	252 983
Trade and other payables	25	**1 188 716**	933 123	**3 111**	1 673
Amounts due to subsidiary companies	14	**–**	–	**252 745**	248 453
Provisions	26	**281 186**	245 313	**–**	–
Other vendor payables	27	**26 078**	12 619	**–**	–
Taxation		**31 842**	18 763	**–**	2 857
Interest-bearing current liabilities		**657 713**	519 516	**503 361**	290 268
Current portion of other non-current liabilities	24	**15 170**	12 077	**–**	–
Short-term loans	22	**274 382**	398 463	**223 361**	220 269
Bank overdraft	51	**368 161**	108 976	**280 000**	69 999
Total equity and liabilities		**6 378 160**	5 344 628	**4 088 913**	3 276 462

Statement of comprehensive income

for the year ended 29 February 2016

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Revenue	28	**15 585 751**	13 322 398	**–**	4 090
Cost of sales	30	**(13 069 007)**	(11 126 945)	**–**	(3 677)
Gross profit		**2 516 744**	2 195 453	**–**	413
Other income	31	**128 325**	101 895	**644**	–
Administration expenses		**(1 233 713)**	(968 366)	**(15 834)**	(21 336)
Marketing and selling expenses		**(685 545)**	(664 791)	**(2 303**	–
Other operating expenses		**(261 044)**	(209 204)	**–**	–
Operating profit/(loss)	32	**464 767**	454 987	**(17 493)**	(20 923)
Interest received	33	**23 669**	12 536	**100 783**	77 986
Interest paid	34	**(133 722)**	(103 352)	**(98 653)**	(75 379)
Dividend received		**–**	–	**510 000**	166 863
Gain on bargain purchase	50	**3 999**	–	**–**	–
Impairment of intangible assets and goodwill		**(34 721)**	(65 014)	**–**	–
Impairment of investment – available-for-sale	8	**(54 922)**	–	**–**	–
Share of profits from associates	10	**23 078**	29 778	**–**	–
Loss on sale of business	35	**(30 056)**	–	**–**	–
(Loss)/profit on the sale of shares		**(361)**	371	**–**	371
(Loss)/profit on sale of property and equipment		**(991)**	1 173	**–**	–
Profit before taxation		**260 740**	330 479	**494 637**	148 918
Taxation	36	**(53 930)**	(86 277)	**(4 099)**	3 191
Profit for the year		**206 810**	244 202	**490 538**	152 109
Other comprehensive income*					
Exchange differences on translating foreign operations	19	**106 445**	(5 488)	**–**	–
Realised foreign exchange gains through profit and loss on disposal of business	35	**7 734**	–	**–**	–
Exchange differences arising on the net investment of a foreign operation		**63 456**	(15 122)	**63 456**	(15 122)
Fair value adjustment of derivative financial instrument		**(580)**	(2 366)	**–**	25
Non-controlling interest		**862**	342	**–**	–
Other comprehensive income/(loss) for the year, net of tax		**177 917**	(22 634)	**63 456**	(15 097)
Total comprehensive income for the year		**384 727**	221 568	**553 994**	137 012
Profit attributable to:					
Owners of the parent		**207 672**	244 544	**490 538**	152 109
Non-controlling interest		**(862)**	(342)	**–**	–
Total comprehensive income attributable to:					
Owners of the parent		**384 727**	221 568	**553 994**	137 012
Non-controlling interest		**(862)**	(342)	**–**	–
Earnings per share					
Basic (cents)	37	**192,0**	236,5	**–**	–
Diluted (cents)	37	**185,4**	222,7	**–**	–
Approved dividends to shareholders		**148**	140	**–**	–
Interim dividend (cents)		**60**	60	**–**	–
Final dividend (cents) in respect of prior year		**88**	80	**–**	–

* *All items below will be reclassified to profit and loss upon derecognition.*

Statement of changes in equity

for the year ended 29 February 2016

	Share capital R'000	Share premium R'000	Treasury shares R'000	Non-distributable reserve R'000
Group				
Balance as at 28 February 2014	2 502	1 487 124	(12 891)	–
Issue of ordinary shares pursuant to acquisition	166	213 255	–	–
Capitalisation of transaction costs	–	(496)	–	–
Issue of ordinary shares under employee share option plan	14	19 024	–	–
Dividend distributions	–	–	–	–
Scrip distribution	51	(51)	–	–
Recognition of BBBEE and staff share-based payments	–	–	–	–
Adcorp Empowerment Share Incentive Trust shares written off	–	–	(99)	–
Profit for the year	–	–	–	–
Other movement in distributable reserves	–	–	–	–
Other comprehensive losses for the year	–	–	–	–
Minority interest	–	–	–	–
Equity due to change in control	–	–	–	–
Balance as at 28 February 2015	2 733	1 718 856	(12 990)	–
Issue of ordinary shares under employee share option plan	**16**	**19 253**	**–**	**–**
Dividend distributions	**–**	**–**	**–**	**–**
Recognition of BBBEE and staff share-based payments	**–**	**–**	**–**	**–**
Treasury shares acquired during the year	**–**	**–**	**(23 973)**	**–**
Movement in BEE shareholders' interest	**–**	**–**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**–**
Other comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**
Realised foreign exchange gains through profit and loss on disposal of business	–	–	–	–
Minority interest	**–**	**–**	**–**	**–**
Balance as at 29 February 2016	**2 749**	**1 738 109**	**(36 963)**	**–**
Company				
Balance as at 28 February 2014	2 923	1 487 124	–	119 918
Issue of ordinary shares pursuant to acquisition	166	213 255	–	–
Capitalisation of transaction costs	–	(496)	–	–
Issue of ordinary shares under employee share option plan	14	19 024	–	–
Dividend distributions	–	–	–	–
Scrip distribution	51	(51)	–	–
Recognition of BBBEE and staff share-based payments	–	–	–	–
Profit for the year	–	–	–	–
Other comprehensive income/(loss) for the year	–	–	–	–
Balance as at 28 February 2015	3 154	1 718 856	–	119 918
Issue of ordinary shares under employee share option plan	**16**	**19 253**	**–**	**–**
Dividend distributions	**–**	**–**	**–**	**–**
Recognition of BBBEE and staff share-based payments	**–**	**–**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**–**
Other comprehensive income for the year	**–**	**–**	**–**	**–**
Balance as at 29 February 2016	**3 170**	**1 738 109**	**–**	**119 918**

Share-based payment reserve R'000	Foreign currency translation reserve R'000	Cash flow hedging reserve R'000	Retained earnings R'000	Attributable to equity holders of the parent R'000	Non-controlling interest R'000	BEE shareholders' interest R'000	Total R'000
107 375	2 046	(25)	513 544	2 099 675	(3 016)	921	2 097 580
–	–	–	–	213 421	–	–	213 421
–	–	–	–	(496)	–	–	(496)
–	–	–	–	19 038	–	–	19 038
–	–	–	(87 973)	(87 973)	–	–	(87 973)
–	–	–	–	–	–	–	–
7 206	–	–	–	7 206	–	–	7 206
–	–	–	–	(99)	–	–	(99)
–	–	–	244 544	244 544	–	–	244 544
–	–	–	(1 404)	(1 404)	–	–	(1 404)
–	(5 488)	(2 366)	(15 122)	(22 976)	(342)	–	(23 318)
–	–	–	–	–	(684)	–	(684)
–	–	–	(2 783)	(2 783)	–	–	(2 783)
114 581	(3 442)	(2 391)	650 806	2 468 153	(4 042)	921	2 465 032
–	**–**	**–**	**–**	**19 269**	**–**	**–**	**19 269**
–	**–**	**–**	**(164 571)**	**(164 571)**	**–**	**–**	**(164 571)**
7 206	**–**	**–**	**–**	**7 206**	**–**	**–**	**7 206**
–	**–**	**–**	**–**	**(23 973)**	**–**	**–**	**(23 973)**
–	**–**	**–**	**–**	**–**	**–**	**(245)**	**(245)**
–	**–**	**–**	**207 672**	**207 672**	**(862)**	**–**	**206 810**
–	**106 445**	**(580)**	**63 456**	**169 321**	**–**	**–**	**169 321**
–	**7 734**	**–**	**–**	**7 734**	**–**	**–**	**7 734**
–	**–**	**–**	**–**	**–**	**(1 282)**	**–**	**(1 282)**
121 787	**110 737**	**(2 971)**	**757 363**	**2 690 811**	**(6 186)**	**676**	**2 685 301**
107 375	–	(25)	30 656	1 747 971	–	–	1 747 971
–	–	–	–	213 421	–	–	213 421
–	–	–	–	(496)	–	–	(496)
–	–	–	–	19 038	–	–	19 038
–	–	–	(88 314)	(88 314)	–	–	(88 314)
–	–	–	–	–	–	–	–
7 206	–	–	–	7 206	–	–	7 206
–	–	–	152 109	152 109	–	–	152 109
–	–	25	(15 122)	(15 097)	–	–	(15 097)
114 581	–	–	79 329	2 035 838	–	–	2 035 838
–	**–**	**–**	**–**	**19 269**	**–**	**–**	**19 269**
–	**–**	**–**	**(166 018)**	**(166 018)**	**–**	**–**	**(166 018)**
7 206	**–**	**–**	**–**	**7 206**	**–**	**–**	**7 206**
–	**–**	**–**	**490 538**	**490 538**	**–**	**–**	**490 538**
–	**–**	**–**	**63 456**	**63 456**	**–**	**–**	**63 456**
121 787	**–**	**–**	**467 305**	**2 450 289**	**–**	**–**	**2 450 289**

Segment report

for the year ended 29 February 2016

	Industrial (blue collar)	Support (white collar)	Professional services	BPO, training and candidate benefits
External revenue				
– 2016 (R'000)	**8 074 971**	**2 382 548**	**4 785 485**	**340 757**
– 2015 (R'000)	7 230 582	1 723 567	4 026 745	307 674
Internal revenue				
– 2016 (R'000)	**71 354**	**90 038**	**–**	**68 459**
– 2015 (R'000)	38 624	38 614	–	38 684
Operating profit/(loss)				
– 2016 (R'000)	**385 618**	**79 775**	**113 454**	**54 969**
– 2015 (R'000)	407 156	90 346	102 760	49 966
Normalised* EBITDA excluding share-based payments, lease smoothing, establishment and transaction costs				
– 2016 (R'000)	**407 406**	**95 142**	**157 319**	**59 394**
– 2015 (R'000)	455 478	99 430	150 493	59 324
Normalised* EBITDA margin excluding share-based payments, lease smoothing, establishment and transaction costs				
– 2016 (%)	**5,0**	**4,0**	**3,3**	**17,4**
– 2015 (%)	6,3	5,8	3,7	19,3
Normalised* EBITDA excluding share-based payments, lease smoothing, establishment and transaction costs, contribution % to Group normalised* EBITDA				
– 2016 (%)	**65,5**	**15,3**	**25,3**	**9,6**
– 2015 (%)	68,1	14,9	22,5	8,9
Depreciation and amortisation				
– 2016 (R'000)	**43 322**	**26 814**	**47 805**	**8 193**
– 2015 (R'000)	41 625	16 391	43 023	6 676
Interest income				
– 2016 (R'000)	**40 808**	**8 980**	**2 486**	**15 791**
– 2015 (R'000)	15 246	25 398	3 333	13 148
Interest expense				
– 2016 (R'000)	**(53 044)**	**(1 366)**	**(17 795)**	**(7 946)**
– 2015 (R'000)	(41 815)	(22 257)	(12 622)	(6 043)
Taxation expense/(income)				
– 2016 (R'000)	**38 292**	**(8 573)**	**2 247**	**9 215**
– 2015 (R'000)	37 475	2 496	8 626	9 051
Net asset values				
– 2016 (R'000)	**1 763 959**	**246 797**	**701 166**	**251 003**
– 2015 (R'000)	1 721 199	387 531	952 499	238 773
Asset carrying value				
– 2016 (R'000)	**2 371 555**	**512 595**	**1 123 355**	**331 116**
– 2015 (R'000)	2 286 243	812 812	1 578 078	282 880
Liabilities carrying value				
– 2016 (R'000)	**607 596**	**265 798**	**422 189**	**80 113**
– 2015 (R'000)	565 044	425 281	625 579	44 107
Additions to property and equipment				
– 2016 (R'000)	**26 688**	**4 731**	**14 766**	**2 961**
– 2015 (R'000)	43 128	2 738	4 571	3 858
Property and equipment				
– 2016 (R'000)	**76 666**	**11 065**	**21 070**	**5 702**
– 2015 (R'000)	65 828	19 069	11 310	5 540

* *Normalised earnings is defined as operating profit adjusted for depreciation, amortisation of intangibles, lease smoothing and once-off transaction costs relating to acquisitions. Previously, the Group reported normalised earnings, including adjustments for share-based payments and establishment costs relating, inter alia, to the establishment of the Group's international operations.*

** *International represents operations in Africa, Australia and Asia-Pacific regions.*

*** *Relate to businesses being developed in order to address changing global trends and the Group's strategic objectives.*

Emergent business***	Subtotal	Central costs	Shared services	Total	International**	South Africa	Total
64	**15 583 825**	**1 007**	**919**	**15 585 751**	**5 778 324**	**9 807 427**	**15 585 751**
29 950	13 318 518	4 090	(210)	13 322 398	3 986 797	9 335 601	13 322 398
–	**229 851**	**–**	**1 777**	**231 628**	**–**	**231 628**	**231 628**
3 737	119 659	–	378	120 037	–	120 037	120 037
(5 031)	**628 785**	**(147 802)**	**(16 216)**	**464 767**	**90 794**	**373 973**	**464 767**
(12 374)	637 854	(163 767)	(19 100)	454 987	117 265	337 722	454 987
(5 001)	**714 260**	**(97 706)**	**4 967**	**621 521**	**164 313**	**457 208**	**621 521**
(8 320)	756 405	(81 386)	(6 551)	668 468	160 348	508 120	668 468
–	**4,6**	**–**	**–**	**4,0**	**2,8**	**4,7**	**4,0**
–	5,7	–	–	5,0	4,0	5,4	5,0
(0,8)	**114,9**	**(15,7)**	**0,8**	**100,0**	**26,4**	**73,6**	**100,0**
(1,2)	113,2	(12,2)	(1,0)	100,0	24,0	76,0	100,0
108	**126 242**	**15 551**	**–**	**141 793**	**62 797**	**78 996**	**141 793**
3 651	111 366	2 264	–	113 630	43 083	70 547	113 630
24	**68 089**	**(44 426)**	**6**	**23 669**	**19 422**	**4 247**	**23 669**
37	57 162	(44 775)	149	12 536	2 655	9 881	12 536
–	**(80 151)**	**(39 977)**	**(13 594)**	**(133 722)**	**(25 157)**	**(108 565)**	**(133 722)**
(8 372)	(91 109)	(3 729)	(8 514)	(103 352)	17 840	85 512	(103 352)
43	**41 224**	**12 706**	**–**	**53 930**	**41 275**	**12 655**	**53 930**
295	57 943	28 334	–	86 277	6 673	79 604	86 277
1 456	**2 964 381**	**(322 048)**	**42 968**	**2 685 301**	**1 137 044**	**1 548 257**	**2 685 301**
8 659	3 308 661	(811 200)	(32 429)	2 465 032	704 235	1 760 797	2 465 032
828	**4 339 449**	**1 941 375**	**97 336**	**6 378 160**	**2 412 658**	**3 965 502**	**6 378 160**
14 934	4 974 947	364 092	5 589	5 344 628	1 631 538	3 713 090	5 344 628
(628)	**1 375 068**	**2 263 423**	**54 368**	**3 692 859**	**1 275 614**	**2 417 245**	**3 692 859**
6 275	1 666 286	1 175 292	38 018	2 879 596	927 303	1 952 293	2 879 596
–	**49 146**	**20 194**	**6 838**	**76 178**	**27 872**	**48 306**	**76 178**
1 361	55 656	760	530	56 946	7 126	49 820	56 946
62	**114 565**	**18 087**	**5 144**	**137 796**	**64 137**	**73 659**	**137 796**
3 775	105 522	4 545	2 358	112 425	17 532	94 893	112 425

Statement of cash flows

for the year ended 29 February 2016

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Operating activities					
Profit/(loss) before taxation and dividends		**260 740**	330 479	**(15 363)**	(17 945)
Adjusted for:					
Dividend received		**–**	–	**510 000**	166 863
Depreciation		**35 962**	32 815	**–**	–
Gain on bargain purchase		**(3 999)**	–	**–**	–
Impairment of intangible assets and goodwill		**34 721**	65 014	**–**	–
Impairment of investment – available-for-sale		**54 922**	–	**–**	–
Share profits from associates*		**(23 078)**	(29 778)		
Loss on sale of business		**30 056**	–	**–**	–
Loss on the sale of shares		**361**	–	**–**	–
Loss/(profit) on disposal of property and equipment		**991**	(1 173)		
Amortisation of intangible assets		**105 831**	80 815	**–**	–
Amortisation of intangible assets – acquired in a business combination		**77 486**	61 083	**–**	–
Amortisation of intangible assets – other than those acquired in a business combination		**28 345**	19 732	**–**	–
Share-based payments		**(31 164)**	80 724	**–**	–
Share-based payment expense	42	**43 514**	64 801	**–**	–
Revaluation of share-based payment liability		**(74 678)**	15 923	**–**	–
Unrealised foreign exchange gains		**(11 859)**	–	**–**	–
Revaluation of foreign exchange-denominated intercompany loan		**–**	(15 122)	**–**	(15 122)
Non-cash portion of operating lease rentals		**1 781**	322	**–**	–
Exchange differences on translating foreign operations		**–**	(5 488)	**–**	–
Foreign currency adjustment to goodwill		**–**	15 388	**–**	–
Other movement in distributable reserves		**–**	(1 404)	**–**	–
Interest received		**(23 669)**	(12 536)	**(100 783)**	(77 986)
Interest paid		**133 722**	103 352	**98 653**	75 379
Cash generated from operations before working capital changes		**565 318**	643 408	**492 507**	131 189
(Increase)/decrease in trade and other receivables and prepayments		**(343 661)**	38 764	**2 255**	3 091
Increase in bad debt provision	12	**(1 861)**	(45 561)	**–**	–
Increase in other financial assets		**(29 728)**	–	**–**	–
Increase/(decrease) in trade and other payables		**126 090**	(58 233)	**1 438**	(3 046)
Increase in provisions	26	**37 148**	19 372	**–**	–
Net movement in holding and fellow subsidiaries intercompany accounts		**–**	–	**(709 319)**	(390 914)
Cash generated/(utilised) by operations		**353 306**	597 750	**(213 119)**	(259 680)
Interest received		**23 669**	12 536	**100 783**	77 986
Interest paid		**(133 722)**	(103 352)	**(98 653)**	(75 379)
Taxation paid	47	**(110 296)**	(90 678)	**(5 019)**	(1 454)
Cash settlement of share options exercised		**(74 678)**	(69 883)	**–**	–
Dividend paid	48	**(164 571)**	(87 973)	**(166 018)**	(88 314)
Net cash (utilised)/generated by operating activities		**(106 292)**	258 400	**(382 026)**	(346 841)

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Investing activities					
Additions to property, equipment and intangible assets	49	**(102 331)**	(69 390)	**–**	–
Proceeds from sale of property and equipment		**13 821**	3 855	**–**	–
Acquisition of businesses	50	**(267 214)**	(180 027)	**–**	–
Net proceeds on the sale of business	35	**6 953**	–	**–**	–
Acquisition of investment		**(10 000)**	(4 270)	**(10 000)**	–
Deferred tax on financial derivatives		**–**	1 025	**–**	–
Dividends received from associates	10	**–**	14 561	**–**	–
Minority interest		**(1 282)**	(684)	**–**	–
Investment – available-for-sale	8	**–**	(42 288)	**–**	–
Net cash utilised by investing activities		**(360 053)**	(277 218)	**(10 000)**	–
Financing activities					
Issue of shares under employee share option scheme		**19 269**	19 038	**19 269**	19 038
Issue of shares pursuant to acquisitions	50	**–**	212 925	**–**	212 925
Treasury shares acquired		**(23 973)**	–	**–**	–
Net processed of repurchase of "A" shares		**(607)**	–	**–**	–
Equity due to change in control		**–**	(2 783)	**–**	–
Long-term loans raised		**490 085**	135 662	**159 949**	200 637
Short-term loan raised		**–**	66 130	**3 092**	4 364
Short-term loan repaid		**(122 768)**	(97 117)	**–**	–
Other non-current liabilities – interest-bearing		**(2 341)**	(657)	**–**	–
Increase/(decrease) in other payables		**13 458**	(14 182)	**–**	–
Net cash generated by financing activities		**373 123**	319 016	**182 310**	436 964
Net increase in cash and cash equivalents		**(93 222)**	300 198	**(209 716)**	90 123
Cash and cash equivalents at the beginning of the year		**571 125**	270 927	**(69 790)**	(159 913)
Cash and cash equivalents at the end of the year	51	**477 903**	571 125	**(279 506)**	(69 790)

** Prior year's amount has been reclassified from investing activities to operating activities*

Notes to the annual financial statements

for the year ended 29 February 2016

1. Accounting framework

The Group applies all applicable International Financial Reporting Standards (IFRS) in preparation of the financial statements.

