



THE POWER OF POTENTIAL



Audited summary consolidated
and separate provisional results

For the year ended 29 February 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)



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 one-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.

Comments

Overview

During the financial year ended 29 February 2016, the long awaited, substantial changes to South African labour legislation were introduced.

These new laws impacted volumes 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.

Despite these lost volumes, Group revenues increased by 17% to R15,6 billion in the financial year under review. Part of this revenue growth was due to the inclusion of acquisitions, the Kelly Group in South Africa and Dare in Australia.

In response to the net loss of volumes referred to, the Group embarked on a major operational restructure during the year, focused on shedding costs and attracting new business which offset a significant amount of the negative impact of these lost volumes.

Consequently, headline earnings per share of 299,6 cents were marginally ahead of the prior year's comparable figure of 298,5 cents whilst normalised earnings per share of 365,3 cents were 4% up on the 350,7 cents in the prior year.

The Group's cash performance has once again been positive. In this regard, the Group's cash conversion ratio was a creditable 87% compared to the Group's target conversion ratio of 80%, excluding the impact of foreign exchange translation gains in working capital levels. This was achieved despite the continued challenging collections environment.

South Africa

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 higher than was anticipated due largely to an element 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 Temporary Employment Service providers (TES). In question was the status of these employees after an initial three-month contracting period.

This was clarified in a 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 new legislation.

Also, this lower level of business activity affected margins negatively whereby the EBITDA margin achieved in the South African business was 4,7% compared to the 5,4% EBITDA margin achieved in the prior year.

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 in the MSP (master service provider) and RPO (recruitment process outsourcing) space which will assist greatly in the recovery of lost volumes as well as some sizeable 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 whilst 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 incurred 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 period 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 34,6% 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 share of profits from associates was R23,1 million (2015: R29,8 million).

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.

The Group has made good progress in terms of raising capital in the international markets necessary to fund the Group's international growth strategy with a view to potentially listing the Group's international portfolio assets in three to four years' time. A separate announcement has been issued by the Group in this regard.

This strategy should advantage Adcorp's existing shareholders as it has the potential to unlock meaningful value from the Group's non-South African assets.

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, Asia, Australia and the Middle East.

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 and methodologies in 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 service capability with the ability to service the Group's operations on the same back office 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.

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.

Financial overview

Headline earnings per share of 299,6 cents are 0,4% higher than the 298,5 cents per share for the comparative prior year. As reported at half-year, this is primarily due to 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.

Earnings per share of 192,0 cents per share are 19% lower than the 236,5 cents per share for the comparative year. In addition to the negative revenue impact referred to earlier, the Group incurred an impairment of its investment held for sale of R54,9 million (2015: Nil) as discussed below, other goodwill impairments of R34,7 million (2015: R65,0 million) and a loss on the sale of the Group's UK business of R30,1 million (2015: Nil). Additionally as a part offset and as a direct consequence of the year-end prevailing share price, the revaluation of the share-based payment liability gave rise to a net credit of R31,2 million which was recognised in profit and loss.

In order to establish a meaningful footprint in Asia, the Group bought an option to acquire a stake in the business of APBA Pte Limited (APBA) for SGD4.8 million in 2015. APBA

Comments continued

is a business which is well represented across the region. For the purposes of considering its investment in APBA, 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.

Given a number of non-cash flow charges to profit and loss, the Group has consistently disclosed that its primary measure of performance is normalised earnings. In this regard, shareholders are referred to the statement of consolidated normalised earnings contained in this announcement.

In order to enhance disclosure, the Group has modified its methodology of presenting normalised earnings. In the determination of normalised earnings, the net share-based payment expense is no longer adjusted for while the amount attributable to transaction and establishment costs reflects only those direct costs incurred in the pursuit and implementation of corporate activity.

On the basis where the treatment of the share-based payment expense and transaction and establishment costs have been modified, 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 restated methodology so as to ensure comparability and consistency.

The previously reported normalised earnings per share (NEPS) of 365,1 cents 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 lower level of volumes described above.

Gross profit margin levels remained relatively stable despite changes in business mix. The overall expense ratio

increased marginally from 13,8% to 14,0% evidencing good cost containment achieved against the backdrop of an extensive group-wide restructuring programme of integration and rightsizing. The Group's normalised EBITDA margin was 4,0% (2015: 5,0%).

The Group's overall normalised effective tax rate reduced to 17% (2015: 20%) mainly as a result of the utilisation and recognition of the tax losses of the various entities within the Group.

