UNAUDITED GROUP RESULTS

for the six months ended 31 August 2009



RATED SOUTH AFRICA'S TOP EMPOWERED COMPANY TWO YE

> Normalised operating profit down by 10%

per share down by 13%

> Normalised earnings | > Cash conversion ratio 88%

> Debtors days at 33 days

> Interim dividend declared of 50 cents per share

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 August

	Unaudited six months to Aug 2009 R'000	Unaudited six months to Aug 2008 R'000	Audited 12 months to February 2009 R'000
Revenue	2 412 973	2 285 038	4 837 123
Cost of sales	(1 879 778)	(1 751 478)	(3 724 735)
Gross profit	533 195	533 560	1 112 388
Other income Administrative expenses	27 837 (166 862)	13 899 (150 695)	32 695 (305 615)
Marketing and selling expenses	(223 840)	(212 132)	(451 956)
Other operating expenses	(83 965)	(78 541)	(160 910)
Operating profit	86 365	106 091	226 602
Interest received	3 569	5 160	19 782
Interest paid	(29 042)	(16 550)	(52 914)
Share of profits from associates	-	14	18
Profit on sale of property and equipment Profit on disposal of operations and subsidiaries	184	331 12	667
	_		_
Profit before taxation Taxation	61 076 11 906	95 058 29 482	194 155 50 082
Profit for the period/year Other comprehensive income	49 170	65 576	144 073
Exchange differences on translating foreign operations	_	624	316
Share-based payments	12 597	9 807	18 316
Fair value adjustment of derivative financial instrument	(505)	(1 000)	(1 756)
Other comprehensive income for the period/year, net of tax	12 092	9 431	16 876
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	61 262	75 007	160 949
Profit attributable to: Owners of the parent	49 170	65 576	144 073
Total comprehensive income attributable to: Owners of the parent	61 262	75 007	160 949
Earnings per share Basic (cents) Diluted (cents)	91,4 90,5	127,3 126,0	272,8 271,8
Distribution to shareholders Interim dividend (cents)	50	62	62
Final dividend (cents) in respect of the prior year	160	160	160
CALCULATION OF HEADLINE EARNINGS			
Profit for the period/year	49 170	65 576	144 073
Profit on sale of property and equipment	(133)	(239)	(480)
Profit on disposal of discontinued operations	_	(12)	-

CALCULATION OF HEADLINE EARNINGS			
Profit for the period/year	49 170	65 576	144 073
Profit on sale of property and equipment	(133)	(239)	(480
Profit on disposal of discontinued operations	-	(12)	-
Headline earnings	49 037	65 325	143 593
Headline earnings per share			
Headline earnings per share - cents	91,2	126,8	271,9
Diluted headline earnings per share - cents	90,2	125,5	270,9
Weighted average number of shares - 000's	53 787	51 520	52 808
Diluted weighted average number of shares - 000's	54 351	52 065	53 000

ABRIDGED CASH FLOW STATEMENT

for the six months ended 31 August

	Unaudited	Unaudited	Audited
	six months	six months	12 months
	to Aug	to Aug	to Feb
	2009	2008	2009
	R'000	R'000	R'000
OPERATING ACTIVITIES Cash generated by operations before working capital changes Increase in working capital	146 310	154 925	326 827
	(31 531)	(17 516)	(84 542)
Cash generated by operations Net interest paid Taxation paid	114 779	137 409	242 285
	(22 826)	(11 390)	(28 689)
	(11 887)	(13 933)	(50 713)
Free cash generated by operations	80 066	112 086	162 883
Net dividend (paid)/received	(91 801)	11	(126 638)
Cash (outflows)/inflows from operating activities INVESTING AND FINANCING ACTIVITIES Cash outflows from investing activities Cash (outflows)/inflows from financing activities	(11 735)	112 097	36 245
	(29 352)	(137 608)	(231 891)
	(21 673)	220 075	195 414
Net (decrease)/increase in cash and cash equivalents	(62 760)	194 564	(232)
Net cash and cash equivalents at the beginning of the period/year	(50 737)	(50 505)	(50 505)
Net cash and cash equivalents at the end of the period/year Free cash generated by operations per share – cents	(113 497)	144 059	(50 737)
	148,9	217,6	308,4