Consequently, all IFRS statements that were effective at 29 February 2016 and are relevant to its operations have been applied.

At the date of authorisation of these financial statements, the following standards, which have not been applied in these financial statements, were in issue but not yet effective:

Standards not yet effective

New/revised International Financial Reporting Standards		Effective date
IFRS 9: *Financial Instruments*	This standard supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). However, for annual periods beginning before 1 January 2018, an entity may elect to apply those earlier versions of IFRS 9 instead of applying this standard if, and only if, the entity's relevant date of initial application is before 1 February 2015. Despite the requirement in paragraph 7.2.1, an entity that adopts the classification and measurement requirements of this standard (which include the requirements related to amortised cost measurement for financial assets and impairment in Sections 5.4 and 5.5) shall provide the disclosures set out in paragraphs 42L – 42O of IFRS 7 but need not restate prior periods. The entity may restate prior periods if, and only if, it is possible without the use of hindsight. If an entity does not restate prior periods, the entity shall recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application. However, if an entity restates prior periods, the restated financial statements must reflect all of the requirements in this standard. If an entity's chosen approach to applying IFRS 9 results in more than one date of initial application for different requirements, this paragraph applies at each date of initial application (see paragraph 7.2.2). This would be the case, for example, if an entity elects to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss in accordance with paragraph 7.1.2 before applying the other requirements in this standard.	Annual periods beginning on or after 1 January 2018
IFRS 10: *Consolidated Financial Statements*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), issued in September 2014, amended paragraphs 25 – 26 and added paragraph B99A. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact. Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28), issued in December 2014, amended paragraphs 4, 32, B85C, and B85E and C2A and added paragraphs 4A – 4B. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IFRS 12: *Disclosure of Interests in Other Entities*	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28), issued in December 2014, amended paragraph 6. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016

New/revised International Financial Reporting Standards		Effective date
IFRS 15: *Revenue from Contracts with Customers*	The standard should be applied in an entity's IFRS financial statements for annual reporting periods beginning on or after 1 January 2017. Earlier application is permitted. An entity that chooses to apply IFRS 15 earlier than 1 January 2017 should disclose this fact in its relevant financial statements when it has done so. There are also transitional exemptions and practical expedients available to entities on initial adoption of IFRS 15. The standard should be applied in an entity's IFRS financial statements for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. An entity that chooses to apply IFRS 15 earlier than 1 January 2018 should disclose this fact in its relevant financial statements. [IFRS 15:C1] When first applying IFRS 15, entities should apply the standard in full for the current period, including retrospective application to all contracts that were not yet complete at the beginning of that period. In respect of prior periods, the transition guidance allows entities an option to either: [IFRS 15:C3] 1) apply IFRS 15 in full to prior periods (with certain limited practical expedients being available); or 2) retain prior period figures as reported under the previous standards, recognising the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application (beginning of current reporting period).	Annual periods beginning on or after 1 January 2018
IFRS 16: *Leases*	The standard specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	Annual periods beginning on or after 1 January 2019
IAS 1: *Presentation of Financial Statements*	Disclosure Initiative (Amendments to IAS 1), issued in December 2014, amended paragraphs 10, 31, 54 – 55, 82A, 85, 113 – 114, 117, 119 and 122, added paragraphs 30A, 55A and 85A – 85B and deleted paragraphs 115 and 120. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. Entities are not required to disclose the information required by paragraphs 28 – 30 of IAS 8 in relation to these amendments.	Annual periods beginning on or after 1 January 2016
IAS 7: *Cash Flow Statement*	The standard clarifies how entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	Annual periods beginning on or after 1 January 2017
IAS 12: Income Taxes	The proposals in ED/2012/1 Annual Improvements to IFRSs: 2010 – 2012 Cycle included proposals to amend IAS 12: *Income Taxes* to clarify when a deferred tax asset should be recognised for unrealised losses. However, in response to constituent feedback on the proposals, the IASB decided that the accounting for deferred tax assets for unrealised losses on debt instruments should be clarified by a separate narrow-scope project to amend IAS 12. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.	Annual periods beginning on or after 1 January 2017

1. Accounting framework continued

New/revised International Financial Reporting Standards		Effective date
IAS 16: *Property, Plant and Equipment*	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38), issued in May 2014, amended paragraph 56 and added paragraph 62A. An entity shall apply those amendments prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period it shall disclose that fact. Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41), issued in June 2014, amended paragraphs 3, 6 and 37 and added paragraphs 22A and 81L – 81M. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IAS 19: *Employee Benefits*	Annual Improvements to IFRSs 2012 – 2014 Cycle, issued in September 2014, amended paragraph 83 and added paragraph 177. An entity shall apply that amendment for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IAS 27: *Separate Financial Statements*	Equity Method in Separate Financial Statements (Amendments to IAS 27), issued in August 2014, amended paragraphs 4 – 7, 10, 11B and 12. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016 retrospectively in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IAS 28: *Investments in Associates and Joint Ventures*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), issued in September 2014, amended paragraphs 28 and 30 and added paragraphs 31A – 31B. An entity shall apply those amendments prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact. 45D. Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28), issued in December 2014, amended paragraphs 17, 27 and 36 and added paragraph 36A. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IAS 34: *Interim Financial Reporting*	Annual Improvements to IFRSs 2012 – 2014 Cycle, issued in September 2014, amended paragraph 16A. An entity shall apply that amendment retrospectively in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IAS 38: *Intangible Assets*	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38), issued in May 2014, amended paragraphs 92 and 98 and added paragraphs 98A – 98C. An entity shall apply those amendments prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 28 February 2015, but are not relevant to its operations:

Standards not yet effective or relevant

New/revised International Financial Reporting Standards		Effective date
IFRS 1: *First-time Adoption of International Financial Reporting Standards*	Annual Improvements to IFRSs 2012 – 2014 Cycle, issued in September 2014, added paragraph E4A. An entity shall apply that amendment for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies that amendment for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*	Annual Improvements to IFRSs 2012 – 2014 Cycle, issued in September 2014, amended paragraphs 26 – 29 and added paragraph 26A. An entity shall apply that amendment prospectively in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* to changes in the method of disposal that occurs in annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IFRS 7: *Financial Instruments: Disclosures*	Annual Improvements to IFRSs 2012 – 2014 Cycle, issued in September 2014, amended paragraphs 44R and B30 and added paragraph B30A. An entity shall apply that amendment retrospectively in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2016, except that an entity need not apply the amendments to paragraphs B30 and B30A for any periods presented that begins before the annual period for which the entity first applies those amendments. Earlier application of paragraphs 44R, B30 and B30A is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IFRS 11: *Joint Arrangements*	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11), issued in May 2014, amended the heading after paragraph B33 and added paragraphs 21A, B33A – B33D and C14A and their related headings. An entity shall apply those amendments prospectively in annual periods beginning on or after 1 January 2016.	Annual periods beginning on or after 1 January 2016
IFRS 14: *Regulatory Deferral Accounts*	IFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for "regulatory deferral account balances" in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.	Annual periods beginning on or after 1 January 2016
IAS 41: *Agriculture*	Bearer Plants (Amendments to IAS 16 and IAS 41), issued in June 2014, amended paragraphs 1 – 5, 8, 24 and 44 and added paragraphs 5A – 5C and 63. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016

2. Significant accounting policies

Statement of compliance

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The consolidated annual financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In all material respects, these policies have been followed by all companies in the Group and are consistent with the prior year.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into currency units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12: *Income Taxes* and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see note 3.16.2); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

2. Significant accounting policies continued

Business combinations continued

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value (ie the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest was disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is defined as the ability to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds its interest in the associate, the Group discontinues recognising its share of further losses. Additional losses are only recognised to the extent that the Group has a legal or constructive obligation, or has made payments on behalf of the associate.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36: *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is charged so as to write-off the cost or valuation of the assets over their estimated useful lives to its residual value, using the straight-line method, on the following basis:

Land is not depreciated	–
Buildings owned and occupied	2,86%
Computers and office equipment	20% – 33%
Furniture and fittings	10% – 16,7%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. Useful lives and residual values are reassessed on an annual basis.

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 the statement of comprehensive income.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

The carrying amounts of the Group's assets are reviewed at the end of each reporting period 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 fair value less cost to sell and its value in use. An impairment loss is recognised in profit or loss whenever the carrying amount of the 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 the prior years. A reversal of an impairment loss is recorded in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

2. Significant accounting policies continued

Deferred tax

Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group has become party to contractual provisions of the instrument.

Investments

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 statement of financial position 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 or 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.

Investment – available-for-sale

The Group also has an investment in unlisted shares that are not traded in an active market but are also classified as a financial asset and stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 8.

Trade and other receivables

Trade and other receivables may carry any interest and are stated at their nominal value. Trade and other receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

Loans to/(from) Group companies

These include loans to and from subsidiaries and associates and are recognised initially at fair value plus direct transaction costs. Loans to Group companies are classified as loans and receivables. Loans from Group companies are classified as financial liabilities measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade and other payables do not carry any interest and are stated at their nominal value.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded as 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.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk, which includes interest rate swaps.

These derivative financial instruments are initially recognised in the statement of financial position at fair value on the date which a derivative contract is entered into (the best evidence of fair value on day one is the transaction price) and subsequently remeasured at their fair value on reporting date. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option-pricing models, as appropriate, and from other service providers (banks, corporate financiers) as the case may be. All derivatives are carried as derivative financial assets when fair value is positive and as derivative financial liabilities when fair value is negative.

Hedge accounting

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedge).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions, is documented. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are expected to be and have been highly effective in offsetting changes in fair values or cash flows of hedged items.

When derivative instruments do not qualify for hedge accounting, changes in the fair value of all such derivative instruments are recognised immediately in profit or loss.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used, is amortised to profit or loss over the period to maturity.

Cash flow hedges

The Group recognises fair value changes of derivatives that are designated and qualify as cash flow hedges and prove to be highly effective in relation to the hedged risk, in the cash flow hedging reserve in the statement of other comprehensive income (equity). The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Financial asset or liability

Amounts accumulated in the statement of other comprehensive income (equity) are recycled to profit or loss in the period in which the hedged item will affect the profit or loss. Where the forecast transaction subsequently results in the recognition of a financial asset or liability, the gains or losses deferred in equity are transferred from the statement of other comprehensive income (equity) when the financial asset or liability is sold or impaired.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

Liability at amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Equity instruments

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

Share-based payments

The Group complies with the requirements of IFRS 2: *Share-based Payments.*

The Group has issued equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes model. The expected life used in this model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2. Significant accounting policies continued

Share-based payments continued

For cash-settled share-based payment transactions, the services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the year.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales-related taxes.

Revenue comprises mainly the invoice value of services rendered to customers, as well as commission received and training course income. Revenue excludes value-added tax and is recognised at the date the services are rendered.

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.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Investment income

Investment income is recognised on the accrual basis by reference to the principal outstanding and the effective applicable interest rates.

Government grants

Government grants towards staff training costs are recognised in profit or loss over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Leases

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

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable/receivable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Employee benefits

Payments to defined contribution retirement benefit plans (either provident or pension funds) and medical aid contributions are recognised as an expense when employees have rendered services entitling them to the contributions. All employee benefits cease on termination of employment.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 2, management has made the following judgements that have a significant effect on the amounts recognised in the financial statements:

Provision for bad debts

The provision was measured at the Group's best estimate of future unrecoverable trade receivables, taking into account circumstances prevailing at year-end. Details of the provision are provided in note 12.

Provision for leave pay

In making its judgement, the provision for leave pay was measured at the Group's best estimate of the expenditure required to settle the obligation at balance sheet date in accordance with the Basic Conditions of Employment Act. Details of the provision for leave pay are provided in note 26.

Revenue recognition

Judgement is involved in determining the date upon which services are rendered and as such revenue is recorded or deferred in accordance with revenue recognition policy while ensuring that this is compliant with IAS 18: *Revenue*.

Purchase price allocation relating to acquisitions

The Group has exercised judgement in determining the purchase price allocation, intangible assets and resulting goodwill relating to the acquisition of the business acquired. Details of acquisitions are included in note 50. The free cash flow method was used and the key estimates involved were growth rates, discount rate, as well as return on the contracts or key customer relationships.

Recognition of deferred tax assets

The Group has exercised judgement in determining whether deferred tax assets should be recognised. Judgement is involved in determining the extent to which it is probable that taxable profit in the various subsidiaries will be available against which the deferred tax assets will be utilised. Details of these deferred tax assets are provided in note 11.

Investment in assets available-for-sale

The Group carries its available-for-sale assets at fair value. The directors believe that its current carrying value is reflective of its fair value.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. The value-in-use calculation requires the entity to estimate future cash flows expected to arise from the cash-generating unit and to determine a suitable discount rate in order to calculate present value. Details of the impairment of goodwill are provided in note 6.

Share-based payments

Determining the value of share-based payments to be expensed requires an estimation using the Black-Scholes pricing model.

The model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural consideration. Details of share-based payments and assumptions used are provided in note 42.

Residual values and useful lives of assets

The Group exercised judgement in determining the useful lives of all assets and determining the residual values of these assets.

4. Property and equipment

	Land, buildings and leasehold improvements 2016 R'000	Computer and office equipment, furniture and fittings 2016 R'000	Capital work in progress 2016 R'000	Capitalised leased assets 2016 R'000	Total 2016 R'000	Total 2015 R'000
Group						
Balance at the beginning of the year	28 050	79 083	–	5 292	112 425	80 794
Assets at cost	59 669	202 980	–	18 007	280 656	232 134
Accumulated depreciation	(31 619)	(123 897)	–	(12 715)	(168 231)	(151 340)
Current year movements						
Additions	19 933	41 752	12 569	1 924	76 178	56 946
Acquisitions through business combinations (note 50)	–	400	–	–	400	10 033
Disposal of business	–	(246)	–	–	(246)	–
Cost	–	(2 122)	–	–	(2 122)	–
Accumulated depreciation	–	1 876	–	–	1 876	–
Effect of foreign currency exchange differences	(150)	(36)	–	–	(186)	149
Cost	463	(3 022)	–	–	(2 559)	(344)
Accumulated depreciation	(613)	2 986	–	–	2 373	493
Disposals	(4 602)	(9 893)	–	(317)	(14 812)	(2 682)
Cost	(7 619)	(32 367)	–	(8 444)	(48 430)	(18 113)
Accumulated depreciation	3 017	22 474	–	8 127	33 618	15 431
Depreciation	(5 654)	(29 401)		(907)	(35 962)	(32 815)
Transfers	–	(25 749)	25 749	–	–	–
Cost	4 392	(9 169)	25 749	–	20 972	–
Accumulated depreciation	(4 392)	(16 580)	–	–	(20 972)	–
Net book value at the end of the year	37 577	55 909	38 318	5 992	137 796	112 425
Represented by:						
Assets at cost	76 838	198 452	38 318	11 487	325 095	280 656
Accumulated depreciation	(39 261)	(142 542)	–	(5 495)	(187 298)	(168 231)
Net book value at the end of the year	37 577	55 909	38 318	5 992	137 796	112 425

The registers of land and buildings are open for inspection at the registered office of the company and its subsidiaries.

Land and buildings are provided as security for the mortgage bonds provided to the Group (refer to note 21).

The Group's obligations under finance leases (refer to note 24) are secured by the lessor's title to the leased assets, which have a carrying amount of R2,9 million (2015: R5,8 million).

5. Intangible assets

	Capitalised development 2016 R'000	Trade-marks 2016 R'000	Accredi-tation of programmes 2016 R'000	Customer base 2016 R'000	Other 2016 R'000	Total 2016 R'000	Total 2015 R'000
Group							
Balance at the beginning of the year	**116 873**	**162 595**	**5 049**	**326 076**	**1 158**	**611 751**	559 522
Assets at cost	**234 199**	**202 920**	**8 629**	**667 278**	**26 544**	**1 139 570**	971 575
Accumulated amortisation	**(117 326)**	**(40 325)**	**(3 580)**	**(334 519)**	**(25 386)**	**(521 136)**	(415 552)
Foreign exchange movements	**–**	**–**	**–**	**(6 683)**	**–**	**(6 683)**	3 499
Additions	**23 782**	**–**	**2 371**	**–**	**–**	**26 153**	25 466
Acquisitions through business combinations (note 50)	**5 911**	**16 651**	**–**	**97 164**	**40 666**	**160 392**	142 530
Amortisation expense	**(23 566)**	**(17 691)**	**(1 831)**	**(53 995)**	**(8 748)**	**(105 831)**	(80 815)
Capital work in progress	**–**	**–**	**–**	**–**	**–**	**–**	(2 988)
Impairment loss recognised in profit and loss	**(9 768)**	**–**	**–**	**–**	**–**	**(9 768)**	(21 781)
Foreign exchange movements	**–**	**–**	**–**	**70 473**	**–**	**70 473**	(10 182)
Net book value at the end of the year	**113 232**	**161 555**	**5 589**	**439 718**	**33 076**	**753 170**	611 752
Represented by:							
Assets at cost	**263 892**	**219 571**	**11 000**	**764 442**	**67 210**	**1 326 115**	1 139 571
Accumulated amortisation	**(150 660)**	**(58 016)**	**(5 411)**	**(388 514)**	**(34 134)**	**(636 735)**	(521 136)
Foreign exchange movements	**–**	**–**	**–**	**63 790**	**–**	**63 790**	(6 683)
Net book value at the end of the year	**113 232**	**161 555**	**5 589**	**439 718**	**33 076**	**753 170**	611 752

The capitalised development represents costs incurred to date on the development of the Dynamix AX ERP System. This software is amortised over its estimated useful lives ranging from 10 to 15 years.

Trademarks are amortised over their estimated useful lives ranging from 7 to 20 years.

Accreditation of programmes represent costs incurred to date on accrediting training programmes with the relevant training authorities. Once the asset is available for use, it is amortised over its estimated useful life of four years.

