

Unaudited Group Interim Results FOR THE PERIOD ENDED 30 JUNE 2005

Leaders in human capital management and marketing advisory services

Salient features

- Earnings per share **up by 28%**
- Operating profit **up by 30%**
- Cash conversion ratio **100%**
- Debtors days **down by 2 days**
- Interim dividend of **35 cents per share up 40%**
- Operating profit margin **up to 4,9%**

INCOME STATEMENT

for the six months ended 30 June 2005 restated for the adoption of IFRS

	Unaudited 30 June 2005 R'000	Restated for IFRS 30 June 2004 R'000	Restated for IFRS 31 December 2004 R'000
TURNOVER	1 102 668	933 780	2 005 659
Cost of sales	(778 861)	(653 143)	(1 398 519)
GROSS PROFIT	323 807	280 637	607 140
Other income	8 995	9 311	25 532
OPERATING EXPENSES	(271 058)	(241 060)	(529 036)
Administrative expenses	(99 100)	(93 146)	(197 544)
Marketing and selling expenses	(140 037)	(118 859)	(254 877)
Other operating expenses	(31 921)	(29 055)	(76 615)
OPERATING PROFIT BEFORE NON-CASH ITEMS AND SALE OF ASSETS	61 744	48 888	103 636
Lease rental timing adjustments	(285)	(777)	(1 254)
IFRS share-based payments	(707)	(263)	(1 023)
Depreciation	(7 323)	(6 393)	(13 382)
Profit/(loss) on sale of property and equipment	201	(109)	(94)
OPERATING PROFIT	53 630	41 346	87 883
Interest received - banks	8 260	8 836	18 155
- fair value adjustments	-	-	82
Interest paid - banks	(9 365)	(11 017)	(20 604)
Share of profits from associates	1 719	1 883	2 222
Impairment of investment and property	-	-	(1 224)
Profit/(loss) on disposal of operations and subsidiaries	-	59	(5 829)
PROFIT BEFORE TAXATION	54 244	41 107	80 685
Taxation - current	(16 901)	(11 712)	(19 792)
PROFIT AFTER TAXATION	37 343	29 395	60 893
Minority shareholders' share of profits	(196)	(509)	(898)
BEE share of super profits	(852)	(1 400)	(2 274)
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	36 295	27 486	57 721
RECONCILIATION OF HEADLINE EARNINGS			
Profit attributable to ordinary shareholders	36 295	27 486	57 721
Impairment of investment and property	-	-	1 224
(Profit)/loss on sale of property and equipment	(143)	76	66
(Profit)/loss on disposal of operations and subsidiaries	-	(59)	5 829
HEADLINE EARNINGS	36 152	27 503	64 840
Earnings per share - cents	87,8	68,7	143,2
Headline earnings per share - cents	87,5	68,7	160,9
Diluted earnings per share - cents	85,7	68,5	141,8
Diluted headline earnings per share - cents	85,3	68,5	159,3
Distribution to shareholders			
- interim prior year capital	-	25	25
- interim prior year dividends - cents	-	-	80
- interim dividend - cents	35	-	-
Weighted average shares in issue	41 327	40 035	40 302
Total shares for diluted earnings calculation	42 373	40 130	40 711

SEGMENT REPORT

for the six months ended 30 June 2005 restated for the adoption of IFRS

	Turnover		Operating profit		Operating profit margin		Contribution to group operating profit		Net asset value	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000	2005 %	2004 %	2005 %	2004 %	2005 R'000	2004 R'000
Central costs	4 513	2 276	(8 511)	(6 745)	-	-	(15,9)	(16,4)	83 211	59 878
Permanent recruitment	156 595	119 351	11 361	9 717	7,3	8,1	21,2	23,5	25 806	13 325
Flexible staffing	861 820	703 418	48 178	29 560	5,6	4,2	89,8	71,5	130 362	86 127
Corporate communications	32 810	65 316	(4 130)	3 725	(12,6)	5,7	(7,7)	9,1	1 228	7 115
Research	46 930	43 419	6 732	5 089	14,3	11,7	12,6	12,3	8 374	9 125
TOTAL	1 102 668	933 780	53 630	41 346	4,9	4,4	100,0	100,0	248 981	175 570

STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2005 restated for the adoption of IFRS