ABRIDGED STATEMENT OF FINANCIAL POSITION

as at 31 August

	Unaudited	Unaudited	Audited
	Aug	Aug	Feb
	2009	2008	2009
	R'000	R'000	R'000
SSETS			
on-current assets	817 386	857 542	845 422
roperty and equipment	59 205	63 353	59 807
Goodwill	555 208	535 739	555 208
ntangible assets	186 699	227 563	209 087
nvestment in associates	65	284	100
erivative financial instruments and other financial assets	1 040	2 141	1 872
eferred taxation	15 169	28 462	19 348
furrent assets	989 002	857 871	868 178
rade, other receivables and prepayments	707 645	664 962	685 943
assets classified as held for sale	845	11	845
axation prepaid	362	262	330
ash resources	280 150	192 636	181 060
otal assets	1 806 388	1 715 413	1 713 600
QUITY AND LIABILITIES			
quity attributable to owners of the parent	760 690	749 729	803 902
hare capital	1 357	1 352	1 355
hare premium	385 040	382 929	384 594
reasury shares	(13 431)	(690)	(592)
etained earnings	387 675	365 934	418 496
oreign currency translation reserve	(372)	(217)	(372)
EE shareholders' interest	421	421	421
on-current liabilities	235 551	292 464	249 670
Other non-current liabilities	5 181	803	2 700
ong-term loan	71 292	108 000	78 755
tedeemable preference shares - interest bearing	130 000	130 000	130 000
bligation under finance lease	2 095	5 448	3 165
eferred tax	26 983	48 213	35 050
urrent liabilities	810 147	673 220	660 028
on-interest-bearing current liabilities	380 564	589 805	388 791
rade and other payables	237 948	281 443	257 918
mount due to vendor	30 000	85 000	32 353
rovisions	93 878	100 375	83 737
iabilities classified as held for sale	-	348	-
hareholders for dividends	213	93 400	-
axation	18 525	29 239	14 783
nterest-bearing current liabilities	429 583	83 415	271 237
urrent portion of other non-current liabilities	1 529	2 838	3 138
Current portion of long-term loan	31 175	12 000	32 871
Current portion of redeemable preference shares	3 232 393 647	20 000 48 577	3 431 231 797
otal equity and liabilities	1 806 388	1 715 413	1 713 600
Number of ordinary shares in issue (000's)	53 727	54 081	54 220
number of ordinary charge in icens (IMMVc)		J4 U01	34 440

TOTAL INTEREST-BEARING LIABILITIES OF THE GROUP

R'000	August 2009	August 2008	February 2009
Net bank overdraft/(bank balances)	113 497	(144 059)	50 737
Long-term loan	71 292	108 000	78 755
Redeemable preference shares - interest-bearing	130 000	130 000	130 000
Obligations under finance lease	2 095	5 448	3 165
Current portion of other non-current liabilities	1 529	2 838	3 138
Current portion of long-term loan	31 175	12 000	32 871
Current portion of redeemable preference shares	3 232	20 000	3 431
Total interest-bearing liabilities	352 820	134 227	302 097

Unaudited

Unaudited

Audited

Adcorp Holdings Limited ("Adcorp" or "Adcorp Group" or "the Group")

Registration number 1974/001804/06 • Share code: ADR • ISIN number: ZAE000000139

Independent non-executive directors Non-executive directors Alternate non-executive director Company secretary Transfer secretaries

RL Pike, C Bomela, FD Burd, PC Swart A Albäck, TDA Ross LM Mojela, MR Ramaite, T Ramano

Link Market Services SA (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001 Deloitte & Touche Sponsor Services (Pty) Ltd