Customer base represents the customer bases purchased on acquisition of businesses. The various customer bases acquired are amortised over their estimated useful lives which range from 3 to 15 years. Other intangible assets relates to learning programmes, NQF accreditations development and a database valuation. The database was fully amortised during the 2015 financial year, and the learning programmes and NQF accreditations development are amortised over their estimated useful lives of five years.

Included in "Other" is a candidate database that was purchased on acquisition of businesses. The ABSA teller programme is fully amortised in the current year.

Amortisation of intangible assets is disclosed in operating profit (refer to note 32).

During the current year, certain modules of Dynamix AX ERP 2004 were impaired. These modules are no longer supported by the vendor and therefore the useful life is considered to be nil.

	GROUP 2016 R'000	2015 R'000
6. Goodwill		
Cost		
Opening balance	**1 396 100**	1 383 864
Additional amounts recognised from business combinations during the year (refer to note 50)	**136 192**	27 624
Goodwill written off on sale of UK business (refer to note 35)	**(13 229)**	–
Foreign currency adjustment	**111 453**	(15 388)
Closing balance	**1 630 516**	1 396 100
Impairment		
Opening balance	**(91 930)**	(48 598)
Impairment of goodwill during the year	**(24 953)**	(43 233)
Adcorp Empowerment Share Incentive Trust shares written off (refer to note 17)	**–**	(99)
Closing balance	**(116 883)**	(91 930)
Carrying amount at the end of the year	**1 513 633**	1 304 170

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill is attributable to the following material CGUs:

	GROUP 2016 R'000	2015 R'000
Blue	**593 214**	587 735
White	**311 319**	32 998
Professional services	**447 089**	521 426
Business process outsourcing, training and financial services	**162 011**	162 011
	1 513 633	1 304 170

During the year, the Group acquired Dare and the business of Van Zyl & Pritchard. As a result, an additional R136,2 million was recognised as goodwill. This was allocated to the white-collar and professional services segment.

The Group tests goodwill annually for impairment.

The recoverable amounts of the CGUs are determined using an EBITDA multiple and value-in-use calculation. The EV/EBITDA multiple used of 4,86 was obtained from an external source.

The value-in-use calculation uses the cash flow projections based on financial budgets approved by management covering a four-year period. The key assumptions for the discounted cash flow valuation method are those regarding the discount rate, growth rate and expected changes to selling prices and direct costs during the year.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management. The pre-tax rate used to discount the forecast cash flows in Australia is 12,44% (2015: 12,44%).

The Group uses a terminal growth rate into perpetuity of 3,0% (2015: 4,5%) per annum.

As a result of the annual impairment review, the Group impaired the goodwill in Resourcing For Africa (RFA), the Mauritian held company, totalling R16 million and a further R8,1 million arising on the acquisition of Van Zyl & Pritchard's business.

The directors believe that any reasonably possible change in the key assumptions on which the recoverable amounts have been based, would not cause the aggregate carrying amounts to exceed the aggregate recoverable amounts of each of the underlying cash-generating units.

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
7. Investments				
Investment in FNDS3000*	**–**	7 800	**–**	–
Investment in cell captive**	**10 000**	–	**10 000**	–
	10 000	7 800	**10 000**	–

* *Effective 1 March 2015, the Group increased its investment in FNDS3000 to 100% (2015: 30%). Details of this acquisition appears in note 50.*

** *Represents an investment in a cell captive whereby the Group owns a special class of shares that entitles the Group to participate in the administration, risk and economic result of the agreed insurance business introduced to the insurance company.*

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
8. Investment – available-for-sale				
Cost	**42 288**	42 288	**–**	–
Interest	**2 068**	–	**–**	–
Foreign currency movement	**10 566**	–	**–**	–
Impairment	**(54 922)**	–	**–**	–
	–	42 288	**–**	–

The investment available-for-sale represents a convertible loan granted by Adcorp Holdings Australia Proprietary Limited (AHA) to Singapore-based APBA Pte Limited (APBA).

Interest accrues on the loan at 4% per annum and AHA has the right to convert the loan into a maximum 25% stake in APBA after the 3,5-year anniversary of the payment date.

At year-end, Adcorp has been furnished with an independent valuation of APBA, which has primarily been based on management's future financial projections. This independent valuation would imply that Adcorp's investment in APBA of R54,9 million is well covered. However, due to the uncertain nature of financial forecasting as well as Adcorp's inability to substantiate or validate management's financial projections, the board currently considers it prudent to impair this asset fully. Should value be realised on this investment in future, it will accordingly be recognised as profit at that stage.

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
9. Investment in subsidiaries				
(for details refer to Annexure A)				
Shares at cost less amounts written off	**–**	–	**1 203 838**	1 574 642
Shares at cost	**–**	–	**1 210 564**	1 581 368
Less: Provision for impairment of investment	**–**	–	**(6 726)**	(6 726)
Closing balance	**–**	–	**1 203 838**	1 574 642
Opening balance	**–**	–	**1 574 642**	1 574 642
Disposal of subsidiaries*	**–**	–	**(370 804)**	–
* The following subsidiaries of Adcorp Holdings Limited were sold to Kelly Group Limited (KGL) during the current year:				
Adcorp Staffing Solutions Proprietary Limited	**–**	–	**148 259**	–
Adcorp Fulfilment Services Proprietary Limited	**–**	–	**221 916**	–
Production Management Institution Proprietary Limited	**–**	–	**629**	–
	–	–	**370 804**	–

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
10. Investment in associates				
Carrying values at the beginning of the period	**102 171**	86 954	**–**	–
Share of current period earnings (gross of dividends received) (for details refer to Annexure A)	**23 078**	29 778	**–**	–
Dividends received	**–**	(14 561)	**–**	–
Total investment in associates	**125 249**	102 171	**–**	–

Summarised financial information in respect of the Group's associates is set out below:

	Nihilent R'000	PRP Solutions R'000	Total Feb 2016 R'000	Nihilent R'000	PRP Solutions R'000	Total Feb 2015 R'000
Total assets	**604 930**	**30 893**	**635 823**	422 057	27 260	449 317
Non-current assets	**125 715**	**26 169**	**151 884**	63 030	23 736	86 766
Current assets	**479 215**	**4 724**	**483 939**	359 026	3 525	362 551
Total liabilities	**170 905**	**52 287**	**223 192**	84 662	43 673	128 335
Non-current liabilities	**56 108**	**–**	**56 108**	–	–	–
Current liabilities	**114 797**	**52 287**	**167 084**	84 662	43 673	128 335
Net assets	**434 025**	**(21 394)**	**412 631**	337 395	(16 413)	320 982
Total revenue	**641 687**	**20 336**	**662 023**	523 088	4 659	527 747
Total profit/(loss) for the year	**66 699**	**(4 809)**	**61 890**	87 584	(878)	86 706
Group's share of associates' profit for the year	**23 078**	**–**	**23 078**	29 778	–	29 778
Unrecognised share of losses at beginning of period	**–**	**3 510**	**3 510**	–	–	–
Unrecognised share of losses	**–**	**1 443**	**1 443**	–	3 510	3 510
Unrecognised share of losses on acquisition	**–**	**–**	**–**	–	3 247	3 247
Losses for the year not recognised	**–**	**1 443**	**1 443**	–	263	263
Unrecognised share of losses at end of period	**–**	**4 953**	**4 953**	–	3 510	3 510

Nihilent Technologies PVT Limited

The Group holds an indirect effective 34,6% equity investment in Nihilent Technologies PVT Limited (Nihilent). Nihilent is a business consulting and technology services company incorporated in India. The year-end of the associate is the end of March. Management accounts were used to calculate the share of profits from Nihilent for the period. Nihilent's profit and loss for the year has been converted using an average exchange rate for the financial year ended 29 February 2016 of USD1 = ZAR13,51 (2015: USD = ZAR10,95). The financial position of Nihilent has been converted using the spot exchange rate of USD1 = ZAR16,03 (2015: USD1 = ZAR11,58) as at 29 February 2016.

PRP Solutions Proprietary Limited

PRP Solutions provides integrated time and attendance solutions to payroll services with the use of biometric technology. The company is incorporated in South Africa. The Group holds an indirect interest of 30% in PRP Solutions Proprietary Limited via Kelly Group Limited. PRP Solutions Proprietary Limited has a February year-end. The Group's share of losses has exceeded its interest in the associate, and as such the Group has discontinued recognising its share of further losses. The recognition of any profits by the associate will only begin once the cumulative losses have been reduced to zero.

Significant influence exists due to the size of shareholdings held in the associates.

	GROUP 2016 R'000
11. Deferred taxation – Group	
The aggregated deferred tax asset/liability position is based on a per legal entity basis within the Group.	
Consisting of:	
Aggregate net deferred tax assets	**96 568**
Aggregate net deferred tax liabilities	**(113 634)**
Net position	**(17 066)**

The 2015 amounts have been shown on a gross basis in the statement of financial position.

The detail relating to gross deferred tax assets/liabilities appears below:

	As at 28 Feb 2015 R'000	Charged to the statement of comprehensive income R'000	Recognised in equity R'000	Arising on business combination R'000	As at 29 Feb 2016 R'000
Deferred tax assets					
Deferred tax raised on provisions	74 247	32 448	–	(66)	**106 629**
Excess tax allowances and depreciation charge	4 387	(3 998)	–	–	**389**
Deferred tax raised on performance shares	11 566	(7 502)	–	–	**4 064**
Operating lease timing adjustments	2 552	698	–	–	**3 250**
Computed losses*	30 994	24 513	–	8 829	**64 336**
Prepayments	–	(46)	–	46	**–**
Income received in advance	3 414	(587)	–	–	**2 827**
Foreign exchange differences	571	–	(571)	–	**–**
Deferred tax on fair value adjustment of foreign loan	5 229	(5 229)	–	–	**–**
Other	12 622	(12 622)	–	–	**–**
Total deferred tax asset	145 582	27 675	(571)	8 809	**181 495**
Deferred tax liabilities					
Excess tax allowances and depreciation charge	(5 603)	5 071	–	–	**(532)**
Expenditure incurred but not allowed for tax purposes in the period in which it is incurred	(80)	80	–	–	**–**
Deferred tax raised on performance shares	(3 404)	(1 279)	–	–	**(4 683)**
Prepayments	(1 757)	772	–	–	**(985)**
Intangible asset – software	(13 305)	(8 442)	–	–	**(21 747)**
Intangible asset – customer relationship	(5 665)	5 665	–	–	**–**
Finance lease obligations	(103)	94	–	–	**(9)**
Foreign exchange differences	–		(8 117)	–	**(8 117)**
Deferred tax on fair value adjustments on acquisition	(95 590)	(16 178)	–	(28 635)	**(140 403)**
Section 24C future expense deduction	(44)	44	–	–	**–**
Deferred tax on fair value adjustment of foreign loan	–	–	(22 085)	–	**(22 085)**
Other	(6 548)	6 548	–	–	**–**
Total deferred tax liability	(132 099)	(7 625)	(30 202)	(28 635)	**(198 561)**
Net position	13 483	20 050	(30 773)	(19 826)	**(17 066)**
Company					
Deferred tax asset/(liability)					
Deferred tax on fair value adjustment of foreign loan	5 229	(5 229)	(22 085)	–	**(22 085)**
	5 229	(5 229)	(22 085)	–	**(22 085)**

* *Deferred tax assets were raised on estimated tax losses to the extent that management considers it probable that future taxable income will be generated in order to utilise the assessed loss recognised. The total amount of assessed losses on which no deferred tax was raised is R243 million.*

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
12. Trade and other receivables and prepayments	**2 795 262**	2 315 813	**1 591**	3 846
Trade receivables	**2 717 568**	2 290 154	**–**	758
Provision for bad debts	**(59 222)**	(57 361)	**–**	–
Deposits and staff loans	**8 351**	5 518	**500**	500
Prepayments and sundry billings	**20 561**	22 484	**–**	–
Sundry loans	**31 187**	11 942	**–**	–
Other	**76 817**	43 076	**1 091**	2 588
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:	**2 717 568**	2 290 154	**–**	758
Domestic	**1 843 456**	1 643 542	**–**	758
Foreign	**874 112**	646 612	**–**	–
The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:	**2 717 568**	2 290 154	**–**	758
Agriculture, forestry and fishing	**54 617**	31 763	**–**	–
Community, social and personal services	**614 128**	304 095	**–**	–
Construction	**124 463**	270 381	**–**	–
Manufacturing	**280 673**	373 423	**–**	–
Financial intermediation, insurance, real estate and business services	**731 754**	571 849	**–**	–
Electricity, gas and water supply	**346 765**	131 652	**–**	758
Transport, storage and communication	**306 290**	260 440	**–**	–
Mining and quarrying	**72 145**	118 699	**–**	–
Wholesale and retail, repair of motor vehicles, motor cycles, personal and household goods, and hotels and restaurants	**186 733**	227 852	**–**	–

Debtors days outstanding at the end of February 2016 was 47 days (2015: 47 days). No interest is charged on trade receivables for the first 60 days from date of the invoice, thereafter interest may be charged on the outstanding balance. The Group has provided for all receivables that are considered to be doubtful.

Before accepting any new customer, the Group uses an external credit bureau to assess the potential customer's credit quality and defines credit limit by customer.

Trade receivables are provided as security for all banking facilities available to the Group as disclosed in notes 22 and 51 respectively.

	GROUP				COMPANY			
	Gross	impairment	Gross	impairment	Gross	impairment	Gross	impairment
	2016		2015		2016		2015	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
12. Trade and other receivables and prepayments continued								
The ageing of trade receivables and other at the reporting date was:	**2 717 568**	**(59 222)**	2 290 154	(57 361)	**–**	**–**	–	–
Not past due	**1 769 586**	**–**	1 593 895	–	**–**	**–**	–	–
Past due 0 – 30 days	**442 733**	**–**	304 782	–	**–**	**–**	–	–
Past due 31 – 60 days	**182 575**	**–**	112 361	–	**–**	**–**	–	–
Past due 61 – 90 days	**99 809**	**–**	94 068	–	**–**	**–**	–	–
Past due 91 – 365 days	**222 865**	**(59 222)**	185 048	(57 361)	**–**	**–**	–	–
Movement in the provision for bad debts during the year under review was as follows:								
Closing balance	**59 222**	**–**	–	57 361	**–**	**–**	–	–
Balance at the beginning of the year	**57 361**	**–**	–	19 319	**–**	**–**	–	–
Amounts written off	**(20 944)**	**–**	–	(15 635)	**–**	**–**	–	–
Amounts provided for during the year	**22 805**	**–**	–	53 677	**–**	**–**	–	–

13. Other financial assets

Financial assets

The Group entered into an agreement with a trade debtor whereby their debt would be repaid in ounces of gold which gave rise to a financial asset. The financial asset is for a minimum of 2 842 ounces of refined gold receivable in monthly amounts of 129 ounces over a 22-month period. At 29 February 2016 a total of 1 161 ounces of refined gold had been received in accordance with the agreement, with a total Dollar value of $1 314 663, and 1 681 ounces remaining to be delivered.

	GROUP		COMPANY	
	2016	2015	2016	2015
	R'000	R'000	R'000	R'000
Carrying value of embedded derivative designated at fair value through profit and loss (FVTPL)	**29 728**	–	**–**	–

Credit risk

At the end of the financial year, there is no significant credit risk for the instrument designated at FVTPL. The carrying amount reflected above represents the Group's maximum exposure to credit risk for the receivable. An unconditional, absolute and irrevocable guarantee for the full and punctual performance of all the obligations by the counterparty has been granted by the parent company of the counterparty.

Market risk

As a result of the above transaction, the Group is exposed primarily to the financial risk of changes in the gold price mitigated by a floor pricing arrangement agreed whereby, additional ounces of gold will be delivered to offset the decline in the gold price below USD1,100 per ounce in the event that the average gold price falls below USD1,100 per ounce for a period of three consecutive months.

As not all inputs for this specific contract are observable in an active market, Level 2 inputs were used in computing the fair value determined using a discounted present value cash flow method at a rate of 5% which accounts for credit and country risk considerations over the remaining period of 13 months and an estimated future average gold price of USD1,111 per ounce.

Sensitivity analysis

The fair value is sensitive to fluctuations in the discount rate but moves significantly to changes in the gold price. A USD50 per ounce fluctuation results in a USD85 454 (R1 384 953) impact on the amount of the receivable. In a worst case scenario the full face value will not be recovered.

Notes to the annual financial statements continued

for the year ended 29 February 2016

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
14. Amounts due to/(by) subsidiary companies				
(for details refer to Annexure A)				
	–	–	**2 615 500**	1 442 629
Amounts due by subsidiary companies	**–**	–	**2 868 245**	1 691 082
Amounts due to subsidiary companies	**–**	–	**(252 745)**	(248 453)
15. Share capital				
Authorised				
183 177 151 ordinary shares of 2,5 cents each (2015: 183 177 151)	**4 579**	4 579	**4 579**	4 579
16 822 849 "B" ordinary shares of 2,5 cents each (2015: 16 822 849)	**421**	421	**421**	421
	5 000	5 000	**5 000**	5 000
Issued				
109 954 675 ordinary shares of 2,5 cents each (2015: 109 370 800)	**2 749**	2 733	**2 749**	2 733
16 822 849 "B" ordinary shares of 2,5 cents each (2015: 16 822 849)	**–**	–	**421**	421
	2 749	2 733	**3 170**	3 154
Number of shares ('000)	**108 383**	108 799	**109 955**	109 371
Opening balance	**109 371**	100 092	**109 371**	100 092
Issue of ordinary shares – equity settlement of employee share option plan	**584**	553	**584**	553
Issue of ordinary shares – acquisition of Kelly	**–**	6 684	**–**	6 684
Issue of ordinary shares – scrip distribution	**–**	2 042	**–**	2 042
Shares in issue	**109 955**	109 371	**109 955**	109 371
Treasury shares	**(1 572)**	(572)	**–**	–
16. Share premium	**1 738 109**	1 718 856	**1 738 109**	1 718 856
Opening balance	**1 718 856**	1 487 124	**1 718 856**	1 487 124
Arising from the issue of 583 875 ordinary shares under employee share option plan (2015: 553 000)	**19 253**	19 024	**19 253**	19 024
Issue of ordinary shares pursuant to acquisitions	**–**	213 255	**–**	213 255
Capitalisation of transaction costs	**–**	(496)	**–**	(496)
Issue of ordinary shares – scrip distribution	**–**	(51)	**–**	(51)
17. Treasury shares	**(36 963)**	(12 990)	**–**	–
Opening balance – Adcorp Empowerment Share Incentive Trust shares	**–**	99	**–**	–
Write-off – Adcorp Empowerment Share Incentive Trust shares	**–**	(99)	**–**	–
Closing balance – Adcorp Empowerment Share Incentive Trust shares	**–**	–	**–**	–
Adcorp Fulfilment Services Proprietary Limited – 1 571 826 shares (2015: 571 826)	**(36 795)**	(12 822)	**–**	–
Adcorp Employee Benefit Trust 2 consolidated – 6 729 140 "B" shares (2015: 6 729 140)	**(168)**	(168)	**–**	–
18. Non-distributable reserve				
Unrealised profit arising on sale of BEE companies into new entity during 2004	**–**	–	**119 918**	119 918

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
19. Foreign currency translation reserve	**110 737**	(3 442)	**–**	–
Balance at 1 March	**(3 442)**	2 046	**–**	–
Arising on translation of foreign operation	**106 445**	(5 488)	**–**	–
Realised exchange gain on disposal of business	**7 734**	–	**–**	–

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Rand amounts are brought to account by entries made directly to the foreign currency translation reserve.