Given the working capital intensive nature of the business, the cash to cash cycle (working capital management) is a key and crucial metric. To this extent, the cash conversion ratio was 87%. Days settlement outstanding (DSO) totalled 47 days (2015: 47 days). These statistics were achieved in the context of higher Rand values attributable to receivables 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%).

Given the utilisation of Australian Dollar denominated debt to fully finance the acquisition of Dare, the overall level of gearing increased to 43% from the 28% previously reported. From a Group perspective, while the gearing ratio is higher than the average reported in past years, management is confident that returns in excess of the cost of debt coupled to debt serviceability can be achieved. Additionally, the Group benefits from the natural hedge whereby operating profits exceed the associated debt service costs in the international portfolio. For the reasons stated above, as well as higher prevailing interest rates and tighter credit markets, the Group incurred a 21% increase in respect of net finance charges.

During the period under review and in compliance with the authority granted by shareholders at the previous annual general meeting, the Group acquired 1 million ordinary shares in the open market at an average price of R23,97. The number of ordinary shares held by a wholly owned subsidiary totals 1 571 826 (2015: 571 826). The Board may revisit additional share buy-back activity as and when deemed appropriate.

In light of the financial position while remaining fully compliant with debt covenants and the solvency and liquidity requirements of the Companies Act, the Board has resolved to declare a final cash dividend of 75 cents per share (2015: 88 cents per share), the details of which appear more fully below.

Acquisition of business

As referred to above, the acquisition of Dare was concluded with effect from 7 May 2015. As such, it has been included in Group profits for ten months of this financial year. The profit after tax from Dare included in Group net profit after tax for the year ended February 2016 is R25,7 million after taking account of non-cash flow IFRS charges and acquisition-related transaction

costs. Had the business combination been effective from 1 March 2015, the revenue of the Group would have been R15,8 billion and 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.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	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)	-	-
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)	-	-
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)

In complying with the IFRS 3, Business Combinations, the Group determined the fair value of the assets and liabilities acquired on the acquisition of the business as follows:

R'000	2016			2015
	Dare	Other	Total	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
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

Comments continued

In addition, the Group undertook other minor transactions, namely the acquisition of the balance of 70% in FND33000 Proprietary Limited and the business of VanZyl Pritchard as a going concern. These transactions were funded out of working capital and their contribution to Group revenues and profits is considered immaterial.

Basis of preparation

The Group's summary consolidated and separate financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated and separate financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the Group's previous consolidated and separate financial statements.

The financial results have been prepared by the Group Financial Manager, A Viljoen (BCom Honours) and supervised by the Group Chief Financial Officer, AM Sher (CA(SA), CFA).

Contingent liabilities and commitments

The bank has guaranteed R7,5 million (2015: R8,2 million) on behalf of the Group to creditors. As at the balance sheet date, the Group has outstanding operating lease commitments totalling R315,6 million (2015: R186,2 million) in non-cancellable property leases. The Group has no IT capital commitments contracted for in the current year (2015: R2,7 million) relating to the Microsoft Dynamix AX 2012 upgrade and other IT-related projects.

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.

Changes to the board of Adcorp

As detailed in a SENS announcement on 21 October 2015, Mr Amitava Guharoy was appointed to the board with effect 1 November 2015.

In addition, Ms N Sihlangu resigned as an alternate director with effect 1 February 2016.

Declaration of final dividend

Notice is hereby given that a final gross dividend of 75 cents per share (2015: 88 cents per share) for the year ended 29 February 2016 was declared on Tuesday, 24 May 2016 payable to shareholders recorded in the share register of the Company at the close of business on the record date appearing below. The salient dates pertaining to the final dividend 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 Wednesday, 31 August 2016 and Friday, 2 September 2016, both days inclusive.

Shareholders who are not exempt from the Dividend Withholding Tax (DWT) 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.

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

All times provided in this announcement are South African local times. The above dates 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 at their own risk. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 5 September 2016.

Events after the reporting date

On 10 May 2016, the Group issued a further cautionary announcement as a follow on from the announcements dated 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.

Auditor's report

These summary consolidated and separate financial statements for the year ended 29 February 2016 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated and separate financial statements were derived.

A copy of the auditor's report on the summary consolidated and separate financial statements and of the auditor's report on the consolidated and separate financial statements are available for inspection at the company's registered office, Adcorp Office Park, corner William Nicol and Wedgewood Link, Bryanston, together with the financial statements identified in the respective auditor's reports.

