Unaudited Group Results

for the six months ended 31 August 2010

THE POWER OF POTENTIAL

Revenue up 7%

Normalised earnings per share down by 6%

Exceptional cash conversion ratio **199%**

Debtors days at 33 days

Financial gearing significantly reduced to 10%

Interim dividend declared of 54 cents per share

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 AUGUST 2010

FOR THE SIX MONTHS ENDED 31 AUGUST 2010							
	Unaudited six months August 2010 R'000	Unaudited six months August 2009 R'000	Audited 12 months February 2010 R'000				
Revenue Cost of sales	2 581 466 (2 046 590)	2 412 973 (1 879 778)	5 050 358 (3 953 341)				
Gross profit Other income Administrative expenses Marketing and selling expenses Other operating expenses	534 876 24 840 (171 874) (233 317) (78 423)	533 195 27 837 (166 862) (223 840) (83 965)	1 097 017 39 353 (346 123) (451 326) (172 390)				
Operating profit Interest received Interest paid Impairment of investments in associates	76 102 735 (15 414)	86 365 3 569 (29 042)	166 531 12 859 (62 127)				
and goodwill Profit/(loss) on sale of property and equipment	236	184	(984)				
Profit before taxation Taxation	61 659 (5 626)	61 076 (11 906)	115 890 (11 574)				
Profit for the period/year	56 033	49 170	104 316				
Other comprehensive income Exchange differences on translating foreign operations Fair value adjustment of derivative	2 123	-	(752)				
financial instrument Other comprehensive income for the	-	(505)	(863)				
period/year, net of tax Total comprehensive income for the	2 123	(505)	(1 615)				
period/year	58 156	48 665	102 701				
Profit attributable to: Owners of the parent	56 033	49 170	104 316				
Total comprehensive income attributable to: Owners of the parent	58 156	48 665	102 701				
Earnings per share Basic (cents) Diluted (cents)	95,2 92,5	91,4 90,5	193,5 188,7				
Approved dividends to shareholders Interim dividend (cents) Final dividend (cents) in respect of prior year	54 115	50 160	50 160				
CALCULATION OF HEADLINE EARNINGS Profit for the period/year (Loss)/profit on sale of property, plant	56 033	49 170	104 316				
and equipment Impairment of investments in associates	(170)	(133)	280				
and goodwill	- FF 0/0	40.027	984				
Headline earnings Headline earnings per share	55 863	49 037	105 580				
Headline earnings per share – cents Diluted headline earnings per share – cents	94,9 92,2	91,2 90,2	195,9 191,0				

Weighted average number of shares – 000's

Diluted weighted average number of

shares - 000's

	Unaudited six months August 2010 R'000	Unaudited six months August 2009 R'000	Audited 12 months February 2010 R'000
OPERATING ACTIVITIES Cash generated by operations before working capital changes Decrease/(increase) in working capital	131 400 93 801	146 310 (31 531)	280 009 (55 253)
Cash generated by operations Net interest paid Taxation paid	225 201 (14 679) (7 927)	114 779 (22 826) (11 887)	224 756 (46 621) (58 258)
Free cash generated by operations Net dividend paid	202 595 (9 123)	80 066 (91 801)	119 877 (118 379)
Cash inflows/(outflows) from operating activities	193 472	(11 735)	1 498
INVESTING AND FINANCING ACTIVITIES Cash outflows from investing activities Cash (outflows)/inflows from financing activities	(12 132)	(29 352) (21 673)	(81 901) 80 894
Net increase/(decrease) in cash and cash equivalents Net cash and cash equivalents at	(7 369) 173 971	(62 760)	491
the beginning of the year/period Net cash and cash equivalents at the end of the year/period	(50 246) 123 725	(50 737)	(50 737)
Free cash generated by operations per share – cents	344,2	148,9	222.4