20. BEE shareholders' interest

In terms of the BEE transaction in 2013 (2013 BBBEE transaction), Adcorp has created and issued a total of 16 822 849 "B" ordinary shares (2015: 16 822 849) to its empowerment shareholders at a value of 2,5 cents per share, of which 6 729 140 (2015: 6 729 140) are owned by a trust called the Adcorp Employee Benefit Trust 2 (AEBT2). The remaining "B" ordinary shares are held by other BBBEE enterprises.

These "B" ordinary shares carry full voting rights and are funded by a notional threshold amount based on the 90-day VWAP at the time of issue plus a notional escalation factor and reduced by notional dividends.

In terms of this structure, a 40% participation is made available for the benefit of all full-time Adcorp Group employees through the holding of units in AEBT2, a 35% participation has been allocated to women's empowerment group, WIPHOLD, and a 25% participation has been allocated to an empowerment business, Simeka Group.

At the end of ten years, the "B" ordinary shares convert into Adcorp ordinary shares based on the value of the notional debt that is paid down at the time.

During the current financial year, a certain subsidiary company repurchased and re-issued "A" ordinary shares to a special purpose vehicle. These shares were issued as part of a deal whereby certain Adcorp subsidiary companies' BBBEE credentials were enhanced.

The structure of the above subsidiary company deals mirrors the original Adcorp 2007 BBBEE transaction, which, pursuant to shareholder approval obtained on 20 May 2013, was unwound in favour of the adoption of the 2013 BBBEE transaction referred to above.

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
Issued				
16 822 849 "B" ordinary shares of 2,5 cents per share (2015: 16 822 849)	**421**	421	**–**	–
400 "A" ordinary shares of no par value in Quest Staffing Solutions Proprietary Limited (2015: 400)*	**25**	270	**–**	–
450 "A" ordinary shares of no par value in Fortress Administration Proprietary Limited (2015: 450)	**230**	230	**–**	–
	676	921	**–**	–

* *During the current year, 400 "A" ordinary shares were repurchased from the original shareholder at a loss of R360 953 and then re-issued to a consortium of black women for a consideration of R25 000.*

In respect of the 2013 BBBEE deal, the fair value of the cancelled options and the new options on the date of modification were calculated using the Black-Scholes option-pricing model.

The inputs into the model are set out below:

2013 BBBEE deal

Using the modification cost principles under IFRS 2, the total modified cost of the option is R144,6 million.

The total value to be amortised over the ten-year period is the aggregate of (a) 40% of the modified option cost plus (b) the unamortised option value relating to the 2007 BBBEE deal, as above.

Details of the amounts expensed over the ten-year period are as follows:

	GROUP	
	2016	2015
	R'000	R'000
Current year	**7 206**	7 206
Year three to year nine	**50 440**	57 646
Year ten	**3 603**	3 603

20. BEE shareholders' interest continued

Basis of option valuation

At the commencement of the 2013 BBBEE deal, the following parameters were used in determining the option valuation:

	2016	2015
Weighted average share price (R)	**34,86**	34,86
Weighted average exercise price (R)	**42,17**	42,17
Expected volatility (%)	**24,47**	24,47
Expected life (years)	**10,00**	10,00
Risk-free rate (%)	**7,99**	7,99
Expected dividend yield (%)	**4,07**	4,07

	Number of shares 2016	Number of shares 2015	Weighted average exercise price 2016 R	Weighted average exercise price 2015 R
"B" ordinary shares				
Outstanding at the beginning of the year	**6 729 140**	6 729 140	**42,17**	42,17
Issued during the year	**–**	–	**–**	–
Exercised during the year	**–**	–	**–**	–
Outstanding at the end of the year	**6 729 140**	6 729 140	**42,17**	42,17
Exercisable at the end of the year	**–**	–	**–**	–

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
21. Other non-current liabilities – interest-bearing				
Operating lease	**13 168**	9 339	**–**	–
Mortgage bond – Hampden Road and Poplar Road	**405**	570	**–**	–
	13 573	9 909	**–**	–
Less: Current portion of other non-current liabilities disclosed in current liabilities (refer to note 24)	**(12 923)**	(8 699)	**–**	–
	650	1 210	**–**	–
Consists of:				
Mortgage bond	**405**	570	**–**	–
Operating lease	**245**	640	**–**	–
	650	1 210	**–**	–

The mortgage bond is secured by a charge over the properties. Interest is charged at the prevailing prime rate less 100 basis points. The loan is repayable over ten years in monthly instalments (refer to note 4).

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
22. Interest-bearing liabilities				
Secured – at amortised cost less amount capitalised				
Long-term loans – non-current portion	**1 349 502**	859 417	**857 322**	697 373
Corporate bond (a)	**400 000**	400 000	**400 000**	400 000
Corporate bond (b)	**–**	100 000	**–**	100 000
Corporate bond (c)	**209 000**	200 000	**209 000**	200 000
Corporate bond (d)	**150 000**	–	**150 000**	–
Corporate bond (e)	**100 000**	–	**100 000**	–
Transaction costs capitalised	**(1 678)**	(2 627)	**(1 678)**	(2 627)
Long-term portion of Australian Dollar-denominated debt (h)	**492 180**	162 044	**–**	–
Short-term loans	**274 382**	398 463	**223 361**	220 269
Commercial paper	**9 000**	50 000	**9 000**	50 000
Corporate bond (b)	**100 000**	–	**100 000**	–
Corporate bond (f)	**–**	160 000	**–**	160 000
Corporate bond (g)	**100 000**	–	**100 000**	–
Short-term portion of Australian Dollar-denominated debt (h)	**51 021**	77 496	–	–
Short-term portion of Kelly debt (i)	**–**	100 698	–	–
Accrued interest	**14 361**	10 269	**14 361**	10 269

On 8 March 2013, the Group successfully issued secured notes under its registered domestic medium-term note (DMTN) programme. The details of the various outstanding instruments under the DMTN are as follows:

(a) R400 million (2015: R400 million) five-year secured and rated corporate bond bearing interest at JIBAR plus 249 (two hundred and forty-nine) basis points per annum. Maturity date 8 March 2018.

(b) R100 million (2015: R100 million) three-year secured corporate bond bearing interest at JIBAR plus 225 (two hundred and twenty-five) basis points per annum. Maturity date 31 July 2016.

(c) R209 million (2015: 200 million) three-year secured corporate bond bearing interest at JIBAR plus 260 (two hundred and sixty) basis points per annum. Maturity date 27 November 2017.

(d) R150 million (2015: nil) three-year secured corporate bond bearing interest at JIBAR plus 240 (two hundred and forty) basis points per annum. Maturity date 31 July 2018.

(e) R100 million (2015: nil) three-year secured corporate bond bearing interest at JIBAR plus 250 (two hundred and fifty) basis points per annum. Maturity date 4 December 2018.

(f) Nil (2015: R160 million) 18-month unsecured corporate bond bearing interest at JIBAR plus 200 (two hundred) basis points per annum. Maturity date 31 January 2016.

(g) R100 million (2015: nil) three-month secured corporate bond bearing interest at JIBAR plus 275 (two hundred and seventy-five) basis points per annum. Maturity date 31 March 2016.

(h) Australian Dollar-denominated debt comprises:

A term debt facility, repayable in equal semi-annual instalments over a remaining two-year period. The facility bears interest at the Australian screen rate plus 270 (two hundred and seventy) basis points. During the prior year, a three-year interest rate swap agreement was entered into in respect of AUD15 million of the term debt facility. Further detail can be found in note 23.

A revolving debt facility which bears interest at the Australian screen rate plus 220 (two hundred and twenty) basis points.

(i) R100 million of debentures were redeemed on 31 July 2015 through the issue of a corporate bond – per (e) above.

As security for the DMTN and bank facilities granted to the Group, a shared security agreement was entered into, on 6 March 2013, between FirstRand Bank Limited (FirstRand), ABSA and the trustee for the time being of The Adcorp Note Trust (DMTN SSA). This shared security agreement holds a cession over the trade receivables, credit balances and an unlimited Group cross-suretyship between the following operating subsidiaries of the Adcorp Group:

- All About Project Management Proprietary Limited
- Adcorp Management Services Proprietary Limited
- Adcorp Fulfilment Services Proprietary Limited
- Adcorp Staffing Solutions Proprietary Limited
- Adcorp Support Services Proprietary Limited
- Capital Outsourcing Group Proprietary Limited
- Fortress Administration Proprietary Limited
- Innstaff Proprietary Limited
- Kelly Group Limited
- Mondial IT Solutions Proprietary Limited
- Paracon SA Proprietary Limited
- Production Institute of Southern Africa Proprietary Limited
- Quest Staffing Solutions Proprietary Limited

	GROUP				COMPANY			
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	2016		2015		2016		2015	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
23. Derivative financial instrument								
Interest rate swap – cash flow hedge	–	4 245	–	3 416	–	–	–	–
Non-current portion	–	4 245	–	3 416	–	–	–	–
Current portion	–		–	–	–	–	–	–

The fair value of the hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months subsequent to year-end and a current asset or liability when the remaining maturity of the hedged item is less than 12 months subsequent to year-end.

Interest rate swaps – cash flow hedge

During the 2015 financial year, the Group's Australian subsidiary, Adcorp Holdings Australia Proprietary Limited (AHA), entered into a three-year AUD15 million hedge being approximately 25% of its AUD-denominated term loan facility. Interest is payable at a fixed rate of 2,94% when compared to the variable prevailing interbank rate (BBSY). The trade date was 28 November 2014 and the designated maturity is for a period of three years. The intention of the swap is to hedge the cash flows emanating from the variable interest rate on the underlying loan. The notional principal amount owing on the interest rate swap contract as at 29 February 2016 is AUD15 million.

Note 52.5 summarises the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The interest rate swap is considered to be a Level 2 financial instrument. The Group does not hold any Level 1 financial instruments.

The fair value of interest rate swaps at the end of the financial year is determined by discounting the future cash flows received independently from the bank using interest rate curves at the end of the financial year and the credit risk inherent in the contract, and is disclosed above.

Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 29 February 2016 will be continuously released/(charged) to the statement of comprehensive income until the repayment of the bank borrowings.

Refer to note 22 for further details with regard to the terms and conditions of the hedged term loan facilities.

24. Obligations under finance leases

Finance leases relate to equipment and vehicles with a lease term of between three and five years. The Group has options to purchase the equipment for a nominal amount at the conclusion of the lease agreements. The Group's obligations under finance leases are secured by the lessor's title to the leased assets (refer to note 4).

	Minimum lease payments		Present value of minimum lease payments	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Within one year	**2 413**	3 567	**2 247**	3 378
Later than one year and not later than five years	**681**	2 706	**668**	2 448
	3 094	6 273	**2 915**	5 826
Less: Future finance charges	**(179)**	(447)	**–**	–
Present value of finance lease obligations	**2 915**	5 826	**2 915**	5 826
Non-current portion	**668**	2 448	**668**	2 448
Current portion	**2 247**	3 378	**2 247**	3 378
	2 915	5 826	**2 915**	5 826
Current portion of other non-current liabilities consists of:				
Finance leases – as per above	**2 247**	3 378	**–**	–
Operating leases (refer to note 21)	**12 923**	8 699	**–**	–
	15 170	12 077	**–**	–

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
25. Trade and other payables	**1 188 716**	933 123	**3 111**	1 673
Trade creditors	**240 287**	126 705	**363**	28
VAT	**151 456**	139 290	**–**	–
Accruals	**142 840**	160 771	**862**	1 113
Payroll accruals	**560 390**	438 700	**1797**	–
Income received in advance	**36 569**	21 756	**–**	–
Other	**57 174**	45 901	**89**	532

The average credit period on trade and other payables is 30 days (2015: 30 days). No interest is incurred on trade and other payables unless payment is not effected timeously.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

	As at 28 Feb 2015 R'000	Provisions raised 2016 R'000	Provisions utilised 2016 R'000	Disposal of business 2016 R'000	Acquired through business combinations 2016 R'000	Foreign exchange movement 2016 R'000	As at 28 Feb 2016 R'000
26. Provisions							
Group							
Leave pay	115 835	**219 253**	**(203 335)**	**(1 485)**	**(346)**	**3 091**	**133 013**
Bonuses	92 184	**146 580**	**(154 815)**	**–**	**–**	**1 602**	**85 551**
Other	37 294	**146 699**	**(121 160)**	**–**	**(929)**	**718**	**62 622**
Total	245 313	**512 532**	**(479 310)**	**(1 485)**	**(1 275)**	**5 411**	**281 186**

Leave pay

Leave pay is provided based on leave days due to employees at statement of financial position date, at rates prevailing at that date.

Bonuses

Bonuses are provided to employees based on operating entity performance management criteria and are in respect of the current year earnings.

Other

Other provisions relate to paid public holidays, lease and other obligations.

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
27. Other vendor payables				
Amount owing to vendors of All About Project Management Proprietary Limited (AAPM)*	**–**	12 619	**–**	–
Amount owing to vendors of Dare**	**26 078**	–	**–**	–
** The full amount was paid to the vendor in the current year for the acquisition of an additional 30% of AAPM.*				
*** This amount relates to a vendor liability for the acquisition of Dare that will be settled in financial year 2017.*				
28. Revenue				
Revenue from the rendering of services	**15 585 751**	13 322 398	**–**	4 090
	15 585 751	13 322 398	**–**	4 090

29. Business and geographical segments

For management purposes, the Group is currently organised into the following operating segments being (a) Group central costs, (b) traditional staffing and contracting business, and (c) new generation business (including business process outsourcing, training, candidate benefits and emergent business). The staffing and contracting segment is further segmented into industrial (blue-collar) staffing (including nursing), administrative (white-collar) staffing and professional services.

The principal activities are as follows:

- GROUP CENTRAL COST – Includes those segments that have not been aggregated with the other identified reportable segments. These include the items of income and expenditure related to Adcorp Holdings Limited, Group marketing, Group services, shared services and the central head office.
- TRADITIONAL STAFFING and CONTRACTING BUSINESS (incorporating flexible and permanent staffing and professional services – Includes industrial flexible staffing services (including nursing), support flexible staffing services, professional services, including technology-enabling products and services and permanent recruitment services.
- NEW GENERATION BUSINESS (incorporating business process outsourcing (BPO), training, candidate benefits and emergent business). Includes value-added services within the BPO segment, training and the provision of financial services products.

Given the acquisitions concluded in Australia, the geographic segment report is disclosed as (a) International (being operations outside South Africa) and (b) South Africa. These segments have been identified to enhance disclosure. The segment report appears on page 118.

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
30. Cost of sales				
The analysis of cost of sales is as follows:	**(13 069 007)**	(11 126 945)	**–**	(3 677)
Temporary employee costs	**(6 782 483)**	(6 176 307)	**–**	–
Independent contracting	**(5 521 307)**	(4 190 355)	**–**	–
Foreign temp salaries	**(407 840)**	(500 966)	**–**	–
Transportation costs	**(97 556)**	(76 808)	**–**	–
Project costs	**(54 402)**	(46 191)	**–**	–
Lecturing	**(65 201)**	(39 871)	**–**	–
Media and placements	**(27 796)**	(37 643)	**–**	–
Protective clothing	**(13 260)**	(18 300)	**–**	–
Site costs	**(10 169)**	(14 681)	**–**	–
Criminal and credit checks	**(10 893)**	(8 146)	**–**	–
Financial services	**(28 542)**	(5 126)	**–**	–
Course material	**(45 394)**	(4 578)	**–**	–
Production	**(2 456)**	(3 250)	**–**	–
Other	**(1 708)**	(4 723)	**–**	(3 677)

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
31. Other income	**128 325**	101 895	**644**	–
Training income	**28 770**	35 289	**–**	–
Rent recovered	**15 282**	13 737	**–**	–
Training levies recovered	**13 406**	12 340	**–**	–
Bad debts recovered	**1 112**	1 290	**–**	–
Recruitment fees	**12 201**	–	**–**	–
Bureau income	**20 594**	–	**–**	–
Other	**36 960**	39 239	**644**	–
32. Operating profit/(loss)				
Operating profit/(loss) is determined after allowing for the following items:				
Amortisation (refer to note 5)	**(105 831)**	(80 815)	**–**	–
Amortisation of intangibles acquired in business combinations	**(77 486)**	(61 083)	**–**	–
Amortisation of intangibles other than those acquired in business combinations	**(28 345)**	(19 732)	**–**	–
Auditors' remuneration	**(19 215)**	(14 742)	**(354)**	(1 368)
– fee for audit*	**(13 200)**	(9 892)	**(260)**	(245)
– fee for other services	**(6 015)**	(4 850)	**(94)**	(1 123)
Consulting fees	**(60 882)**	(47 491)	**(494)**	(7)
Depreciation (refer to note 4)	**(35 962)**	(32 815)	**–**	–
Realised foreign exchange gains	**47 152**	9 576	**5 530**	–
Unrealised foreign exchange gains	**11 859**			
Directors' emoluments				
– executive directors (refer to note 44)	**(34 591)**	(39 474)	**–**	–
– non-executive directors (refer to note 44)	**(3 364)**	(2 347)	**(3 364)**	(2 347)
Leasing and rentals				
– properties and premises	**(99 902)**	(76 691)	**–**	–
– office furniture and equipment	**(17 525)**	(9 741)	**–**	–
– motor vehicles	**(1 210)**	(1 475)	**–**	–
Lease smoothing	**(1 781)**	(322)	**–**	–
Staff costs	**(1 287 895)**	(1 045 203)	**–**	–
Share-based payment	**31 164**	(80 724)	**(7 206)**	(7 206)
Share-based payment expense	**(36 308)**	(57 595)	**–**	–
BEE share-based payment expense	**(7 206)**	(7 206)	**(7 206)**	(7 206)
Revaluation of share-based payment liability	**74 678**	(15 923)	**–**	–
Transaction costs – acquisition of Dare (2015: Kelly Group Limited) and business establishment costs	**(44 344)**	(18 805)	**–**	–

** Increase in audit fee due to acquisition of Kelly Group and Dare.*

	GROUP		COMPANY	
33. Interest received	**23 669**	12 536	**100 783**	77 986
Group loans	**–**	–	**100 560**	76 297
Bank deposits	**7 692**	6 222	**224**	1 689
Interest received on other financial assets (refer to note 13)	**12 043**	–	**–**	–
Other	**3 934**	6 314	**–**	–