www.adcorp.co.za

ABRIDGED STATEMENT OF CHANGES IN EQUITY for the six months ended 31 August

	Share	Share	Treasury	Foreign currency	Retained	Attributable to equity	BEE shareholders'	
	capital	premium	shares	translation reserve	earnings	holders of the parent	interest	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance as at 1 March 2008	1 271	283 070	(701)	(688)	384 798	667 750	421	668 171
Issue of ordinary shares under employee share option plan	3	1 818	_	_	_	1 821	-	1 821
Issue of ordinary shares for the acquisition of subsidiaries	81	99 706	_	_	_	99 787	-	99 787
Dividend distributions	_	_	109	_	(126 935)	(126 826)	_	(126 826)
Profit for the year	-	_	_	_	144 073	144 073	-	144 073
Other comprehensive income for the year	-	-	-	316	16 560	16 876	-	16 876
Balance as at 28 February 2009	1 355	384 594	(592)	(372)	418 496	803 481	421	803 902
Issue of ordinary shares under employee share option plan	2	446	_	_	_	448	_	448
Buy-back of ordinary shares	_	_	(12 907)	_	_	(12 907)	_	(12 907)
Dividend distributions	-	_	68	_	(92 083)	(92 015)	-	(92 015)
Profit for the period	_	_	_	_	49 170	49 170	_	49 170
Other comprehensive income for the period	-	-	-	-	12 092	12 092	-	12 092
Balance as at 31 August 2009	1 357	385 040	(13 431)	(372)	387 675	760 269	421	760 690

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NORMALISED	EARNINGS

COMMENTS

Normalised earnings excludes the amortisation of intangibles arising on business combinations as well as share based payments and lease smoothing adjustments. The table below sets out the normalised earnings for the six months ended 31 August 2009 as well as the prior period comparative figures.

R'000	August 2009	August 2008	change
Revenue	2 412 973	2 285 038	6
Cost of sales	(1 879 778)	(1 751 478)	(7)
Gross profit Other income Administrative, marketing, selling and operating expenses	533 195	533 560	0
	27 837	13 899	100
	(474 667)	(441 368)	(8)
Operating profit	86 365	106 091	(19)
Adjusted for: Depreciation Amortisation of intangible assets Share-based payments Lease smoothing	13 483	11 982	(13)
	34 078	26 011	(31)
	12 597	9 807	(28)
	(343)	411	183
EBITDA (excl share based payments and lease smoothing) Adjusted for: Depreciation Amortisation of intangibles other than those acquired in a business combination	146 180	154 302	(5)
	(13 483)	(11 982)	(13)
	(5 026)	(407)	(1 135)
Normalised operating profit Net interest paid Share of profits from associates	127 671 (22 826)	141 913 (11 390) 14	(10) (100) (100)
Profit before taxation	104 845	130 537	(20)
Taxation	(19 944)	(36 766)	46
Profit for the period	84 901	93 771	(9)
Normalised earnings per share – cents	157,8	182,0	(13)
Diluted normalised earnings per share – cents	156,2	180,1	(13)

OVERVIEW

Trading results for the six-month interim period ended 31 August 2009 reflect the impact of the generally tougher economic conditions.

In this regard, normalised earnings for the period of 157,8 cents per share (2008: 182,0 cents per share) were some 13,3% down on normalised earnings per share for the same period last year.

Whilst trading conditions have tightened since the commencement of the financial year, the blue-collar flexible staffing and business process outsourcing (BPO) operations of the Group continued to perform relatively well for the period under review. This positive result for these operations is despite the blue-

collar flexible staffing operations incurring a foreign exchange translation loss of R7 million during the period under review due to the recent significant strengthening of the Rand/US Dollar exchange rate relating to various US Dollardenominated projects on the African continent. The blue-collar flexible staffing operations which contribute in

excess of 50% of the Group's profitability have proved to be relatively resilient given the current tough economic conditions as clients opt for the labour cost flexibility afforded by the option that contract labour provides. In this regard, whilst volumes have been under pressure as consumer demand has declined in certain sectors such as manufacturing, volume gains have been made in previously

labour flexibility has become a necessary ingredient for survival. Also making a positive contribution to the blue-collar operations has been Staff-U-Need which was acquired in August 2008. The business has integrated well into the Group and is performing in line with expectations.

untapped market segments such as mining where the need for

The financial performances of the white-collar flexible staffing businesses as well as the permanent recruitment operations, however, have been negatively affected by sustained downward volume and margin pressure as a direct result of the

economic downturn. collar flexible staffing operations albeit at significantly lower levels than in buoyant markets, it is far more difficult to make predictions with regard to the Group's permanent recruitment operations where volumes have vet to stabilise.

The "cash-to-cash cycle" of the business was well managed over the first six months despite a particularly tough

Normalised operating profit margins averaged 5,3% compared

This has been achieved by way of a sustained focus on improving operating margins despite the adverse margin impact of the volume and margin declines of the white-collar flexible staffing and permanent recruitment businesses, the foreign exchange translation loss mentioned above as well as additional operating expenses incurred in the delivery of a far greater number of learnerships than the prior period, the

to the prior period average of 6,2%.