58 864

60 566

53 787

54 351

53 903

55 272

ABRIDGED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2010

A3 A1 31 A09031 2010							
	Unaudited August 2010 R'000	Unaudited August 2009 R'000	Audited February 2010 R'000				
ASSETS							
Non-current assets	776 741	817 386	801 608				
Property and equipment Goodwill	49 511 556 170	59 205 555 208	53 405 554 290				
Intangible assets	155 118	186 699	179 334				
Investment in associates Derivative financial instruments and	-	65	-				
other financial assets	780	1 040	910				
Deferred taxation	15 162	15 169	13 669				
Current assets	1 023 947	989 002	870 188				
Trade, other receivables and prepayments	680 381	707 645	717 047				
Assets classified as held-for-sale	845	845	845				
Taxation prepaid Cash resources	28 551 314 170	362 280 150	14 703 137 593				
Total assets	1 800 688	1 806 388	1 671 796				
EQUITY AND LIABILITIES Equity attributable to owners of							
the parent	974 243	760 690	907 943				
Share capital	1 546	1 357	1 483				
Share premium Treasury shares	498 696 (13 293)	385 040 (13 431)	497 968 (13 293)				
Retained earnings	485 874	387 675	422 488				
Foreign currency translation reserve BEE shareholders' interest	999 421	(372) 421	(1 124) 421				
Non-current liabilities	197 016	235 551	212 502				
Other non-current liabilities – interest							
bearing	5 462	5 181	5 034				
Long-term loan – interest bearing Redeemable preference shares	48 988	71 292	59 912				
- interest bearing	130 000	130 000	130 000				
Obligation under finance lease Deferred tax	1 773 10 793	2 095 26 983	2 597 14 959				
Current liabilities	629 429	810 147	551 351				
Non-interest-bearing current liabilities	399 729	380 564	327 799				
Trade and other payables	276 985	237 948	249 073				
Amount due to vendor Provisions	102 554	30 000 93 878	77 850				
Shareholders for dividends	424	213	-				
Taxation	19 766	18 525	876				
Interest-bearing current liabilities	229 700	429 583	223 552				
Current portion of other non-current liabilities	6 040	1 529	2 124				
Current portion of long-term loan	30 916	31 175	31 227				
Current portion of redeemable preference shares	2 299	3 232	2 362				
Bank overdraft	190 445	393 647	187 839				
Total equity and liabilities	1 800 688	1 806 388	1 671 796				
Number of ordinary shares in issue (000's)	61 821 1 576	53 727 1 416	58 777 1 545				
Net asset value per share (cents)							

TOTAL INTEREST-BEARING LIABILITIES OF THE GROUP

AS AT 31 AUGUST 2010	Unaudited	Unaudited	Audited
	six months	six months	12 months
	August	August	February
	2010	2009	2010
	R'000	R'000	R'000
Net (bank balances)/overdraft Other long term loan ong-term loan Redeemable preference share Obligations under finance lease Current portion of other non-current abilities Current portion of long-term loan Current portion of redeemable oreference shares	(123 725)	113 497	50 246
	5 462	5 181	5 034
	48 988	71 292	59 912
	130 000	130 000	130 000
	1 773	2 095	2 597
	6 040	1 529	2 124
	30 916	31 175	31 227
	2 299	3 232	2 362
otal interest-bearing liabilities	101 753	358 001	283 502

Adcorp Holdings Limited ("Adcorp" or "Adcorp Group" or "the Group") Registration number 1974/001804/06 • Share code: ADR

ISIN number: ZAE00000139

С

Executive directors Independent non-executive directors Non-executive directors Alternate director

5,1

Company secretary

Transfer secretaries

Sponsor

C Bomela, RL Pike, AM Sher, PC Swart JJ Njeke (Chairman), A Albäck, M Mthunzi, TDA Ross G Dingaan, MR Ramaite, T Ramano