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
34. Interest paid	**(133 722)**	(103 352)	**(98 653)**	(75 379)
Group loans	**–**	–	**–**	(3 861)
Bank overdrafts	**(40 230)**	(23 235)	**(12 055)**	(6 002)
Interest on preference share loan	**–**	(1 479)	**–**	–
Long-term corporate bonds	**(85 706)**	(52 661)	**(85 706)**	(52 661)
Commercial paper	**(892)**	(12 855)	**(892)**	(12 855)
Debentures	**–**	(7 721)	**–**	–
Other	**(6 894)**	(5 401)	**–**	–
35. Disposal of business				
During the course of the year, the Group sold its UK subsidiary Capital Outsourcing Group (UK) Limited. The carrying value of the assets and liabilities disposed of are as follows:				
Analysis of assets and liabilities disposed of:				
Property, plant and equipment	**246**	–	**–**	–
Trade and other receivables	**21 905**	–	**–**	–
Tax receivable	**841**	–	**–**	–
Goodwill	**13 229**	–	**–**	–
Trade and other payables	**(5 417)**	–	**–**	–
Bank overdraft	**(1 703)**	–	**–**	–
Provisions	**(1 485)**	–	**–**	–
Deferred taxation	**(44)**	–	**–**	–
Net asset value of subsidiary disposed of	**27 572**	–	**–**	–
Loss on disposal of subsidiary:				
Net asset value of subsidiary disposed of by a major subsidiary of the Group	**27 572**	–	**–**	–
Realised foreign exchange gain on disposal of business	**7 734**	–	**–**	–
Proceeds on disposal	**(5 250)**	–	**–**	–
	30 056	–	**–**	–
Cash flows on sale of subsidiary:				
Cash received on sale	**5 250**	–	**–**	–
Cash and equivalents deconsolidated	**1 703**	–	**–**	–
Net cash flow on sale	**6 953**	–	**–**	–
36. Taxation				
Current tax				
– Current year	**62 516**	84 745	**685**	2 857
– Prior year under/(over) provision	**11 293**	(8 124)	**(1 814)**	–
Deferred tax				
– Current year	**(7 442)**	7 249	**3 414**	(6 048)
– Prior year (over)/under provision	**(12 608)**	2 367	**1 814**	–
Foreign tax				
– Foreign withholding tax	**173**	–	**–**	–
– Foreign tax rate change adjustment	**–**	40	**–**	–
	53 930	86 277	**4 099**	(3 191)
Income tax recognised in other comprehensive income				
Deferred tax				
– Exchange differences of net investment of foreign operation	**30 773**	–	**–**	–
	30 733	–	**–**	–

36. Taxation continued

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Profit before tax	**260 740**	330 478	**494 637**	148 918
Standard tax rate (%)	**28**	28	**28**	28
Normal tax at standard rate	**73 007**	92 534	**138 498**	41 697
Adjustment for the tax effect at the standard rate of the following items:				
Exempt income	**(36 937)**	(37 262)	**(142 800)**	(46 722)
Non-deductible items charged against income:				
– Capital losses	**8 744**	6 594	**3 918**	3 499
– Dividend on preference share loan	**–**	434	**–**	–
– Non-deductible interest	**773**	1 066	**–**	444
– Impairment of assets and investments	**23 096**	12 479	**–**	–
– Share-based payments – permanent	**(1 286)**	523	**2 017**	1 914
Special allowances claimed:				
– Learnerships	**(11 126)**	(11 228)	**–**	–
Current year tax losses not recognised	**21 828**	20 047	**–**	–
Prior year unrecognised tax losses utilised in current year	**(48 017)**	(398)	**–**	(49)
Prior year under/(over) provision	**11 293**	(8 124)	**(1 813)**	–
Other permanent differences	**857**	(6 394)	**2 466**	(3 974)
Income of controlled foreign companies	**15 098**	15 083	**–**	–
Foreign currency rate differential	**9 208**	(1 444)	**–**	–
Prior year (over)/under provision on deferred taxation	**(12 608)**	2 367	**1 813**	–
Actual tax charge for the year	**53 930**	86 277	**4 099**	(3 191)
Reconciliation of estimated tax losses available in the Group:				
Estimated losses at the beginning of the year	**454 103**	159 580	**–**	3 898
Increases in tax losses for the year	**86 015**	115 786	**–**	57 485
Tax losses utilised during the year	**(91 887)**	(35 932)	**–**	(177)
Tax losses on acquisition of subsidiaries	**48 424**	224 968	**–**	–
Tax losses revised on assessment	**(24 212)**	(10 299)	**–**	(3 721)
	472 443	454 103	**–**	57 485
Which consists of:				
Losses recognised	**229 627**	110 693	**–**	–
Losses not recognised	**242 816**	343 410	**–**	57 485
	472 443	454 103	**–**	57 485

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
37. Earnings per share				
The calculation of earnings per share is based on earnings of R207 672 145 (2015: R244 543 957) and ordinary shares of 108 189 290 (2015: 103 415 221), being the weighted average number of shares relative to the above earnings.				
Basic earnings per share – cents	**192,0**	236,5	**–**	–
Diluted earnings per share is based on 112 007 790 (2015: 109 787 566) weighted diluted number of shares				
Diluted earnings per share – cents	**185,4**	222,7	**–**	–
Reconciliation of diluted number of shares				
Ordinary shares	**108 189 290**	103 415 221	**–**	–
Adcorp employee share schemes – dilution*	**3 818 500**	6 372 344	**–**	–
Diluted number of shares	**112 007 790**	109 787 565	**–**	–
Reconciliation of headline earnings**				
Profit for the year	**207 672**	244 544	**–**	–
(Profit)/loss on sale of property and equipment	**991**	(1 173)	**–**	–
Taxation (charged)/recovered on the sale of property and equipment	**(278)**	328	**–**	–
Impairment of investments and goodwill	**34 721**	65 014	**–**	–
Impairment on available-for-sale	**54 922**	–	**–**	–
Gain on bargain purchase	**(3 999)**	–	**–**	–
Loss on sale of business	**30 056**	–	**–**	–
Headline earnings	**324 085**	308 713	**–**	–
Headline earnings per share – cents	**299,6**	298,5	**–**	–
Diluted headline earnings per share – cents	**289,3**	281,2	**–**	–
* *The dilution of shares results from the potential exercise of options in the employee share scheme.*				
** *Headline earnings per share is based on earnings adjusted for (profit)/loss on sale of assets and impairment of investments and goodwill.*				
38. Contingent liabilities and commitments				
The bank has guaranteed payments to creditors amounting to	**7 529**	8 151	**–**	–
IT capital commitments contracted for and relating to Microsoft Dynamix AX 2012 upgrade	**–**	2 700	**–**	–

As reported previously, a client of the South African blue-collar business indicated that they believe that they may not have been billed in accordance with the original client service level agreement over the past years.

The Group and the client have initiated an investigation into the matter which is still ongoing. In this regard, using the information at its disposal, the board has made a provision it believes adequate to cover any financial loss which may result from this claim.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
39. Retirement benefits				
The Group makes contributions on behalf of all permanent employees to defined contribution schemes.				
These costs are charged to the statement of comprehensive income as they occur.				
Total contribution by the Group for the year	**66 650**	55 048	**–**	–
Directors	**2 179**	1 910	**–**	–
Prescribed officers	**403**	300	**–**	–
Employees	**64 068**	52 838	**–**	–
40. Operating lease arrangements				
The Group as lessee				
Minimum lease payments under operating property and IT-related leases recognised as an expense in the year	**128 757**	101 530	**–**	–
At the statement of financial position date, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:	**315 606**	186 174	**–**	–
Within one year	**86 446**	69 301	**–**	–
In the second to fifth years inclusive	**218 144**	116 826	**–**	–
After five years	**11 016**	47	**–**	–
Average lease terms (months)	**49**	36	**–**	–
41. Dividend declared				
An interim dividend of 60 cents per share was declared on 22 October 2014 and was paid to shareholders on 8 December 2014		65 623		65 623
A final dividend of 88 cents per share was declared on 26 May 2015 and was paid to shareholders on 7 September 2015. (Dividend paid based on 109 370 800 shares in issue at 26 May 2015)		96 246		96 246
An interim dividend of 60 cents per share was declared on 21 October 2015 and was paid to shareholders on 7 December 2015	**65 973**		**65 973**	
A final dividend of 75 cents per share was declared on 24 May 2016 and will be paid to shareholders on 5 September 2016. (Dividend paid based on 109 954 675 shares in issue at 24 May 2016)	**82 466**		**82 466**	

42. Share-based payments

Employee share option plan

The Group operates one employee share option plan as follows.

Adcorp Holdings 2006 Share Trust

Under the scheme, eligible employees receive conditional allocations of share appreciation rights (SARs) or performance shares (PFs). The SARs provide employees, at the date the right vested, with the right to receive either shares or cash equal to the appreciation in the share price since grant date, while the PFs vest depending on performance.

PFs awarded in the current and prior year vest over three years. The vesting of the shares is subject to various non-market-related performance criteria and may vary between option holders. All PFs expire after six years from grant date. As at 29 February 2016, all SARs had been exercised and all the PFs were unvested.

The total liability at the end of the financial year is R38 624 926 (2015: R151 672 363) and the movement was as follows:

	2016	2015
Opening balance	**151 672 364**	148 037 194
Share-based payment expense*	**36 308 239**	57 595 710
Cash settlement of share options exercised	**(74 677 500)**	(69 883 610)
Revaluation of share-based payment liability	**(74 678 177)**	15 923 070
Closing balance	**38 624 926**	151 672 364

** Net of IFRS 2 BBBEE annual expense as per note 20.*

The amount recognised to revalue the liability to its current fair value was reflected in the income statement. This amounted to a R74 678 177 decrease (2015: R15 923 070 increase) in the fair value recognised to reduce the liability to its current fair value based on the prevailing market price as at 29 February 2016.

The following PFs were in existence as at 29 February 2016:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Fair value at 29 Feb 2016
Issued 27 February 2014	1 716 000	2/27/14	2/27/20	33,80	29,78	**10,63#**
Issued 19 February 2015	2 002 500	2/19/15	2/19/21	31,64	27,79	**9,69#**
Issued 1 July 2015	100 000	7/1/15	7/1/21	32,50	28,44	**9,40#**
	3 818 500					

 # PFs

This fair value was calculated using a standard present value model. In prior years, when the SARs were in existence the fair value was calculated using the Black-Scholes option-pricing model.

The inputs into the model were as follows:

	28 February 2016	28 February 2015	28 February 2014	28 February 2013	17 October 2012	22 February 2012
Weighted average share price (R)	**n/a**	32,80	32,84	31,48	28,52	27,76
Weighted average exercise price (R)	**n/a**	31,64	33,80	31,18	28,53	27,52
Expected volatility (%)	**n/a**	27,77	20,56	20,84	15,29	26,90
Vesting period (years)	**3,00**	3,00	3,00	2,00	2,00	2,03
Risk-free rate (%)	**9,03**	7,29	8,32	6,43	6,29	7,30
Expected dividend yield (%)	**n/a**	4,43	4,31	4,40	4,91	6,41

Expected volatility was determined by calculating the historical volatility of the company's share price on the expected life of the options in existence at the time.

42. Share-based payments continued

The following reconciles the outstanding share options granted under the employee share schemes at the beginning and end of the financial year:

Adcorp Share Trust*	Number of share options 2016	Weighted average exercise price 2016 (R)	Number of share options 2015	Weighted average exercise price 2015 (R)
Outstanding at the beginning of the year	–	–	28 500	13,00
Exercised during the year	–	–	(28 500)	13,00
Outstanding at the end of the year	–	–	–	–
Exercisable at the end of the year	–	–	–	–

** Ceased in prior year as all outstanding options were exercised.*

Adcorp Holdings 2006 Share Trust				
Outstanding balance at the beginning of the year	6 611 000	31,73	7 029 000	30,18
Lapsed during the year	(388 000)	32,86	(217 500)	31,24
Granted during the year	100 000	32,50	2 107 500	31,64
Exercised during the year	(2 504 500)	30,20	(2 308 000)	26,99
Outstanding at the end of the year	3 818 500	32,63	6 611 000	31,73
Exercisable at the end of the year	–	–	2 542 500	30,20
Adcorp Employee Benefit Trust 2 (refer to note 20)				
Outstanding balance at the beginning of the year	6 729 140	42,17	6 729 140	42,17
Issued during the year	–	–	–	–
Outstanding at the end of the year	6 729 140	42,17	6 729 140	42,17
Exercisable at the end of the year	–	–	–	–

The following share options granted under the employee share option plans were exercised during the financial year:

Option series	Number exercised
2016	
Issued 26 February 2010 – SARs	150 000
Issued 26 February 2010 – PFs	50 000
Issued 31 January 2011 – SARs	150 000
Issued 31 January 2011 – PFs	50 000
Issued 22 February 2012 – PFs	115 000
Issued 17 October 2012 – PFs	70 000
Issued 28 February 2013 – PFs	1 919 500
	2 504 500

Option series	Number exercised
2015	
Issued 31 May 2005 – SARs	41 000
Issued 1 March 2008 – SARs	100 000
Issued 1 March 2009 – SARs	150 000
Issued 1 March 2009 – PFs	50 000
Issued 31 January 2011 – SARs	150 000
Issued 22 February 2012 – PFs	690 000
Issued 17 October 2012 – PFs	1 127 000
	2 308 000

42. Share-based payments continued

Staff members were permitted to exercise their shares during June of this financial year and the average exercise price for the period was R33,00 (2015: R31,64).

The Group recognised a total credit/expense related to share-based payment transactions as follows.

	2016	2015
Share-based expense	**36 308**	57 595
Share-based expense – IFRS 2 2013 BBBEE deal	**7 206**	7 206
Revaluation of share-based payment liability	**(74 678)**	15 923
	(31 164)	80 724

	Sale of services		Holding company management fees		Accounting and information technology fees	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
43. Related parties						
The Group did not enter into any transactions with Group parties other than those with subsidiaries which were eliminated on consolidation. All transactions took place on an arm's length basis. (Refer to Annexure A)						
43.1 Trading transactions						
During the year, Group entities entered into the following transactions:						
Adcorp Holdings Limited	**–**	–	**–**	–	**–**	–
Subsidiaries of Adcorp Holdings Limited	**231 628**	120 037	**129 871**	109 115	**131 803**	120 360
Refer to Annexure A for related-party balances.						

43.2 Interest received

Interest has been charged to Group companies as reflected in note 33.

43.3 Interest paid

Interest has been paid by Group companies as reflected in note 34.

	GROUP	
	2016 R'000	2015 R'000
43.4 Compensation paid to key management (which excludes payments to directors and prescribed officers set out in note 44 below)		
Short-term employment benefits	**27 468**	33 827
Share-based payments	**4 356**	6 351
Total	**31 824**	40 178

Key management includes operational managing executives and other senior management.

43.5 BEE shareholders' interest

Certain directors of the Group are directors of the Group's BEE partners (refer to note 20).

GP Dingaan and NS Ndhlazi, who are non-executive directors, are employees of the WIPHOLD Group, being one of the Group's BEE partners.

MR Ramaite and C Maswanganyi, who is a non-executive director and an alternate director respectively of Adcorp, collectively control Simeka Group, being one of the Group's BEE partners.

44. Directors' and prescribed officers' emoluments

2016	Salary R'000	Bonus* R'000	Bonus** R'000	Medical aid/ provident fund R'000	Retirement benefits R'000	Allow-ances R'000	Sundry R'000	Direc-tors' fees R'000	Sub-total R'000	Realised gains on share options R'000	Total
Executive directors											
RL Pike	3 508	4 034	–	114	741	96	167	–	8 660	14 850	**23 510**
A Guharoy***#	4 948	3 793	–	–	98	–	1 216	–	10 055	–	**10 055**
BE Bulunga	2 809	970	–	–	401	–	–	–	4 180	–	**4 180**
AM Sher	2 134	2 063	–	131	578	144	–	–	5 050	4 785	**9 835**
PC Swart	3 072	3 039	–	54	361	120	–	–	6 646	13 613	**20 259**
	16 471	13 899	–	299	2 179	360	1 383	–	34 591	33 248	**67 839**
Non-executive directors											
MJN Njeke	–	–	–	–	–	–	–	867	867	–	**867**
GP Dingaan	–	–	–	–	–	–	–	164	164	–	**164**
SN Mabaso-Koyana	–	–	–	–	–	–	–	432	432	–	**432**
ME Mthunzi	–	–	–	–	–	–	–	467	467	–	**467**
NS Ndhlazi	–	–	–	–	–	–	–	220	220	–	**220**
MR Ramaite	–	–	–	–	–	–	–	252	252	–	**252**
TDA Ross	–	–	–	–	–	–	–	523	523	–	**523**
MW Spicer	–	–	–	–	–	–	–	439	439	–	**439**
	–	–	–	–	–	–	–	3 364	3 364	–	**3 364**
Prescribed officers											
B Carr	1 462	1 528	2 057	87	151	180	470	–	5 935	3 465	**9 400**
MA Jurgens	5 044	900	–	–	–	–	–	–	5 944	3 465	**9 409**
FA Gazendam	2 690	1 147	2 002	–	–	–	–	–	5 839	–	**5 839**
K Vittee	1 785	1 326	1 709	62	252	60	–	–	5 194	5 280	**10 474**
	10 981	4 901	5 768	149	403	240	470	–	22 912	12 210	**35 122**

* *Bonus amounts were paid to the directors and prescribed officers in May 2016 in respect of amounts provided for as at 29 February 2016.*

** *Bonus amounts were paid to the prescribed officers on 1 March 2015 in respect of amounts provided for as at 28 February 2015.*

*** *A Guharoy appointed to the board with effect 1 November 2015.*

\# *A Guharoy are paid in SGD, and an average exchange rate for the year is used to convert his emoluments into Rand.*

44. Directors' and prescribed officers' emoluments continued

2015	Salary R'000	Bonus* R'000	Bonus** R'000	Medical aid/ provident fund R'000	Retirement benefits R'000	Allowances R'000	Sundry R'000	Directors' fees R'000	Sub-total	Realised gains on share options R'000	Total
Executive directors											
RL Pike	3 264	4 546	5 044	104	692	96	167	–	13 913	20 541	34 454
C Bomela***	1 150	1 227	–	32	128	–	–	–	2 537	3 974	6 511
BE Bulunga	2 625	850	1 250	–	375	–	–	–	5 100	–	5 100
AM Sher	2 195	2 392	2 559	100	377	120	8	–	7 751	5 014	12 765
PC Swart	2 862	3 150	3 652	51	338	120	–	–	10 173	18 817	28 990
	12 096	12 165	12 505	287	1 910	336	175	–	39 474	48 346	87 820
Non-executive directors											
MJN Njeke	–	–	–	–	–	–	–	462	462	–	462
GP Dingaan	–	–	–	–	–	–	–	112	112	–	112
SN Mabaso-Koyana	–	–	–	–	–	–	–	354	354	–	354
ME Mthunzi	–	–	–	–	–	–	–	334	334	–	334
NS Ndhlazi	–	–	–	–	–	–	–	148	148	–	148
MR Ramaite	–	–	–	–	–	–	–	155	155	–	155
TDA Ross	–	–	–	–	–	–	–	440	440	–	440
MW Spicer	–	–	–	–	–	–	–	342	342	–	342
	–	–	–	–	–	–	–	2 347	2 347	–	2 347
Prescribed officers											
DJ Pienaar	1 810	1 968	–	–	18	120	–	–	3 916	3 634	7 550
B Carr	1 150	1 831	–	112	125	180	392	–	3 790	3 634	7 424
AC Fenn	1 496	2 402	–	6	157	300	–	–	4 361	4 321	8 682
MA Jurgens	4 714	–	2 357	–	–	–	40	–	7 111	–	7 111
M Levenstein	2 707	–	1 354	–	–	–	–	–	4 061	–	4 061
	11 877	6 201	3 711	118	300	600	432	–	23 239	11 589	34 828

* *Bonus amounts were paid on 1 March 2014 in respect of amounts provided for as at 28 February 2014 in respect of the 2014 financial year.*

** *Bonus amounts were paid on 27 February 2015 in respect of amounts provided for as at 27 February 2015 in respect of the 2015 financial year.*