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 back office, has made good progress in terms of raising 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, Asia and Australia.

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, whilst 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 potential access to the capital necessary for international expansion and its globally relevant sales proposition.

This general forecast has not been reviewed or reported on by the Group's auditors.

By order of the board

MJN Njeke
Chairman

RL Pike
Chief Executive Officer

AM Sher
Chief Financial Officer

24 May 2016

Audited summarised consolidated and separate statement of comprehensive income

for the year ended 29 February 2016

	GROUP Audited		COMPANY Audited	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Revenue	15 585 751	13 322 398	-	4 090
Cost of sales	(13 069 007)	(11 126 945)	-	(3 677)
Gross profit	2 516 744	2 195 453	-	413
Other income	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)	464 767	454 987	(17 493)	(20 923)
Interest received	23 669	12 536	100 783	77 986
Interest paid	(133 722)	(103 352)	(98 653)	(75 379)
Dividend received	-	-	510 000	166 863
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 of profits from associates	23 078	29 778	-	-
Loss on sale of business	(30 056)	-	-	-
(Loss)/profit on the sale of shares	(361)	371	-	371
(Loss)/profit on the sale of property and equipment	(991)	1 173	-	-
Profit before taxation	260 740	330 479	494 637	148 918
Taxation	(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	106 445	(5 488)	-	-
Realised foreign exchange gains realised through profit and loss on disposal of business	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)	192.0	236.5	-	-
Diluted (cents)	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	-	-
CALCULATION OF HEADLINE EARNINGS				
Profit for the year	207 672	244 544	-	-
Loss/(profit) on the sale of property and equipment	991	(1 173)	-	-
Taxation	(278)	328	-	-
Impairment of intangible assets and goodwill	34 721	65 014	-	-
Gain on bargaining purchase	(3 999)	-	-	-
Impairment of investments available-for-sale	54 922	-	-	-
Loss on sale of business	30 056	-	-	-
Headline earnings	324 085	308 713	-	-
HEADLINE EARNINGS PER SHARE				
Headline earnings per share - cents	299.6	298.5	-	-
Diluted headline earnings per share - cents	289.3	281.2	-	-
Weighted average number of shares - 000's	108 189	103 415	-	-
Diluted weighted average number of shares - 000's	112 008	109 788	-	-

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

Audited summarised consolidated and separate statement of financial position

as at 29 February 2016

	GROUP Audited		COMPANY Audited	
	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	137 796	112 425	-	-
Intangible assets	753 170	611 752	-	-
Goodwill	1 513 633	1 304 170	-	-
Investments	10 000	7 800	10 000	-
Investment – available-for-sale	-	42 288	-	-
Investment in subsidiaries	-	-	1 203 838	1 574 642
Investment in associates	125 249	102 171	-	-
Deferred taxation	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	2 795 262	2 315 813	1 591	3 846
Other financial assets	29 728	-	-	-
Amounts due by subsidiary companies	-	-	2 868 245	1 691 082
Taxation prepaid	70 690	22 526	4 745	1 454
Cash resources	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	2 749	2 733	3 170	3 154
Share premium	1 738 109	1 718 856	1 738 109	1 718 856
Treasury shares	(36 963)	(12 990)	-	-
Non-distributable reserve	-	-	119 918	119 918
Share-based payment reserve	121 787	114 581	121 787	114 581
Foreign currency translation reserve	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	676	921	-	-
Non-current liabilities	1 507 324	1 150 262	879 407	697 373
Other non-current liabilities – interest-bearing	650	1 210	-	-
Long-term loan – interest-bearing	1 349 502	859 417	857 322	697 373
Derivative financial instruments	4 245	3 416	-	-
Share-based payment liability	38 625	151 672	-	-
Obligation under finance lease	668	2 448	-	-
Deferred taxation	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	1 188 716	933 123	3 111	1 673
Amounts due to subsidiary companies	-	-	252 745	248 453
Provisions	281 186	245 313	-	-
Other vendor payables	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	15 170	12 077	-	-
Short-term loans	274 382	398 463	223 361	220 269
Bank overdraft	368 161	108 976	280 000	69 999
Total equity and liabilities	6 378 160	5 344 628	4 088 913	3 276 462