LM Mojela L Sudbury Link Market Services SA (Ptv) Ltd

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

ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 AUGUST 2010

ABRIDGED SEGMENT REPORT FOR THE SIX MONTHS ENDED 31 AUGUST 2010

TOTAL

TOR THE SIX MONTHS ENDED ST A000ST 2011	Share capital R'000	Share premium R'000	Treasury shares R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Attributable to equity holders of the parent R'000	BEE shareholders' interest R'000	Total R'000
Balance as at 1 March 2009	1 355	384 594	(592)	(372)	418 496	803 481	421	803 902
Issue of ordinary shares under employee								
share option plan	3	999	-	-	-	1 002	-	1 002
Buy back of ordinary shares	-	_	(12 822)	_	_	(12 822)	_	(12 822)
Issue of shares pursuant to a general issue of								
shares for cash	125	112 375	-	-	-	112 500	-	112 500
Treasury shares sold	-	_	31	_	_	31	_	31
Recognition of BBBEE and staff share-based payments	-	-	-	-	19 008	19 008	-	19 008
Dividend distributions	-	_	90	_	(118 469)	(118 379)	_	(118 379)
Profit for the year	-	_	_	_	104 316	104 316	_	104 316
Other comprehensive income for the year	-	-	_	(752)	(863)	(1 615)	_	(1 615)
Balance as at 28 February 2010 Issue of ordinary shares under employee	1 483	497 968	(13 293)	(1 124)	422 488	907 522	421	907 943
share option plan	3	788	_	_	_	791	_	791
Capitalisation of share premium	-	(65 172)	_	_	_	(65 172)	-	(65 172)
Ordinary shares issued pursuant to scrip distribution	60	65 112	_	_	_	65 172	-	65 172
Recognition of BBBEE and staff share-based payments	-	_	_	_	16 476	16 476	_	16 476
Dividend distributions	-	_	_	_	(9 123)	(9 123)	-	(9 123)
Profit for the year	-	_	_	_	56 033	56 033	-	56 033
Other comprehensive income for the year	-	-	_	2 123	_	2 123	_	2 123
Balance as at 31 August 2010	1 546	498 696	(13 293)	999	485 874	973 822	421	974 243

2 581 466 2 412 973 5 050 358 **28 921** 30 724 19 292 **76 102** 86 365 166 531 **131 268** 146 180 279 749

NORMALISED EARNINGS

FOR THE SIX MONTHS ENDED 31 AUGUST 2010

Normalised earnings exclude 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 period ended 31 August 2010, the prior period comparative as well as the prior year comparative

R'000	Six months to	Six months to	Year to	%
	31 August 2010	31 August 2009	28 February 2010	change
Revenue	2 581 466	2 412 973	5 050 358	7
Cost of Sales	(2 046 590)	(1 879 778)	(3 953 341)	(9)
Gross Profit Other income Administrative, marketing, selling and operating expenses	534 876 24 840 (483 614)	533 195 27 837 (474 667)	1 097 017 39 353 (969 839)	(11) (2)
Operating profit Adjusted for: Depreciation Amortisation of intangible assets Share-based payments Lease smoothing	76 102 13 039 25 270 16 476 381	86 365 13 483 34 078 12 597 (343)	166 531 26 423 68 771 19 008 (984)	(12) (3) (26) 31
EBITDA (excluding share based payments and lease smoothing) Adjusted for: Depreciation Amortisation of intangibles other than those acquired in a business combination	131 268	146 180	279 749	(10)
	(13 039)	(13 483)	(26 423)	3
	(5 228)	(5 026)	(9 598)	(4)
Normalised operating profit Net interest paid	113 001	127 671	243 728	(11)
	(14 679)	(22 826)	(46 622)	36
Normalised profit before taxation Taxation	98 322	104 845	197 106	(6)
	(11 345)	(19 944)	(27 158)	43
Normalised profit for the period/year	86 977	84 901	169 948	2
Normalised effective tax rate Normalised earnings per share – cents Diluted normalised earnings per share – cents Weighted average number of shares – 000's Diluted weighted average number of shares – 000's	12% 147,8 143,6 58 864 60 566	19% 157,8 156,2 53 787 54 351	14% 315,3 307,5 53 903 55 272	(6) (8)

COMMENTS

OVERVIEW

Trading results for the six-month interim period ended 31 August 2010 continue to reflect a relatively sluggish trading environment.