*** *Retired as director with effect 30 June 2014.*

45. Directors' and prescribed officers' participation in long-term incentive schemes

Directors' shareholding at 29 February 2016	Number of unexercised options as at 28 Feb 2015	**Number of options granted in 2015/2016**	**Number of options exercised during 2015/2016**	**Number of options forfeited during 2015/2016**	**Number of unexercised options as at 29 Feb 2016**	Option price (R)	Date from which exercisable
Executive directors							
BE Bulunga	40 000	–	–	–	**40 000**	33,80	27/02/17#
	115 000	–	–	–	**115 000**	31,64	19/02/18#
C Bomela+	115 000	–	**(115 000)**	–	–	31,18	28/02/15#
	40 000	–	–	–	**40 000**	33,80	27/02/17#
A Guharoy	–	**100 000**	–	–	**100 000**	32,50	30/06/18#
RL Pike	450 000	–	**(450 000)**	–	–	31,18	28/02/15#
	450 000	–	–	–	**450 000**	33,80	27/02/17#
	450 000	–	–	–	**450 000**	31,64	19/02/18#
AM Sher	145 000	–	**(145 000)**	–	–	31,18	28/02/15#
	145 000	–	–	–	**145 000**	33,80	27/02/17#
	145 000	–	–	–	**145 000**	31,64	19/02/18#
PC Swart	412 500	–	**(412 500)**	–	–	31,18	28/02/15#
	412 500	–	–	–	**412 500**	33,80	27/02/17#
	412 500	–	–	–	**412 500**	31,64	19/02/18#
Prescribed officers							
B Carr	105 000	–	**(105 000)**	–	–	31,18	28/02/15#
	105 000	–	–	–	**105 000**	33,80	27/02/17#
	105 000	–	–	–	**105 000**	31,64	19/02/18#
M A Jurgens	105 000	–	**(105 000)**	–	–	31,18	28/02/15#
	105 000	–	–	–	**105 000**	33,80	27/02/17#
	105 000	–	–	–	**105 000**	31,64	19/02/18#
FA Gazendam	105 000	–	–	–	**105 000**	31,64	19/02/18#
K Vittee	80 000	–	**(80 000)**	–	–	31,18	28/02/15#
	80 000	–	–	–	**80 000**	33,80	27/02/17#
	105 000	–	–	–	**105 000**	31,64	19/02/18#

Performance shares (PFs).
\+ *Retired as director with effect 30 June 2014. Remains an employee of the Group.*
* *Share appreciation rights (SARs).*

46. Directors' shareholding

Directors' interest in shares	**Number of shares held as at 29 Feb 2016: Beneficially held**	**Number of shares held as at 29 Feb 2016: Non-beneficially held**	Number of shares held as at 28 Feb 2015: Beneficially held	Number of shares held as at 28 Feb 2015: Non-beneficially held
C Bomela*	–	–	110 042	–
RL Pike	**828 580**	–	563 080	–
MR Ramaite	**15 000**	–	15 000	–
AM Sher	–	**175 000**	100 000	–
MW Spicer	**48 000**	–	–	–
PC Swart	–	**243 375**	–	75 000

* *Resigned as director with effect 30 June 2014.*

	GROUP 2016 R'000	GROUP 2014 R'000	COMPANY 2016 R'000	COMPANY 2014 R'000
47. Taxation paid				
Net amount prepaid/(unpaid) at the beginning of the year	**3 764**	(10 770)	**(1 403)**	–
Amount charged to statement of comprehensive income	**(73 809)**	(76 622)	**1 129**	(2 857)
Acquisition of business	**(562)**	478	**–**	–
Disposal of business	**(841)**	–	**–**	–
Net amount (prepaid)/unpaid at the end of the year	**(38 848)**	(3 764)	**(4 745)**	1 403
Net cash payment	**(110 296)**	(90 678)	**(5 019)**	(1 454)
48. Dividend paid				
Amounts declared and paid	**(166 018)**	(88 314)	**(166 018)**	(88 314)
Received on treasury shares	**1 447**	341	**–**	–
Net cash payments	**(164 571)**	(87 973)	**(166 018)**	(88 314)
49. Additions and disposals to property, equipment and intangible assets				
Land and buildings – replacement	**(19 933)**	(3 288)	**–**	–
Furniture and computer equipment – replacement	**(41 752)**	(53 658)	**–**	–
Capitalised leased assets	**(12 569)**		**–**	–
Capital work in progress	**(1 924)**		**–**	–
Accreditation of programmes	**(2 371)**	(3 729)	**–**	–
Computer software – expansion	**(23 782)**	(21 737)	**–**	–
Foreign exchange movement	**–**	13 022	**–**	–
Property and equipment	**–**	(149)	**–**	–
Intangible assets	**–**	10 182	**–**	–
Capital work in progress	**–**	2 988	**–**	–
Other	**–**	1	**–**	–
	(102 331)	(69 390)	**–**	–

Subsidiary acquired	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Cost of acquisition R'000
50. Acquisition of business				
2016				
Dare Holdings Proprietary Limited (Dare)	**Human capital management**	**07/05/2015**	**100**	**266 046**
FNDS3000 Proprietary Limited – (FNDS3000)	**Financial services**	**01/03/2015**	**70**	**10 000**
Van Zyl & Pritchard	**IT services**	**03/08/2015**	*****	**8 100**
2015				
Kelly Group Limited (Kelly)	Human capital management	01/12/2014	100	247 571
Klatrade 200074 Proprietary Limited (Klatrade)	Dormant	13/10/2014	47,5	65
Sizano Staffing Services Proprietary Limited (Sizano)	Human capital management	28/02/2015	55	3 006

** The business as a going concern of Van Zyl & Pritchard Proprietary Limited was acquired.*

50. Acquisition of business continued

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Total purchase consideration for all business combinations	**284 146**	250 642	**–**	–
Less: Investment converted into subsidiary	**(7 800)**	–	**–**	–
Less: Previously held associate	**–**	(1 019)	**–**	–
	276 346	249 623	**–**	–
Less: Cash and cash equivalents acquired	**(9 132)**	(69 596)	**–**	–
Net purchase consideration for all business combinations	**267 214**	180 027	**–**	–
Cash outflow on acquisition of businesses	**267 214**	180 027	**–**	–
Net proceeds from issue of shares	**–**	(212 925)	**–**	(212 925)
Raising of equity on acquisition	**–**	(213 421)	**–**	(213 421)
Capitalisation of transaction costs	**–**	496	**–**	496
Cash outflow/(inflow) on acquisition of businesses	**267 214**	(32 898)	**–**	(212 925)

The fair value of the assets and liabilities acquired in respect of the various acquisitions in the year is as follows:

	2016 Dare	2016 Other	2016 Total	2015 Total
Property and equipment	**318**	**82**	**400**	10 033
Intangible assets	**154 481**	**5 911**	**160 392**	142 530
Investment in associate	**–**	**–**	**–**	1 019
Deferred tax asset	**–**	**8 809**	**8 809**	22 554
Taxation	**–**	**–**	**–**	478
Trade and other receivables	**135 597**	**1 949**	**137 546**	287 410
Doubtful debts provisions	**–**		**–**	(19 463)
Cash and cash equivalents	**8 138**	**994**	**9 132**	69 596
Non-controlling interest	**–**	**–**	**–**	–
Non-current liabilities	**–**	**–**	**–**	–
Interest-bearing liabilities	**–**	**–**	**–**	(120 746)
Trade and other payables	**(130 454)**	**(3 400)**	**(133 854)**	(158 393)
Provisions	**(929)**	**(346)**	**(1 275)**	(12 000)
Taxation owing	**(562)**	**–**	**(562)**	–
Deferred taxation	**(28 635)**	**–**	**(28 635)**	–
	137 954	**13 999**	**151 953**	223 018
(Gain on bargain purchase)	**–**	**(3 999)**	**(3 999)**	–
Resulting goodwill on acquisition	**128 092**	**8 100**	**136 192**	27 624
Total consideration	**266 046**	**18 100**	**284 146**	250 642

50. Acquisition of business continued

In complying with purchase accounting IFRS 3: *Business Combinations*, the Group determined the fair value of the assets and liabilities acquired on the acquisition of businesses as above.

The resulting difference between the identified tangible assets and liabilities was attributable to acquired intangibles and goodwill. Details of the resulting goodwill arising on the business combination is set out above.

The rationale for the acquisition of Dare was based on the expansion of the Group's service offering into additional channels coupled to the expansion of the International portfolio.

The Group acquired 100% control of Dare by way of a sale and purchase agreement concluded between the vendor and the Group's Australian held subsidiary, Adcorp Holdings Australia Proprietary Limited (AHA).

The goodwill in Dare arose because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development.

These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

No goodwill amount will be deductible for tax purposes.

Dare was acquired with effect 7 May 2015 and was funded by increased banking facilities within AHA. As such, it has been included in the Group consolidated results for ten months of this financial year.

Transaction costs related to the acquisition of Dare (2015: Kelly) and other corporate activity undertaken is disclosed in note 32.

Had this business combination been effected on 1 March 2015, the revenue of the Group would have been R15,8 billion and the net profit after tax would have totalled R211,9 million. The directors of the Group consider these numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

In addition, the Group undertook other minor transactions, viz: acquisition of the balance of 70% in FNDS3000 and the business of Van Zyl & Pritchard as a going concern. These transactions were funded out of working capital and their contribution to Group revenues and profits is considered immaterial.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
51. Cash and cash equivalents				
Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:				
Cash resources	**846 064**	680 101	**494**	209
Bank overdrafts	**(368 161)**	(108 976)	**(280 000)**	(69 999)
	477 903	571 125	**(279 506)**	(69 790)

Bank overdrafts are considered as part of cash and cash equivalents.

52. Financial instruments

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2014. The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 22 to 24, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the notes. The Group's Executive Committee reviews the capital structure on a monthly basis.

As part of this review, the Committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 37% determined as the weighted proportion of net debt to equity. The current gearing ratio is 43% (refer to directors' report).

The policy regarding the utilisation of gearing is consistent with prior years.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in the accounting policies on pages 126 to 132.

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
52. Financial instruments continued				
52.1 Categories of financial instruments				
Financial assets				
Investment – available-for-sale	**–**	42 288	**–**	–
Loans and receivables (including cash resources)	**3 620 762**	2 976 392	**4 557 595**	1 792 905
Financial liabilities				
Amortised cost (including bank overdraft)	**3 114 741**	2 482 854	**1 616 542**	1 335 749
The following table details the Group's remaining contractual maturity for its financial liabilities:				
Within one year	**1 694 974**	1 465 259	**868 996**	423 478
Later than one year and not later than five years	**1 419 767**	1 017 595	**747 546**	912 271

52.2 Financial risk management objectives

The Group's executive and head office treasury function provides services to the business, coordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports, which analyse exposures by degree and magnitude of risks. These risks include market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The head office treasury function reports regularly to the executive, which monitors risks and policies implemented to mitigate risk exposures.

52.3 Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year after tax would decrease/increase by R14 461 445 (2014: decrease/increase by R9 950 058).

The Group's sensitivity to interest rates has decreased during the current year mainly due to a change in the mix between long-term and short-term debt. Refer to note 22.

52.4 Financial risk management

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The maturity probability of the financial assets (trade receivables) appears in note 12 and the financial liabilities in note 25.

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 22 and note 53.

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 the Group's clients.

52. Financial instruments continued

52.5 Financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	GROUP		COMPANY					
Financial assets/ financial liabilities	2016 R'000	2015 R'000	2016 R'000	2015 R'000	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment – available-for-sale	–	42 288	–	–	Level 3	Fair value – Directors' valuation	n/a	n/a
Investment	10 000	7 800	10 000	–	Level 3	Fair value – Directors' valuation	n/a	n/a
Trade and other receivables	2 795 262	2 315 813	1 591	–	Level 3	Face value less specific related provision	n/a	n/a
Other financial assets	29 728	–	–	–	Level 3	Fair value – Directors' valuation	n/a	n/a
Amounts due by subsidiary companies	–	–	2 868 245	1 691 082	Level 3	Face value less specific related provision	n/a	n/a
Cash resources	846 064	680 101	494	209	Level 3	Face value	n/a	n/a
Other non-current liabilities – interest-bearing	650	1 210	–	–	Level 2	Amortised cost plus accrued interest	n/a	n/a
Long-term loan – interest-bearing	1 349 502	859 417	857 322	697 373	Level 2	Amortised cost plus accrued interest	n/a	n/a
Derivative financial instrument	4 245	3 416	–	–	Level 2	Fair value – Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the counterparty	n/a	n/a
Share-based payment liability	38 625	151 672	–	–	Level 2	Fair value – Standard present value model	n/a	n/a
Obligation under finance lease	668	2 448	–	–	Level 2	Amortised cost plus accrued interest	n/a	n/a
Trade and other payables (excluding VAT)	1 037 189	793 833	3 111	1 673	Level 3	Expected settlement value	n/a	n/a
Amounts due to subsidiary companies	–	–	252 745	248 453	Level 3	Face value less specific related provision	n/a	n/a
Other vendor payables	26 078	12 619	–	–	Level 3	Fair value – Standard present value model	n/a	n/a
Current portion of other non-current liabilities	15 170	12 077	–	–	Level 2	Amortised cost plus accrued interest	n/a	n/a
Short-term loans	274 383	398 463	223 361	220 269	Level 2	Amortised cost plus accrued interest	n/a	n/a
Bank overdraft	368 161	108 976	280 000	69 999	Level 3	Face value	n/a	n/a

53. Group overdraft facilities

The Group had the following overdraft facilities as at 29 February 2016:

	2016 R'million	2015 R'million
ABSA	**170**	120
First National Bank	**190**	170
Total overdraft facilities	**360**	290

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

Security for these facilities are linked to the agreements concluded with the above banking institutions as described fully in note 22.

54. Subsequent events

On 22 June 2016, the Group issued a further cautionary announcement as a follow on from the announcements dated 10 May 2016, 23 March 2016 and 9 February 2016 respectively, in which shareholders were advised that the company is currently engaged in negotiations relating to, *inter alia*, partnering with financiers on its international expansion strategy.

Negotiations in this regard are still ongoing and the company expects to conclude the deal in the foreseeable future.

Annexure A: Details of subsidiaries and associates

for the year ended 29 February 2016

Name of subsidiary	Nature of business/ status	Share type	Authorised share capital of subsidiary/associate		Issued share capital of subsidiary/associate	
			R'000	R'000	**R'000**	R'000
			Feb 2016	Feb 2015	**Feb 2016**	Feb 2015
Adchip Managed Solutions Proprietary Limited	Flexible staffing	Ordinary	**1 000**	1 000	**100**	100
Adcorp Accountability Proprietary Limited	Dormant	Ordinary	**4 000**	4 000	**200**	200
Adcorp Advantage Proprietary Limited	Financial services	Ordinary	**1 200**	1 200	**100**	100
Adcorp Africa Limited(Mauritius)	Investment holding	Ordinary	**10 000**	10 000	**10 000**	10 000
Adcorp Contracting Proprietary Limited – (formerly Funxiono)	Dormant	Ordinary	**4 000**	4 000	**1**	1
Adcorp Flexible Staffing Solutions Proprietary Limited	Dormant	Ordinary	**20 000**	20 000	**10 000**	10 000
Adcorp Fulfilment Services Proprietary Limited	Holding company	Ordinary	**20 000**	20 000	**9 000**	9 000
Adcorp Holdings Australia	Holding company	Ordinary	**30 000 100**	30 000 100	**30 000 100**	30 000 100
Adcorp Holdings International Pte. Ltd.	Holding company	Ordinary	**1**	–	**1**	–
Adcorp Holdings Singapore Pte. Ltd.	Holding company	Ordinary	**1**	1	**1**	1
Adcorp Management Services Proprietary Limited	Holding company	Ordinary	**4 000**	4 000	**400**	400
Adcorp Staffing Proprietary Limited	Dormant	Ordinary	**4 000**	4 000	**2**	2
Adcorp Staffing Solutions Proprietary Limited	Holding company	Ordinary	**4 000**	4 000	**100**	100
Adcorp Staffing Solutions Proprietary Limited		Class A redeemable preference	**225 000**	225 000	**–**	–
Adcorp Support Services Proprietary Limited	Financial services	Ordinary	**1 000**	1 000	**100**	100
Adcorp Technical Training Proprietary Limited	Training	Ordinary	**1 000**	1 000	**100**	100
Adcorp Workforce Management Solutions Proprietary Limited (formerly Adcorp Professional Services Limited)	Holding company	Ordinary	**900 000 000**	900 000 000	**349 716 709**	349 716 709
Adcorp Workforce Management Solutions Proprietary Limited (formerly Adcorp Professional Services Limited)	Holding company	Conv red preference	**100 000 000**	100 000 000	**–**	–
ADfusion Contract Management Services Proprietary Limited (70% owned)	Recruitment	Ordinary	**4 000**	4 000	**2 000**	2 000
All About Project Management Proprietary Limited	Project management product and services	Ordinary	**1 000**	1 000	**340**	340
All About xpert Australia Proprietary Limited	Project management product and services	Ordinary	**100**	100	**100**	100
All About Xpert Proprietary Limited	Project management product and services	Ordinary	**100 000**	100 000	**10 000**	10 000
Allabout You 360 Proprietary Limited		Ordinary	**1 000**	1 000	**100**	100
Anglo African Outstaffing Proprietary Limited	Flexible staffing	Ordinary	**1 000**	1 000	**1 000**	1 000
	Dormant	Ordinary	**4 000**	4 000	**200**	200
Capacity Outsourcing Proprietary Limited	Flexible staffing	Ordinary	**–**	1 000	**–**	100
Capital Outsourcing Group – Resource For Africa Proprietary Limited	Flexible staffing	Ordinary	**3 000**	3 000	**3 000**	3 000
Capital Outsourcing Group (UK) Limited – United Kingdom	Flexible staffing	Ordinary	**–**	1 000	**–**	1
Capital Outsourcing Group Food Limited (Sold during the year)	Flexible staffing	Ordinary	**–**	100	**–**	100
Capital Outsourcing Group Kenya Limited	Flexible staffing	Ordinary	**1 000**	1 000	**1 000**	1 000
Capital Outsourcing Group Limited – Zambia	Flexible staffing	Ordinary	**5 000**	5 000	**5 000**	5 000
Capital Outsourcing Group Limited – Uganda	Flexible staffing	Ordinary	**10 000**	10 000	**10 000**	10 000
Capital Outsourcing Group Limited – United Kingdom	Flexible staffing	Ordinary	**–**	5 000	**–**	5 000
Capital Outsourcing Group Proprietary Limitada – Mozambique	Flexible staffing	Ordinary	**–**	–	**–**	–
Capital Outsourcing Group Proprietary Limited – Angola	Flexible staffing	–	**–**	–	**–**	–
Capital Outsourcing Group Proprietary Limited – Australia (to be de-registered)	Flexible staffing	Ordinary	**–**	–	**–**	–
Capital Outsourcing Group Proprietary Limited – Ghana	Flexible staffing	Ordinary	**100 000 000**	100 000 000	**75 000**	75 000
Capital Outsourcing Group Proprietary Limited – International	Flexible staffing	–	**–**	–	**–**	–
Capital Outsourcing Group Proprietary Limited – Malawi	Agency agreements	Ordinary	**10 000**	10 000	**10 000**	10 000
Capital Outsourcing Group Proprietary Limited – Namibia	Flexible staffing	–	**–**	–	**–**	–
Capital Outsourcing Group Proprietary Limited – North Sudan	Flexible staffing	–	**–**	–	**–**	–
Capital Outsourcing Group Proprietary Limited – South Sudan	Flexible staffing	–	**–**	–	**–**	–
Capital Outsourcing Group Proprietary Limited – South Africa	Flexible staffing	Ordinary	**100 000**	100 000	**10 600**	10 600
Capital Staffing Limitada (Angola)	Flexible staffing	Ordinary	**95 000**	95 000	**95 000**	95 000
Capital Outsourced Solutions Proprietary Limited	Flexible staffing	Ordinary	**1 000**	1 000	**100**	100
Charisma Healthcare Solutions Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**100**	100
Comsel Eighteen Proprietary Limited t/a Kanimambo	Supplier of IT services	Ordinary	**1 000**	1 000	**120**	120
DAV Professional Placement Group Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**100**	100