The margin at 5,3% is 0,9% below that achieved in the same period last year, however, if exchange losses resulting from the strengthening of the Rand are excluded this percentage would have been 5.6%

benefits of which are reflected in a reduced taxation charge.

During the twelve month period ended February 2010 the Group expects to initiate and facilitate 5 000 learnerships in terms of the Skills Development Act compared to 3 000 learnerships in the comparative prior period. In this regard, the Group is a major provider of skills development in the South African market. The overall impact of this is to reduce the effective tax rate to 12,3% (2008: 23,9%).

The implementation of the new Microsoft Dynamics AX ERP system is now substantially complete. The new ERP system will contribute positively to the quality, extent and relevance of management information as well as to operating efficiencies. There has been much public debate recently with regard to the prospect of further regulation governing the a-typical, contract

The matter is currently being debated at the National Economic and Development Council (Nedlac) and it is likely that certain additional regulations will be enacted to protect vulnerable workers and to promote the concept of "decent work".

labour or temporary employment services (TES) market.

Whilst it is still uncertain as to the exact nature of this impending legislation, Adcorp has taken an active role in these deliberations and is generally supportive of certain of the recommendations which, if dealt with appropriately, could be positive for the staffing industry as a whole.

FINANCIAL OVERVIEW

Normalised operating profit of R127 671 for the six months ended August 2009 is 10% below the R141 913 for the comparative period primarily as a result of the economic conditions discussed earlier in this commentary. Normalised earnings for the period under review at 157,8 cents per share (2008: 182,0 cents per share) reflects a decrease of 13,3% while earnings per share at 91,4 cents is 28,2% below that of

Debtors days reduced from 35 days at end February 2009 to 33 days at end August 2009 (2008: 29 days). The public sector continues to owe long outstanding monies however most

overdue debts, mentioned in the previous reported results have subsequently been collected. The cash conversion ratio at 88% is slightly below the Groups' target of 90%. Further affecting the cash flow is the high cost of interest in the current period, however R2,6 million of this is imputed interest and therefore does not have a cashflow implication. The final dividend for the previous year was paid in the second half whereas in the current year the final dividend was paid in the first half which skews the comparison.

In terms of IFRS 8 (Operating Segment), which is applicable effective for the first time from this reporting period, it is required that the segment report should reflect segment information in exactly the same format as that used by management for internal purposes. As a result, Normalised Operating Profit which excludes the amortisation of intangibles arising on business combinations as well as share based payments and lease smoothing adjustments, is now shown in the segment report. Both Normalised Earnings and EBITDA are shown in the "normalised earnings table"

OUTLOOK

The relatively defensive nature of the Group's portfolio with its overweight exposure to blue-collar flexible staffing is an advantage to the Group, while there remain other potentially lucrative pockets of opportunity which the Group will continue to explore.

BASIS OF PREPARATION Adcorp prepares its accounts in accordance with International

Financial Reporting Standards, South African Companies Act and the JSE Listings Requirements. The accounting policies are consistent with the prior year annual financial statements and deal with new disclosure requirements of IFRS, specifically IAS 1 (Presentation of Financial Statements) and IFRS 8 (Operating Segments). This report is prepared in accordance with IAS 34 (Interim Financial Reporting). CONTINGENT LIABILITIES AND COMMITMENTS

creditors. As at the balance sheet date the Group has outstanding commitments totalling R48 million in non cancellable **BUY-BACK OF ORDINARY SHARES**

In the February 2009 published results shareholders were advised that, given the value in the share price, Adcorp would

investigate buying back ordinary shares. Subsequent to this Adcorp has purchased 532 493 Adcorp shares for a total cost of R12,9 million which is an average of R24,06 per share SUBSEQUENT EVENTS

As at 31 August 2009, R30 million was owing to the Staff U Need (Pty) Ltd vendors and this amount was paid on 1 October

CHANGES TO THE BOARD OF ADCORP After 15 years as Chairman of Adcorp Holdings Limited,

Dr Van Zyl Slabbert will be retiring as Chairman of the Group with immediate effect. His retirement has been necessitated due to health considerations. Due to the relative suddenness of his retirement, a replacement independent Chairman has yet to be appointed. In the interim, Ms Louisa Mojela will serve as acting Chairman until such time as an appointment has been made. TDA Ross joined the board of Adcorp as an independent non-

executive director with effect from 1 September 2009.