Audited summarised consolidated and separate statement of cash flows

for the year ended 29 February 2016

	GROUP Audited		COMPANY Audited	
	2016 R'000	2015 R'000	2016 R'000	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	-	-
Loss on sale of business	30 056	-	-	-
Impairment of investment – available-for-sale	54 922	-	-	-
Share of profits from associates *	(23 078)	(29 778)	-	-
Loss on repurchase of "A" shares	361	-	-	-
Amortisation of intangibles	105 831	80 815	-	-
Amortisation of intangibles – acquired in a business combination	77 486	61 083	-	-
Amortisation of intangibles – other than those acquired in a business combination	28 345	19 732	-	-
Loss/(profit) on disposal of property and equipment	991	(1 173)	-	-
Share-based payments	(31 164)	80 724	-	-
Share-based payment expense	43 514	64 801	-	-
Revaluation of share-based payment liability	(74 678)	15 923	-	-
Unrealised foreign exchange gain	(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	(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	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)
Cash settlement of share options exercised	(74 678)	(69 883)	-	-
Taxation paid	(110 296)	(90 678)	(5 019)	(1 454)
Dividend paid	(164 571)	(87 973)	(166 018)	(88 314)
Net cash (utilised)/generated by operating activities	(106 292)	258 400	(382 026)	(346 841)

	GROUP Audited		COMPANY Audited	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Investing activities				
Additions to property, equipment and intangible assets	(102 331)	(69 390)	-	-
Proceeds from sale of property and equipment	13 821	3 855	-	-
Acquisition of businesses	(267 214)	(180 027)	-	-
Deferred taxation on financial derivatives	-	1 025	-	-
Net proceeds on the sale of business	6 953	-	-	-
Acquisition of investment	(10 000)	(4 270)	(10 000)	-
Dividends received from associates	-	14 561	-	-
Minority interest	(1 282)	(684)	-	-
Investment – available-for-sale	-	(42 288)	-	-
Net cash utilised from 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	-	212 925	-	212 925
Treasury shares acquired	(23 973)	-	-	-
Net proceeds on 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 year	571 125	270 927	(69 790)	(159 913)
Cash and cash equivalents at the end of the year	477 903	571 125	(279 506)	(69 790)

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

Total interest-bearing liabilities of the Group

for the year ended 29 February 2016

	GROUP Audited	
	2016 R'000	2015 R'000
Net gearing	43%	28%
Net bank balances	(477 903)	(571 125)
Other long-term loans	650	1 210
Long-term loan	1 349 502	859 417
Obligations under finance lease	668	2 448
Current portion of other non-current liabilities	15 170	12 077
Short-term loans	274 382	398 463
Total interest-bearing liabilities	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%

Financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting year. 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 Audited		COMPANY Audited		
	2016 R'000	2015 R'000	2016 R'000	2015 R'000	Fair value hierarchy
Financial assets/financial liabilities					
Investment – available-for-sale	–	42 288	–	–	Level 3
Investment	10 000	–	10 000	–	Level 3
Trade and other receivables	2 795 262	2 315 813	1 591	–	Level 3
Other financial assets	29 728	–	–	–	Level 3
Amounts due by subsidiary companies	–	–	2 868 245	1 691 082	Level 3
Cash resources	846 064	680 101	494	209	Level 3
Other non-current liabilities – interest bearing	650	1 210	–	–	Level 2
Long-term loan – interest bearing	1 349 502	859 417	857 322	697 373	Level 2
Derivative financial instrument	4 245	3 416	–	–	Level 2
Share-based payment liability	38 625	151 672	–	–	Level 2
Obligation under finance lease	668	2 448	–	–	Level 2
Trade and other payables (excluding VAT)	1 037 189	793 833	3 111	1 673	Level 3
Amounts due to subsidiary companies	–	–	252 745	248 453	Level 3
Other vendor payables	26 078	12 619	–	–	Level 3
Current portion of other non-current liabilities	15 170	12 077	–	–	Level 2
Short-term loans	274 383	398 463	223 361	220 269	Level 2
Bank overdraft	368 161	108 976	280 000	69 999	Level 3

Valuation technique(s) and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Fair value – Directors' valuation	n/a	n/a
Fair value – Directors' valuation	n/a	n/a
Face value less specific-related provision	n/a	n/a
Fair value – Directors' valuation	n/a	n/a
Face value less specific related provision	n/a	n/a
Face value	n/a	n/a
Amortised cost plus accrued interest	n/a	n/a
Amortised cost plus accrued interest	n/a	n/a
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
Fair value – Standard present value model	n/a	n/a
Amortised cost plus accrued interest	n/a	n/a
Expected settlement value	n/a	n/a
Face value less specific-related provision	n/a	n/a
Fair value – Standard present value model	n/a	n/a
Amortised cost plus accrued interest	n/a	n/a
Amortised cost plus accrued interest	n/a	n/a
Face value	n/a	n/a