In this regard, normalised earnings for the period of 147,8 cents per share (2009: 157,8 cents per share) were some 6% down on normalised earnings per share for the same period last year.

The white collar flexible staffing and permanent recruitment businesses showed a healthy recovery, albeit off a relatively low base, whilst the business process outsourcing operations continued to show solid growth

Reported profits from the blue collar flexible staffing

businesses were slightly down compared to the prior year comparative period which was largely in line with The nursing and recruitment advertising businesses had a

particularly difficult trading period. As a result, this has

necessitated certain cost cutting and restructuring initiatives

with regard to these businesses which should see an improvement in the second half of the financial year. The cash performance of the Group during the period under review was outstanding with cash generated by operations for the period topping R225,2 million (2009: R114,8 million)

resulting in a cash conversion ratio of cash generated by

operations to normalised operating profit of 199% (2009: 90%). Debtors' days outstanding were significantly reduced from the February 2010 year-end level of 38 days to the interim level of 33 days. Due to this stellar cash performance coupled with the February 2010 capital raising exercise and a better than expected uptake of August 2010's scrip distribution, the Group has de-geared dramatically from a gearing high of 47% at 31 August 2009 to the current interim gearing level of 10%. With a significantly strengthened balance sheet, the Group is well positioned for

During the period under review, the Group acquired Gold Fields External Training Services (GFETS) (Pty) Limited for an amount of R5 million. GFETS has a specific focus in the area of artisan and mining related training. Although a relatively small acquisition in financial terms, it is significant in strategic terms given the Group's focus on bolstering its

The ongoing public debate concerning the future of labour broking remains unresolved. Whilst the Parliamentary Portfolio Committee on Labour announced earlier in the year that there would be no ban on the practice of labour broking but rather, certain additional laws would be introduced to regulate the industry, still no draft leaislation has been tabled after undertakings from the Department of Labour to do so over a year ago. This has had the intolerable effect of relegating the entire staffing industry to a state of limbo for an unacceptably prolonged period with little indication as to the precise nature of these proposed regulations and when we can expect them. Undoubtedly, the confusion created by this situation has had a negative effect on flexible staffing volumes.

FINANCIAL OVERVIEW

Normalised EBITDA of R131,3 million for the six months ended 31 August 2010 is 10% below the R146,2 million for the comparative prior period.

The Group's normalised EBITDA margin was 5,1% as opposed to the 6,1% in the prior comparative period but in line with the EBITDA margin achieved in the second half of the previous financial year. Margins were negatively affected by continued pricing pressure in both the white collar flexible staffing operations as well in the typically lower margin blue collar businesses.

The Group's overall normalised effective tax rate has been significantly reduced to 12% (2009: 19%) due to the tax benefits received arising from the facilitation of registered learnerships in compliance with the Skills Development Act as well a significantly lower charge of secondary tax on

companies ("STC") due to the recent scrip distribution. As reported above, with effect from 1 July 2010, the Group acquired Gold Fields External Training Services (GFETS) (Pty) Limited for an amount of R5 million, which was funded out of the group's cash resources. In terms of IAS 34 requirements, the profit from GFETS included in Group profits for the interim period ended August 2010 is R0,9 million. Since the purchase price exceeded the net asset value as at the effective date, the excess purchase consideration has been allocated to goodwill. Had the effective date of inclusion been 1 March 2010, a profit of R2,7 million would have been included in

CAPITAL STRUCTURE

Following the scrip distribution referred to and as a result of excellent working capital management, the Group's gearing has significantly reduced to 10% being lower than the Group's long-term gearing objective of 30%. The Group is extremely well capitalised for the future.

Furthermore, during the period under review, the Group has agreed with its bankers regarding the terms and conditions for the extension of the preference share agreement for a further three years.

Employment trends have tended to lag the slow recovery in the South African economy. There are, however, some encouraging signs that employment is starting to pick up, albeit in a relatively modest fashion.