Number of shares held by Adcorp Group		Cost of investment held by Adcorp Holdings Limited (before impairment)		Indebtedness (to)/by the subsidiary to Adcorp Holdings Limited		Attributable profit/(loss) before tax of the subsidiary/associate	
Feb 2016	Feb 2015	R'000 Feb 2016	R'000 Feb 2015	R'000 Feb 2016	R'000 Feb 2015	R'000 Feb 2016	R'000 Feb 2015
100	100	**–**	–	**–**	–	**–**	–
200	200	**–**	–	**–**	–	**–**	–
100	100	**–**	–	**–**	–	**(1 245)**	(2 748)
10 000	10 000	**–**	–	**–**	–	**(14 486)**	39 418
1	1	**–**	–	**–**	–	**3 594**	–
10 000	10 000	**208**	208	**1 251**	1 251	**–**	–
9 000	9 000	**221 916**	221 916	**647 763**	500 000	**47 963**	96 108
30 000 100	30 000 100	**284 874**	284 874	**480 436**	286 260	**(106 614)**	(19 848)
1	–	**–**	–	**–**	–	**–**	–
1	1	**–**	–	**–**	–	**–**	–
400	400	**–**	–	**179 819**	168 071	**18 230**	(33 528)
2	2	**–**	–	**–**	–	**–**	–
100	100	**148 259**	148 259	**393 818**	362 530	**14 528**	25 386
–	–	**–**	–	**–**	–	**–**	–
100	100	**–**	–	**–**	(2 553)	**41 597**	31 772
100	100	**–**	–	**–**	–	**2 660**	2 967
349 716 709	349 716 709	**636 699**	636 699	**793 736**	372 352	**4 443**	3 246
–	–	**–**	–	**–**	–	**–**	–
1 400	1 400	**–**	–	**–**	–	**(602)**	(3 060)
340	340	**–**	–	**–**	–	**–**	–
70	70	**–**	–	**–**	–	**(2 867)**	(1 340)
10 000	10 000	**–**	–	**–**	–	**6 470**	5 955
100	100	**–**	–	**–**	–	**–**	–
1 000	1 000	**–**	–	**–**	–	**(2 507)**	(717)
200	200	**–**	–	**–**	–	**–**	–
–	100	**–**	–	**–**	–	**–**	719
3 000	3 000	**–**	–	**–**	–	**(7 229)**	2 042
–	1	**–**	–	**–**	–	**12 029**	(45)
–	100	**–**	–	**–**	–	**(278)**	–
999	999	**–**	–	**–**	–	**–**	–
5 000	5 000	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**3 175**	(174)
–	100	**–**	–	**–**	–	**(4 604)**	(4 371)
–	–	**–**	–	**–**	–	**5 269**	28 490
–	–	**–**	–	**–**	–	**27 144**	(16 773)
–	–	**–**	–	**–**	–	**–**	23
75 000	75 000	**–**	–	**–**	–	**4 579**	(4 902)
–	–	**–**	–	**–**	–	**(6 175)**	(221)
10 000	10 000	**–**	–	**–**	–	**(3 676)**	2 218
–	–	**–**	–	**–**	–	**1 719**	71
–	–	**–**	–	**–**	–	**4 359**	(2 520)
–	–	**–**	–	**–**	–	**16 774**	620
10 600	10 600	**–**	–	**(12 722)**	(12 722)	**(47 180)**	25 130
–	–	**–**	–	**–**	–	**20 188**	(9 481)
100	100	**–**	–	**–**	–	**5 702**	–
100	100	**–**	–	**–**	–	**–**	–
120	120	**–**	–	**–**	–	**2 014**	2 101
100	100	**7 270**	7 270	**–**	–	**–**	–

Annexure A: Details of subsidiaries and associates continued

for the year ended 29 February 2016

Name of subsidiary	Nature of business/ status	Share type	Authorised share capital of subsidiary/associate		Issued share capital of subsidiary/associate	
			R'000 Feb 2016	R'000 Feb 2015	R'000 Feb 2016	R'000 Feb 2015
Emmanuels Staffing Services Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**100**	100
EmployRite Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**100**	100
Envisionme Virtual Talent Management Co Proprietary Limited – 74,9% owned	Emergent business	Ordinary	**1 000**	1 000	**1 000**	1 000
FMS Marketing Solutions Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**1 000**	1 000
FNDS3000 Proprietary Limited		Ordinary	**1 000**	1 000	**100**	100
Fortress Administration Proprietary Limited	Outsourcing solutions	Ordinary	**550**	550	**550**	550
Fortress Administration Proprietary Limited		A ordinary	**450**	450	**450**	450
Funerary Marketing Solutions Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**100**	100
InfoVu Holdings Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**1 000**	1 000
InfoVu Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**100**	100
InnStaff Proprietary Limited	Flexible staffing	Ordinary	**4 000**	4 000	**100**	100
InnStaff Swaziland Proprietary Limited – Swaziland	Flexible staffing	Ordinary	**100**	100	**100**	100
Kelly Corporate Finance Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**100**	100
Kelly Girl-Kelly Temp Proprietary Limited	Dormant	Ordinary	**200**	200	**100**	100
Kelly Girl-Kelly Temp Proprietary Limited		Class A redeemable preference	**100**	100	**–**	–
Kelly Girl-Kelly Temp Proprietary Limited	Dormant	Class B redeemable preference	**100**	100	**–**	–
Kelly Group Limited	Flexible staffing	Ordinary	**1 000 000 000**	1 000 000 000	**100 000 000**	100 000 000
Kelly Group Shared Services Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**100**	100
Kelly-Greenoaks Secretarial and Business College Proprietary Limited	Dormant	Ordinary	**4 000**	4 000	**100**	100
Klatrade 200074 Proprietary Limited	Training	Ordinary	**1 000**	1 000	**1 000**	1 000
Labour Solutions Australia (WA) Proprietary Limited	Flexible staffing	Ordinary	**100**	100	**100**	100
Labour Solutions Australia Agri Proprietary Limited	Flexible staffing	Ordinary	**1 000**	1 000	**1 000**	1 000
Labour Solutions Australia Constructions Proprietary Limited	Flexible staffing	Ordinary	**100**	100	**100**	100
Labour Solutions Australia Proprietary Limited	Flexible staffing	Ordinary	**60 530 464**	60 530 464	**60 530 464**	60 530 464
Labour Solutions Australia TSV Proprietary Limited	Flexible staffing	Ordinary	**100**	100	**100**	100
Labour Solutions Partners Proprietary Limited	Flexible staffing	Ordinary	**200**	200	**200**	200
Dare Holdings Proprietary Limited	Flexible staffing		**2**	–	**2**	–
M Squared Consulting MSP Proprietary Limited	Managed services provider	Ordinary	**1 000**	1 000	**1 000**	1 000
Mondial IT Solutions Proprietary Limited	Consulting and the supply of skills to the IT industry	Ordinary	**100 000**	100 000	**11 000**	11 000
Moody Blue Trade & Invest 93 Proprietary Limited	Investment holding	Ordinary	**1 000**	1 000	**100**	100
Paracon Australia Proprietary Limited	Dormant	Ordinary	**87 682 486**	87 682 486	**87 682 486**	87 682 486
Paracon Project Management Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**200**	200
Paracon SA Proprietary Limited	Supplier of IT services	Ordinary	**1 000**	1 000	**700**	700
Paxsal Business Process Outsourcing Proprietary Limited	Holding company	Ordinary	**4 000**	4 000	**100**	100
Paxus Australia Proprietary Limited	Supplier of IT services	Ordinary	**152 856**	152 856	**152 856**	152 856
PMI of South Africa Proprietary Limited	Training	Ordinary	**4 000**	4 000	**100**	100
Premier Personnel Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**100**	100
Prior Learning Centre Proprietary Limited	Training	Ordinary	**1 000**	1 000	**101**	101
Quest Flexible Staffing Solutions Proprietary Limited	Dormant	Ordinary	**200**	200	**100**	100
Quest Holdings Proprietary Limited	Dormant	Ordinary	**10 000**	10 000	**10 000**	10 000
Quest Staffing Solutions Proprietary Limited	Flexible staffing	Ordinary	**1 000**	1 000	**600**	600
Quest Staffing Solutions Proprietary Limited		A ordinary	**1 000**	1 000	**400**	400
Research Surveys Proprietary Limited	Dormant	Ordinary	**100 000**	100 000	**200**	200
Sishayele Contract Centre Solutions Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**100**	100
Sizano Staffing Services Proprietary Limited	Flexible staffing	Ordinary	**300**	300	**300**	300
Skillstream Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**100**	100

Number of shares held by Adcorp Group		Cost of investment held by Adcorp Holdings Limited (before impairment)		Indebtedness (to)/by the subsidiary to Adcorp Holdings Limited		Attributable profit/(loss) before tax of the subsidiary/associate	
		R'000	R'000	R'000	R'000	R'000	R'000
Feb 2016	Feb 2015	**Feb 2016**	Feb 2015	**Feb 2016**	Feb 2015	**Feb 2016**	Feb 2015
100	100	**–**	–	**–**	–	**–**	–
100	100	**41 478**	41 478	**120**	120	**–**	–
749	749	**–**	–	**–**	–	**(6 089)**	(6 398)
1 000	1 000	**231 363**	231 363	**–**	–	**–**	–
100	100	**–**	–	**–**	–	**9 697**	–
550	550	**–**	–	**498**	498	**7 740**	37 216
–	–	**–**	–	**–**	–	**–**	–
100	100	**–**	–	**–**	–	**–**	–
1 000	1 000	**–**	–	**–**	–	**–**	–
100	100	**–**	–	**–**	–	**–**	–
100	100	**–**	–	**–**	–	**13 783**	6 752
100	100	**–**	–	**–**	–	**32**	46
100	100	**–**	–	**–**	–	**2 463**	410
100	100	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–
100 000 000	100 000 000	**–**	–	**370 804**	–	**74 018**	(12 803)
100	100	**–**	–	**–**	–	**–**	–
100	100	**–**	–	**–**	–	**–**	–
1 000	1 000	**–**	–	**–**	–	**1**	–
100	100	**–**	–	**–**	–	**–**	586
920	920	**–**	–	**–**	–	**(4 229)**	20 192
100	100	**–**	–	**–**	–	**(35)**	57
60 530 464	60 530 464	**–**	–	**–**	–	**(22 942)**	16 070
100	100	**–**	–	**–**	–	**–**	50
200	200	**–**	–	**–**	–	**443**	1 698
–	–	**–**	–	**–**	–	**15 516**	–
1 000	1 000	**–**	–	**–**	–	**(1 380)**	(535)
11 000	11 000	**–**	–	**–**	–	**2 923**	3 428
100	100	**–**	–	**–**	–	**–**	–
87682486	87682486	**–**	–	**–**	–	**–**	–
200	200	**–**	–	**–**	–	**–**	–
700	700	**–**	–	**–**	–	**12 487**	22 569
100	100	**–**	–	**–**	–	**–**	4 013
152856	152856	**–**	–	**–**	–	**49 790**	34 430
100	100	**629**	629	**(11 175)**	(5 924)	**3 752**	3 572
100	100	**1 946**	1 946	**–**	–	**–**	–
101	101	**–**	–	**–**	–	**8**	9
100	100	**–**	–	**–**	–	**–**	–
10 000	10 000	**–**	–	**(197 031)**	(197 031)	**–**	–
600	600	**–**	–	**(11 581)**	(9 242)	**5 070**	36 517
–	–	**–**	–	**–**	–	**–**	–
200	200	**6 726**	6 726	**(17 867)**	(17 868)	**–**	–
60	60	**–**	–	**–**	–	**–**	–
300	300	**–**	–	**–**	–	**207**	–
100	100	**–**	–	**–**	–	**–**	–

Annexure A: Details of subsidiaries and associates continued

for the year ended 29 February 2016

Name of subsidiary	Nature of business/ status	Share type	Authorised share capital of subsidiary/associate		Issued share capital of subsidiary/associate	
			R'000 Feb 2016	R'000 Feb 2015	R'000 Feb 2016	R'000 Feb 2015
Talentcru Proprietary Limited – (formerly ADfusion Proprietary Limited)	Emergent business	Ordinary	**1 000**	1 000	**100**	100
The Kelly Personnel Group Proprietary Limited	Dormant	Ordinary	**4 000**	4 000	**100**	100
The Personnel Concept Proprietary Limited	Personnel recruitment	Ordinary	**40 000**	40 000	**40 000**	40 000
Thetha Call Centre Staffing Proprietary Limited	Dormant	Ordinary	**4 000**	4 000	**1 000**	1 000
Torque Holdings Proprietary Limited	Holding company	Ordinary	**1 000**	1 000	**332**	332
Torque Technical Computer Training Proprietary Limited	Supplier of IT services	Ordinary	**1 000**	1 000	**100**	100
WDB Technologies Proprietary Limited	Dormant	Ordinary	**4 000**	4 000	**1 000**	1 000
Zenzele Recruitment Proprietary Limited	Resource provider	Ordinary	**–**	1 000	**–**	100
Zest Hospitality Proprietary Limited	Outsourcing solutions (payroll outsourcing)	Ordinary	**4 000**	4 000	**100**	100
Subtotal positive						
Subtotal negative						
Total subsidiaries						
Name of associate and joint ventures						
Hatch Investments (Mauritius) Limited*	Holding company	Ordinary	**100 000**	100 000	**1 004**	1 004
Marula Staffing Proprietary Limited	Dormant	Ordinary	**1 000**	1 000	**500**	500
PRP Solutions Proprietary Limited	Productivity tools and time tracking software	Ordinary	**1 000**	1 000	**300**	300
Total associates						

** 34,6% of Nihilent Technologies PVT Limited held through investment in Hatch Investments (Mauritius) Limited.*

Number of shares held by Adcorp Group		Cost of investment held by Adcorp Holdings Limited (before impairment)		Indebtedness (to)/by the subsidiary to Adcorp Holdings Limited		Attributable profit/(loss) before tax of the subsidiary/associate	
		R'000	R'000	R'000	R'000	R'000	R'000
Feb 2016	Feb 2015	**Feb 2016**	Feb 2015	**Feb 2016**	Feb 2015	**Feb 2016**	Feb 2015
100	100	**–**	–	**(2 369)**	(3 113)	**(4 649)**	(15 049)
100	100	**–**	–	**–**	–	**–**	–
40 000	40 000	**–**	–	**–**	–	**3 377**	3 715
750	750	**–**	–	**–**	–	**–**	–
332	332	**–**	–	**–**	–	**9 175**	(4 721)
100	100	**–**	–	**–**	–	**–**	–
1 000	1 000	**–**	–	**–**	–	**–**	–
–	49	**–**	–	**–**	–	**–**	95
100	100	**–**	–	**–**	–	**926**	188
		1 210 564	1 581 368	**2 868 245**	1 691 082	**453 847**	457 879
		–	–	**(252 745)**	(248 453)	**(236 787)**	(139 234)
		1 210 564	1 581 368	**2 615 500**	1 442 629	**217 060**	318 645
502	502	**–**	–	**–**	–	**23 078**	29 778
245	245	**–**	–	**–**	–	**–**	–
90	90	**–**	–	**–**	–	**–**	–
						23 078	29 778

Shareholders' information

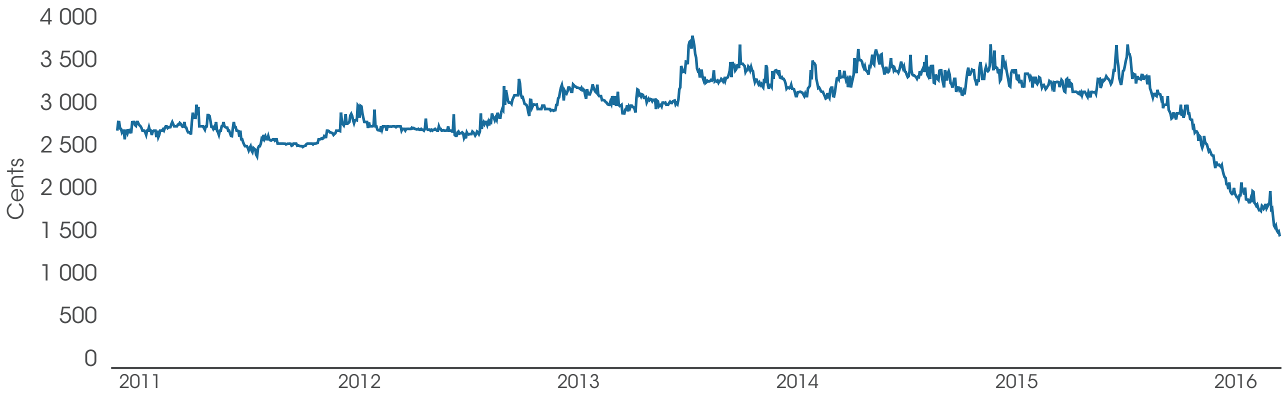
Shareholders' information

Analysis of ordinary shareholders as at 29 February 2016

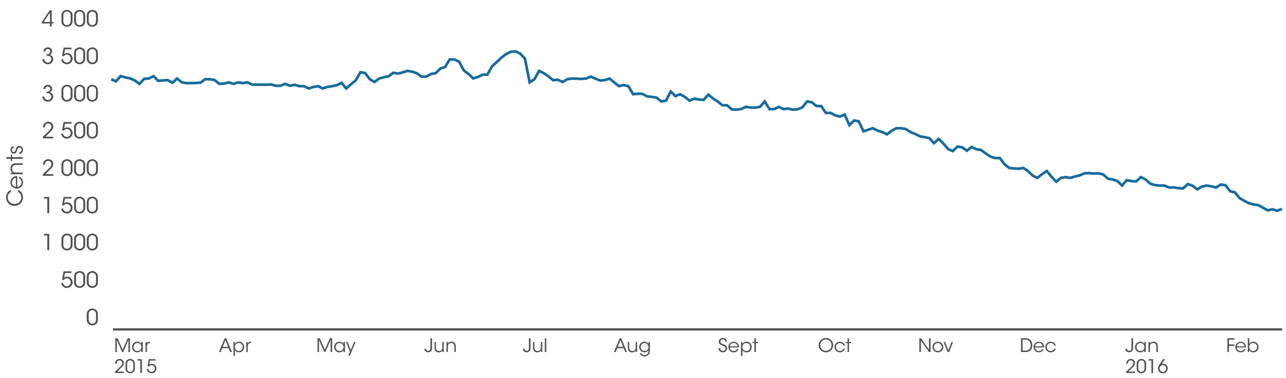
	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000 shares	2 423	57,29	691 535	0,63
1 001 – 10 000 shares	1 290	30,50	3 960 085	3,60
10 001 – 100 000 shares	347	8,21	12 755 677	11,60
100 001 – 1 000 000 shares	144	3,41	43 994 778	40,01
1 000 001 shares and over	25	0,59	48 552 600	44,16
Total	4 229	100,00	109 954 675	100,00
Distribution of shareholders				
Assurance companies	27	0,64	4 125 568	3,75
Close corporations	25	0,59	82 298	0,07
Collective investment schemes	140	3,31	54 175 154	49,27
Foundations and charitable funds	41	0,97	748 755	0,68
Hedge funds	5	0,12	406 107	0,37
Insurance companies	4	0,09	380 274	0,35
Investment partnerships	14	0,33	132 581	0,12
Managed funds	27	0,64	2 369 040	2,15
Medical aid funds	15	0,35	727 808	0,66
Organs of State	3	0,07	5 768 618	5,25
Private companies	76	1,80	901 947	0,82
Public companies	2	0,05	38 860	0,04
Public entities	4	0,09	137 153	0,12
Retail shareholders	3 125	73,89	5 180 640	4,71
Retirement benefit funds	218	5,15	28 745 562	26,14
Scrip lending	4	0,09	103 747	0,09
Sovereign funds	1	0,02	24 876	0,02
Stockbrokers, nominees and custodians	33	0,78	1 636 899	1,49
Treasury	2	0,05	1 571 826	1,43
Trusts	452	10,69	2 696 564	2,45
Unclaimed scrip	11	0,26	398	0,00
Total	4 229	100,00	109 954 675	100,00
Shareholder type				
Non-public shareholders	7	0,17	2 881 781	2,62
Own holdings	2	0,05	1 571 826	1,43
Directors and associates (direct holding)	2	0,05	843 580	0,77
Directors and associates (indirect holding)	3	0,07	466 375	0,42
Public shareholders	4 222	99,83	107 072 894	97,38
Total	4 229	100,00	109 954 675	100,00
Fund managers with a holding greater than 5% of the issued shares				
Allan Gray			25 274 520	22,99
Kagiso Asset Management			14 928 107	13,58
Sanlam Investment Management			10 755 666	9,78
PSG Asset Management			10 067 459	9,16
Coronation Fund Managers			7 880 395	7,17
Total			68 906 147	62,67
Beneficial shareholders with a holding greater than 5% of the issued shares				
Allan Gray			11 422 883	10,39
Sanlam Group			9 751 231	8,87
PSG			9 149 941	8,32
Government Employees Pension Fund			5 768 618	5,25
Total			36 092 673	32,83