Audited summarised consolidated and separate 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 realised 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)
7206	-	-	-	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

Audited summarised consolidated segment report

for the year ended 29 February 2016

	Industrial (Blue collar)	Administrative (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	27 238	47 381	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)	1 719 987	262 379	745 847	236 932
– 2015 (R'000)	1 721 199	387 531	952 499	238 773
Asset carrying value				
– 2016 (R'000)	2 319 393	511 739	1 107 499	317 044
– 2015 (R'000)	2 286 243	812 812	1 578 078	282 880
Liabilities carrying value				
– 2016 (R'000)	599 406	249 360	361 652	80 112
– 2015 (R'000)	565 044	425 281	625 579	44 107
Additions to property and equipment				
– 2016 (R'000)	14 119	4 731	14 766	2 961
– 2015 (R'000)	43 128	2 738	4 571	3 858
Tangible assets				
– 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 one-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.

** 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***	Sub-total	Central costs	Shared services	Total	International**	South Africa	Total
64 29 950	15 583 825 13 318 518	1 007 4 090	919 (210)	15 585 751 13 322 398	5 778 324 3 986 797	9 807 427 9 335 601	15 585 751 13 322 398
- 3 737	229 851 119 659	- -	1 777 378	231 628 120 037	- -	231 628 120 037	231 628 120 037
(5 031) (12 374)	628 785 637 854	(147 802) (163 767)	(16 216) (19 100)	464 767 454 987	90 794 117 265	373 973 337 722	464 767 454 987
(5 001) (8 320)	714 260 756 405	(97 706) (81 386)	4 967 (6 551)	621 521 668 468	164 313 160 348	457 208 508 120	621 521 668 468
- -	4,6 5,7	- -	- -	4,0 5,0	2,8 4,0	4,7 5,4	4,0 5,0
(0,8) (1,2)	114,9 113,2	(15,7) (12,2)	0,8 (1,0)	100,0 100,0	26,4 24,0	73,6 76,0	100,0 100,0
108 3 651	126 242 111 366	15 551 2 264	- -	141 793 113 630	62 797 43 083	78 996 70 547	141 793 113 630
24 37	68 089 57 162	(44 426) (44 775)	6 149	23 669 12 536	19 422 2 655	4 247 9 881	23 669 12 536
- (8 372)	(80 151) (91 109)	(39 977) (3 729)	(13 594) (8 514)	(133 722) (103 352)	(25 157) (17 840)	(108 565) (85 512)	(133 722) (103 352)
43 295	41 224 57 943	12 706 28 334	- -	53 930 86 277	41 275 6 673	12 655 79 604	53 930 86 277
1 341 8 659	2 966 486 3 308 661	(336 817) (811 200)	42 968 (32 429)	2 672 637 2 465 032	1 187 827 704 235	1 484 812 1 760 797	2 672 639 2 465 032
713 14 934	4 256 388 4 974 947	1 898 139 364 092	97 336 5 589	6 251 863 5 344 628	2 412 658 1 631 538	3 839 206 3 713 090	6 251 864 5 344 628
(628) 6 275	1 289 902 1 666 286	2 234 956 1 175 292	54 368 38 018	3 579 226 2 879 596	1 224 831 927 303	2 354 394 1 952 293	3 579 225 2 879 596
- 1 361	36 577 55 656	20 194 760	6 838 530	63 609 56 946	15 303 7 126	48 306 49 820	63 609 56 946
62 3 775	114 565 105 522	18 087 4 545	5 144 2 358	137 796 112 425	42 410 17 532	95 386 94 893	137 796 112 425

Corporate information

Adcorp Holdings Limited

("Adcorp" or "Adcorp Group" or "the Group")

Registration number 1974/001804/06

Share code: ADR

ISIN number: ZAE000000139

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BE Bulunga, A Guharoy, RL Pike (*Chief Executive Officer*), AM Sher, PC Swart

Non-executive directors

GP Dingaan, MR Ramaite, NS Ndhlazi

Independent non-executive directors

MJN Njeke (*Chairman*), ME Mthunzi, SN Mabaso-Koyana, TDA Ross, MW Spicer

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