DECLARATION OF INTERIM DIVIDEND

The board of directors has decided to reduce the interim dividend in line with the lower profits which is considered prudent in these uncertain times. Accordingly notice is hereby given that an interim dividend of

 $50\ cents$ per share (2008: 62 cents per share) was declared on 14 October 2009 payable to shareholders recorded in the register of the company at the close of business on the record date appearing below. The salient dates pertaining to the interim dividend are as follows:

Last day to trade cum final dividend Friday, 6 November 2009 First day to trade ex final dividend Monday, 9 November 2009 Record date Friday, 13 November 2009 Monday, 16 November 2009 Payment date

No share certificates may be dematerialised or rematerialised between Monday, 9 November 2009 and Friday, 13 November 2009 both days inclusive.

Dividend cheques will be posted and electronic payments made, where applicable, to certificated shareholders on the payment date Dematerialised shareholders will have their account with their Central Securities Depository Participant or broker credited on the

RL Pike

Chief Executive Officer

LM Moiela Acting Chairman FD Burd Chief Financial Director

14 October 2009

																Norma	alised operating	profit												J	ı		
										Norm	alised operatin	g profit	Norma	Normalised operating profit before				tax										Deprecia	ation and amor	rtisation	Additions to		
		Revenue			Internal reven	ue		Operating pr	ofit	bet	before interest and tax before interest and tax contr			contribu	ition % to Gro	ıp profit	N	et asset values		As	sets carrying	value	Liabil	lity carrying va	alue		of intangibles		property and equipment				
	Aug	Aug	Feb	Aug	Aug	Feb	Aug	Aug	Feb	Aug	Aug	Feb	Aug	Aug	Feb	Aug	Aug	Feb	Aug	Aug	Feb	Aug	Aug	Feb	Aug	Aug	Feb	Aug	Aug	Feb	Aug	Aug	Feb
	2009	2008	2009	2009	2008	2009	2009	2008	2009	2009	2008	2009	2009	2008	2009	2009	2008	2009	2009	2008	2009	2009	2008	2009	2009	2008	2009	2009	2008	2009	2009	2008	2009
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	%	%	%	%	%	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Central costs	_	-	-	_	-	-	(18 431)	(16 905)	(29 528)	(13 491)	(13 015)	(22 626)	0,0%	0,0%	0,0%	(10,6%)	(9,2%)	(7,5%)	(343 524)	(128 362)	(217 388)	17 567	4 863	8 092	361 091	133 225	225 480	201	210	381	2 552	24	341
Staffing	2 315 160	2 171 638	4 604 249	11 542	18 976	13 481	90 325	108 845	236 479	115 112	128 931	280 342	5,0%	5,9%	6,1%	90,2%	90,9%	93,3%	988 972	744 748	843 653	1 477 084	1 352 307	1 335 722	488 112	607 559	492 069	29 114	23 687	51 048	7 256	9 076	16 557
Business process outsourcing	97 813	113 400	232 874	19 182	10 326	1 497	14 471	14 151	19 651	26 050	25 997	42 810	26,6%	22,9%	18,4%	20,4%	18,3%	14,2%	115 242	126 954	177 637	311 737	351 506	369 786	196 495	224 552	192 149	18 246	14 096	29 327	3 173	7 382	10 664
Subtotal	2 412 973	2 285 038	4 837 123	30 724	29 302	14 978	86 365	106 091	226 602	127 671	141 913	300 526	5,3%	6,2%	6,2%	100,0%	100,0%	100,0%	760 690	743 340	803 902	1 806 388	1 708 676	1 713 600	1 045 698	965 336	909 698	47 561	37 993	80 756	12 981	16 482	27 562
Discontinued	_	-	-	-	-	-	-	-	-	-	-	-	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	-	6 389	-	-	6 737	-	-	348	-	-	-	-	-	-	-
TOTAL	2 412 973	2 285 038	4 837 123	30 724	29 302	14 978	86 365	106 091	226 602	127 671	141 913	300 526	5,3%	6,2%	6,2%	100,0%	100,0%	100,0%	760 690	749 729	803 902	1 806 388	1 715 413	1 713 600	1 045 698	965 684	909 698	47 561	37 993	80 756	12 981	16 482	27 562
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