Total number of shareholders	4 229
Total number of shares in issue	109 954 675

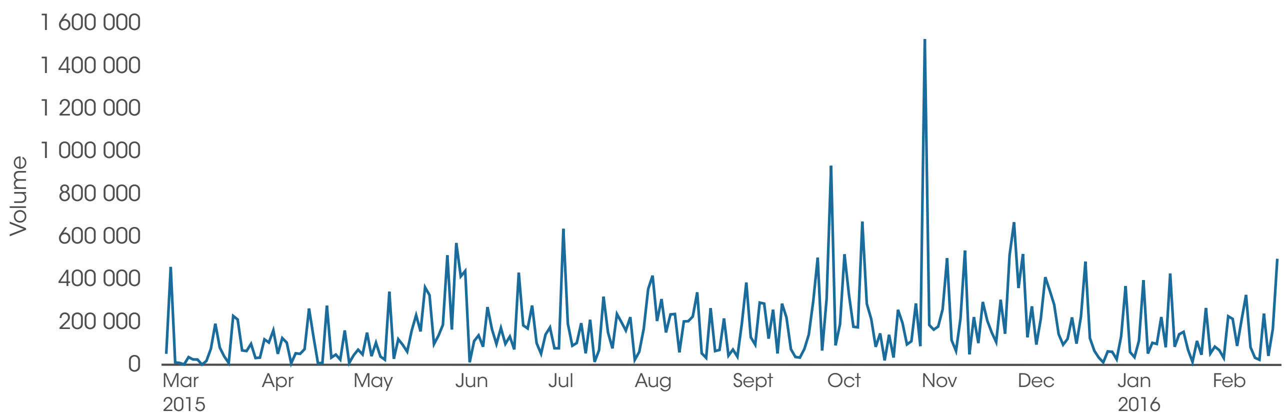
Five-year share price performance



Adcorp price chart – daily closing price



Adcorp volume chart – 1 March 2015 to 29 February 2016



JSE share price performance

Opening price 3 March 2015	R31,58
Closing price 29 February 2016	R14,95
Closing high for the period	R35,55
Closing low for the period	R14,70
Number of shares in issue	109 954 675
Volume traded during period	45 218 341
Ratio of volume traded to shares issued (%)	41,12%
Rand value traded during the period	R1 203 947 576
Total number of deals	41 759
PE ratio	5,48
Dividend yield (%)	8,41
Earnings yield (%)	18,25

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 to shareholders recorded in the company's register on Friday, 24 June 2016, that the annual general meeting ("AGM" or "the meeting") of the company will be held at Adcorp Office Park, Nicolway Bryanston, cnr William Nicol Drive and Wedgewood Link, Bryanston, Johannesburg, South Africa, on Thursday, 25 August 2016 at 10:30.

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the company for purposes of being entitled to attend and vote at the meeting is Friday, 19 August 2016. Accordingly, the last date to trade is Tuesday, 16 August 2016.

Kindly note that meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

Electronic participation in the AGM

Shareholders or their proxies may participate in the AGM by way of a teleconference call and, if they wish to do so:

- must contact the Company Secretary (by email at the address kevinf@adcorp.co.za) by no later than 10:30 on Tuesday, 23 August 2016 in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification;
- will be billed separately by their own telephone service providers for their telephone call to participate in the AGM; and
- participation in the AGM by way of electronic participation will not entitle a shareholder to vote. Should a shareholder wish to vote at the AGM, he/she may do so by attending and voting at the AGM either in person or by proxy.

The purpose of the meeting is to transact the business set out below and to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below:

1. Ordinary resolution number 1: Presentation of the annual financial statements

To present the audited annual financial statements for the year ended 29 February 2016, including the reports of the directors, and the Audit and Risk Committee.

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

2. Ordinary resolution numbers 2.1 to 2.4: Election and re-election of directors

To elect Amitava Guharoy, who was appointed an executive director since the last AGM held on 26 August 2015, in accordance with the provisions of clause 27.1.2 of the company's Memorandum of Incorporation (MOI).

To re-elect, by way of separate resolutions, the directors who retire by rotation in accordance with the provisions of clause 27.3 of the company's MOI. The directors, being eligible, offer themselves for re-election. The directors are:
MW Spicer, NS Ndhlazi and SN Mabaso-Koyana.

Details of the directors offering themselves for election and re-election are as follows:

2.1 Amitava Guharoy (executive director)
Date of appointment: 1 November 2015

2.2 Michael Wolseley Spicer (independent non-executive director)
Date of appointment: 21 August 2013

2.3 Nontobeko Sanelisiwe Ndhlazi (non-executive director)
Date of appointment: 17 August 2011

2.4 Sindisiwe Ntombenhle Mabaso-Koyana (Independent non-executive director)
Date of appointment: 14 September 2012

Refer to pages 22 to 23 of this integrated annual report of which this notice forms part for a brief curriculum vitae of each director.

In order for resolution numbers 2.1 to 2.4 to be approved, each resolution must be supported by more than 50% of the voting rights exercised on the resolutions.

3. Ordinary resolution numbers 3.1 to 3.4: Election of Audit and Risk Committee members

To elect, each by way of a separate resolution, the following independent non-executive directors, as members of the company's Audit and Risk Committee:

3.1 Timothy Dacre Aird Ross (*Chairman*)
3.2 Sindisiwe Nombenhle Mabaso-Koyana
3.3 Mncane Esau Mthunzi
3.4 Michael Wolseley Spicer

Refer to pages 22 to 23 of the integrated annual report of which this notice forms part for a brief curriculum vitae of each director.

In order for resolution numbers 3.1 to 3.4 to be approved, each resolution must be supported by more than 50% of the voting rights exercised on the resolutions.

4. Ordinary resolution number 4: Reappointment of independent external auditors

To reappoint Deloitte & Touche as the independent registered auditor of the company for the ensuing financial year, and to note that the individual registered auditor who will undertake the audit during the financial year ending 28 February 2017 is MLE Tshabalala.

The current Audit and Risk Committee and the board have evaluated the performance of Deloitte & Touche and recommend their reappointment as the external auditors of the company.

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

5. Ordinary resolution number 5: Place 2 000 000 of the authorised but unissued ordinary shares under the control of the directors

To place 2 000 000 of the unissued ordinary shares in the authorised share capital of the company under the control of the directors of the company as a specific authority in terms of the Companies Act, No 71 of 2008, as amended, from time to time (Companies Act) subject to the provisions of the Companies Act, and the Listings Requirements of the JSE Limited, these shares are specifically for the issue of shares to employees in order to meet the company's commitment in terms of the Adcorp Holdings 2006 Share Trust.

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

6. Ordinary resolution number 6: Non-binding advisory vote on remuneration policy

To endorse, by way of a non-binding advisory vote, the company's remuneration policy, as set out in the integrated annual report (pages 85 to 91).

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

7. Ordinary resolution number 7: Authority to implement resolutions passed at the AGM

To resolve that any director or the Company Secretary of the company be authorised to do all such things, perform all acts and sign all such documentation as may be required to give effect to the ordinary and special resolutions passed at this AGM or any adjustment thereof.

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

8. Special resolution number 1: Remuneration payable to non-executive directors

To grant the company the authority to remunerate its non-executive directors for their services as directors.

	Retainer fee per meeting		Attendance fee per meeting	
	Current for 2015/2016	Proposed for 2016/2017	Current for 2015/2016	Proposed for 2016/2017
Board				
Chairman	82 775	95 191	124 163	142 787
Non-executive	25 008	26 508	37 512	39 763
Ad hoc work performed by non-executive directors (including independent) in their role as directors (hourly rate)	–	–	2 500	2 650
Audit and Risk Committee				
Chairman	29 732	31 516	44 599	47 275
Non-executive	14 867	15 759	22 299	23 637
Remuneration and Nominations Committee				
Chairman	11 949	13 741	17 924	20 613
Non-executive	7 752	8 217	11 628	12 326
Transformation, Social and Ethics Committee				
Chairman	12 225	12 959	18 338	19 438
Non-executive	7 752	8 217	11 628	12 326

The reason and effect of special resolution number 1 is to authorise the company to pay remuneration to its non-executive directors for their services as directors. The fee increase is effective from the date of the AGM.

In order for this special resolution to be approved, it must be supported by more than 75% of the voting rights.

9. Special resolution number 2: Repurchase of the company's shares

To resolve that the company, and/or a subsidiary of the company, is authorised to repurchase or purchase, as the case may be, shares issued by the company, from any person, upon such terms and conditions and in such number as the directors of the company or the subsidiary may from time to time determine, including that such shares be repurchased or purchased subject to the applicable requirements of the company's MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time; and subject further to the restriction that the repurchase or purchase, as the case may be, by the company and/or any of its subsidiaries, of shares in the company of any class under this authority shall not, in aggregate in any one financial year, exceed 10% of the shares in issue in such class as at the commencement of such financial year. At this stage there is no intention to repurchase shares; however, if the need arises the board could purchase up to 10% of the issued share capital.

It is recorded that, as at 1 July 2016, being the last practicable date before finalisation of this notice the JSE Listings Requirements provide, *inter alia*, that the company or any subsidiary of the company may only make a general repurchase of the shares in the company subject to the following:

- Any such repurchase of shares is effected through the order book operated by the trading system of the JSE Limited (JSE) and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited).
- Authorisation thereto is given by the company's MOI.
- At any point in time, the company may appoint only one agent to effect any repurchase(s) on its behalf.
- The general authority shall be valid only until the company's next annual general meeting or 15 months from the date of passing of this special resolution, whichever is earlier.
- A resolution by the board that it authorises the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test, and that from the time that the test was performed there have been no material changes to the financial position of the Group.
- When the company or a subsidiary of the company has cumulatively repurchased 3% of any class of the company's shares in issue on the date of passing of this special resolution (the initial number), and for each 3% in aggregate of that class of shares acquired thereafter, in each case in terms of this resolution, an announcement shall be published on the Securities Exchange News Service (SENS) of the JSE and in the press, giving such details as may be required in terms of the JSE Listings Requirements.
- The company or its subsidiaries may not repurchase any of the company's shares during a prohibited period as defined in the JSE Listings Requirements, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and the company has submitted the repurchase programme to the JSE in writing. The company will instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and

uninfluenced by, the company, prior to commencement of the prohibited period to execute the repurchase programme submitted to the JSE.

- No repurchases may be made at a price which is greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected (the maximum price). The JSE will be consulted for a ruling if the company's securities have not traded in such a five-day period.

After considering the effects of such maximum repurchase, the directors will, in accordance with sections 44(3)(b) and 45(3)(b) of the Companies Act, ensure that the financial assistance is only provided if the requirements of those sections are satisfied, *inter alia*, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4 of the Companies Act.

Adequacy of working capital in terms of section 11.26 of the JSE Listings Requirements

The directors of the company will ensure that, after considering the effect of the maximum repurchase and for a period of 12 months thereafter:

(i) the company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the notice of the annual general/general meeting;

(ii) assets of the company and the Group will be in excess of the liabilities of the company and the Group for a period of 12 months after the date of the notice of the annual general/general meeting. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;

(iii) share capital and reserves of the company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general/general meeting; and

(iv) working capital of the company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general/general meeting.

In order for this special resolution to be approved, it must be supported by more than 75% of the voting rights.

10. Special resolution number 3: Financial assistance for the subscription of any debt securities and the provision of loans or other financial assistance to present or future related and inter-related companies

To authorise the directors, in terms of and subject to the provisions of section 44 of the Companies Act, to cause the company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any debt securities, issued or to be issued by the company or a present or future related or inter-related company or for the purchase of any debt securities of the company or a present or future related or inter-related company in terms of section 44 of the Companies Act.

To authorise the directors, in terms of and subject to the provisions of section 45 of the Companies Act, to cause the company to provide direct or indirect financial assistance to any company or corporation or future company or corporation which is related or inter-related to the company, for such amounts and on such terms and conditions as the board of the company may determine.

The reason for and effect of special resolution number 3 is to grant the directors of the company the authority to cause the company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise, to any person for the purpose of, or in connection with, the subscription of any debt securities, issued or to be issued by the company in terms of section 44 and to cause the company to provide direct or indirect financial assistance in terms of section 45 to any company or corporation or future company or corporation which is related or inter-related to the company.

The directors will, in accordance with sections 44(3)(b) and 45(3)(b) of the Companies Act, ensure that the financial assistance is only provided if the requirements of those sections are satisfied, *inter alia*, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4 of the Companies Act.

In order for this special resolution to be approved, it must be supported by more than 75% of the voting rights.

Further disclosure

In compliance with paragraph 11.26 of the JSE Listings Requirements, the information listed below has been included in the integrated annual report at the places indicated below:

- Directors and management (pages 20 to 23)
- Major shareholders (page 174)
- Directors' interest in securities (page 159)
- Share capital of the company (page 142)

Material change

There have been no material changes in the affairs or financial position of Adcorp and its subsidiaries since the date of signature of the annual financial statements and the date of this notice.

Notice of annual general meeting continued

Directors' responsibility statement

The directors whose names are given on pages 20 to 23 of this integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolutions and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolutions contain all such information as required by law and the JSE Listings Requirements.

Proxy and voting procedure

1. An ordinary and/or "B" ordinary shareholder entitled to attend and vote at the AGM may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the AGM in the place of the shareholder. A proxy need not be a shareholder of the company.
2. A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the AGM.
3. A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
4. The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
5. The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.
6. If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Act or the company's MOI to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the "Explanatory notes regarding proxy".

It is recommended that proxy forms should be delivered to the transfer secretaries, Link Market Services South Africa Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein (PO Box 4844, Johannesburg, 2000), so as to reach this address by no later than 10:30 on Tuesday, 23 August 2016.

Shareholders who have dematerialised their shares, other than with "own name" registration, should contact their Central Securities Depository Participant (CSDP) or stockbroker:

- to furnish their CSDP or stockbroker with their voting instructions; or
- in the event that they wish to attend the meeting, to obtain the necessary Letter of Representation to do so.

This must be done in terms of the agreement entered into between the shareholder and the CSDP or stockbroker concerned.

Any shareholder having difficulties or queries with regard to the above may contact the Company Secretary on:
Telephone: 011 244 5485
Email: kevinf@adcorp.co.za

By order of the board

Kevin Fihrer
Company Secretary

15 July 2016

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")

ADCORP
THE POWER OF POTENTIAL

This proxy form relates to the annual general meeting (AGM) to be held on Thursday, 25 August 2016 at 10:30 at Adcorp, Nicolway Bryanston, cnr William Nicol Drive and Wedgewood Link, Bryanston, Johannesburg, and is for use by certificated ordinary shareholders and dematerialised shareholders with "own name" registrations on the date of the meeting.

Please print clearly when completing this form and see the instructions and notes at the end of this form for an explanation of the use of this proxy form and the rights of the shareholder and the proxy.

I/We (full name in block letters)

of (address)

being a shareholder of the company and the registered holder(s) of ordinary shares in the company

do hereby appoint or failing him/her,

the chairman of the AGM, to attend and participate in the meeting and to speak and vote or abstain from voting for me/us and on my/our behalf in respect of all matters arising (including any poll and all resolutions put to the meeting) at the meeting, even if the meeting is postponed, and at any resumption thereof after any adjournment.

Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

		In favour of	Against	Abstain
1.	Ordinary resolution number 1: Presentation of the annual financial statements			
2.	Ordinary resolution number 2: Election and re-election of directors			
	2.1 A Guharoy			
	2.2 MW Spicer			
	2.3 NS Ndhlazi			
	2.4 SN Mabaso-Koyana			
3.	Ordinary resolution number 3: Election of Audit and Risk Committee members			
	3.1 TDA Ross			
	3.2 SN Mabaso-Koyana			
	3.3 ME Mthunzi			
	3.4 MW Spicer			
4.	Ordinary resolution number 4: Reappointment of independent external auditors			
5.	Ordinary resolution number 5: Place 2 000 000 of the authorised but unissued ordinary shares under the control of the directors			
6.	Ordinary resolution number 6: Non-binding advisory vote on remuneration policy			
7.	Ordinary resolution number 7: Authority to implement resolutions passed at the AGM			
8.	Special resolution number 1: Remuneration payable to non-executive directors			
9.	Special resolution number 2: Repurchase of the company's shares			
10.	Special resolution number 3: Financial assistance for the subscription of any debt securities and provision of loans or other financial assistance to present or future related or inter-related companies			

Signed this day of 2016

Signature

Assisted by (if applicable) (state capacity and full name)

Please provide contact details Tel: ( ) Fax: ( )

Mobile number: Email:

Each member is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and vote in place of that member at the AGM.

Please read the notes to the form of proxy on the reverse side.

Explanatory notes regarding proxy

1. The form of proxy must only be used by shareholders who hold shares in certificated form or who are recorded on the subregister in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant agreement entered into between them and the CSDP or broker.
3. An ordinary and/or "B" ordinary shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two or more alternate proxies of the shareholder's choice in the space provided, with or without deleting "the chairperson of the AGM". The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of such proxy(ies) those names follow.
4. An ordinary and/or "B" ordinary shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary and/or "B" ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's exercisable votes. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy will be valid in relation to the AGM despite the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless notice on any of the noted matters has been received by the transfer secretaries not less than 48 hours before the start of the AGM.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairperson of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with the Act, the MOI and these notes.
8. A shareholder's authorisation to the proxy, including the chairperson of the AGM, to vote on such shareholder's behalf, will be deemed to include the authority to vote on procedural matters at the AGM.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or is waived by the chairperson of the AGM.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
12. Where there are joint holders of shares:
    - any one holder may sign the form of proxy; and
    - the vote(s) of the senior shareholder(s) (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of shareholders) who tender(s) a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. It is recommended that forms of proxy be lodged with or mailed to the transfer secretaries, Link Market Services South Africa Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), and to be received by no later than 10:30 on Tuesday, 23 August 2016.
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

www.adcorp.co.za