Strategically, the Group is focused on managing its costs, driving economies of scale, delivering value for its clients and increasing the level of sophistication and technological advancement it applies in its day to day operations. In addition, the Group has a strong and robust balance sheet

As such, the Group is well positioned to take advantage of a future upswing in employment trends.

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 period annual financial statements and deal with new disclosure requirements by IFRS, specifically IAS 1 (Presentation of Financial Statements) and IFRS 8 (Operating Segments). This report is prepared in accordance with IAS 34 (Interim Financial Reportina).

CONTINGENT LIABILITIES AND COMMITMENTS The bank has guaranteed RTT,6 million (2009: R8 million) or

behalf of the Group to creditors. As at the balance sheet date, the Group has outstanding operating lease commitments totalling R46,2 million (2009: R48 million) in non cancellable property leases.

SUBSEQUENT EVENTS

No subsequent events have come to the attention of the directors.

CHANGES TO THE BOARD OF ADCORP

During the period under review, Mr Mfundiso Johnson Ntabankulu (".l.1") Nieke assumed the role of Chairman of the Board with effect 1 July 2010. Additionally Ms Gugulethu Patricia ("Gugu") Dingaan was appointed as a nonexecutive director on 16 August 2010 and Ms Louisa Mojela, formerly a non-executive director, assumed the role of alternate director as of same date.

DECLARATION OF INTERIM DIVIDEND Notice is hereby given that an interim dividend of 54 cents

per share (2009: 50 cents per share) was declared on 13 October 2010 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 in order to be eligible for the dividend

(CUM dividend) Shares trade FX the dividend Record date

Payment date

Friday, 5 November 2010 Monday, 8 November 2010 Friday, 12 November 2010 Monday, 15 November 2010

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 8 November 2010 and Friday, 12 November 2010, both days inclusive.

All times provided in this announcement are South African local times. The above dates and times are subject to change. Any changes will be released on SENS and published in the South African press.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited/ updated on Monday, 15 November 2010.

By order of the board

735 3 569 12 859 **(15 414)** (29 042) (62 127) **5 626** 11 906 11 574

JJ Njeke RL Pike AM Sher Chairman Chief Executive Officer Chief Financial Officer

13 October 2010

EBITDA excluding EBITDA margin excluding based payments and Taxation Additions to property Aug Aug Feb 010 2009 2010 000 R'000 R'000 Feb 2010 R'000 Aug Aug Feb 2010 2009 2010 R'000 R'000 R'000 Aug 2010 R'000 Aug 2010 R'000 Aug 2009 R'000 Aug 2010 R'000 Aug 2009 R'000 Aug 2010 R'000 Aug 2010 R'000 Aug 2010 R'000 Aug Aug Feb 2010 2009 2010 R'000 R'000 R'000 Aug Feb 2009 2010 R'000 R'000 Aug 2009 R'000 Aug 2009 R'000 Aug 2010 R'000 Aug 2009 Aug 2009 2010 R'000 2010 R'000 R'000 R'000 R'000 R'000 R'000 R'000 R'000 Central costs Staffing Business process (18 371) (18 431) (29 621) (12 138) (13 290) (23 030) 76 600 90 325 160 643 104 639 124 236 225 747 0,0 4,7 **2 456 931** 2 315 160 4 808 871 10 259 11 542 19 292 97 813 241 249 19 182 **17 873** 14 471 35 509 **38 767** 35 234 77 032 31,1 36,0 31,9 29,5 24,1 27,5 **120 678** 115 242 107 561 **313 161** 311 737 288 856 **192 483** 196 495 181 295 **17 890** 18 246 38 204 **2 904** 2 368 4 206 (1 232) **3 061** 3 173 10 664 18 662 outsourcing

6,1 5,5 100,0 100,0 100,0 974 243 760 690 907 943 1 800 688 1 806 388 1 671 796 826 445 1 045 698 763 853 38 309 47 561 95 194

8 779 12 981 27 562