	Share capital R'000	Share premium R'000	Treasury shares R'000	Accumulated profit R'000	Share-based payments reserve R'000	Total R'000
Balance as at 31 December 2004	1 031	34 694	(4 205)	188 446	-	191 966
IFRS restatements to December 2004	-	-	-	(14 661)	1 415	(23 246)
IFRS balance as at 31 December 2004	1 031	34 694	(4 205)	173 785	1 415	206 720
Shares issued	12	4 421	-	-	-	4 433
Nominal share-based payment value	-	-	-	-	707	707
Treasury shares sold	-	-	697	-	-	697
Capital distributions	-	-	129	-	-	129
Net profit for the six months to June 2005	-	-	-	36 295	-	36 295
Balance as at 30 June 2005	1 043	39 115	(3 379)	210 080	2 122	248 981

COMMENTS

OVERVIEW

Following on the financial successes of the prior year, the Group continued to deliver a strong financial performance for the first six months of the 2005 financial year.

Operating profit increased by 29,7% to R53,6 million (2004: R41,3 million) compared to the prior year while earnings per share were 27,8% higher than the same period last year.

The Group's primary focus on cash management and margin management contributed positively to the performance of the Group. In this regard, the operating margin of the Group increased from 4,4% in the comparative prior period to a level of 4,9% for the period under review while the conversion ratio of cash generated by operating activities to operating profit before goodwill of 100% was ahead of target levels. R53,4 million cash was generated by operating activities.

Both the Permanent Recruitment and Flexible Staffing divisions recorded outstanding results reflecting positive growth in the South African economy and specifically, high demand in the financial services, retail, telecommunications, engineering and public sectors as well as reaping the benefits of the Group's positioning as South Africa's leading staffing provider.

In addition, the Flexible Staffing division has also benefited from growth in the call centre industry, the trend to outsourcing and growth in SETA administered learnerships.

The Marketing Research division also had an outstanding start to the year benefiting from the growth in the South African economy, particularly in the retail and FMCG sectors.

The Corporate Communications division, which is a relatively minor contributor to overall Group profitability, had a difficult start to the year. Having reported a loss for the half of the year, the division is expected to return to profitability for the full year.

The positive trends experienced by the Group in the first six months of the financial year are expected to continue for the remainder of the year.

FINANCIAL OVERVIEW

The Group is reporting under International Financial Reporting Standards ("IFRS") for the first time. A reconciliation between the figures previously reported under South African Statements of Generally Accepted Accounting Practice ("GAAP") and IFRS is tabled above.

Profit attributable to ordinary shareholders of R36,3 million increased by 32,1% compared with the first six months of last year largely as a result of an 18,1% increase in turnover coupled with a 0,5% increase in operating profit margin.

Net cash generated during the period 1 January to 30 June, 2005 amounted to R32,8 million with a two day reduction in debtors days contributing positively to cash flow. The shareholder dividend of 80 cents per share declared in March 2005 totalling R37 million (including STC) as well as the interim dividend of 35 cents per share in August 2005, will be paid in the second half of 2005.

SUBSEQUENT EVENTS

Subsequent to 30 June, 2005 Adcorp sold its premises in Melville for a net price consideration of approximately R20 million in line with the Group policy to rent rather than own buildings. In addition Adcorp entered into an agreement giving rise to a R21 million commitment for the supply and installation of a new IT system in support of the Flexible Staffing businesses.

DECLARATION OF INTERIM DIVIDEND

Notice is hereby given that an interim dividend of 35 cents per share (2004: capital distribution 25 cents per share) was declared on 17 August, 2005 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:

ABRIDGED CASH FLOW STATEMENT

	Unaudited 30 June 2005 R'000	Unaudited 30 June 2004 R'000	Audited 31 December 2004 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	61 743	48 888	103 636
(Increase)/decrease in working capital	(8 393)	10 693	(14 810)
Cash generated by operating activities	53 350	59 581	88 826
Net interest paid	(1 105)	(2 181)	(2 449)
Taxation paid	(13 363)	(14 513)	(24 764)
Dividend/capital distribution paid	(2 330)	-	(31 964)
Net cash (outflow) from operating activities	36 552	42 887	29 649
Cash flows from investing activities	(9 493)	(6 666)	(19 676)
Cash flows from financing activities	5 704	706	10 815
Net cash movement	32 763	36 927	20 788
Cash and cash equivalents at the beginning of the period	(1 344)	(22 132)	(22 132)
Cash and cash equivalents at the end of the period	31 419	14 795	(1 344)

FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The group is reporting for the first time under the IFRS standard for the year ending 31 December 2005 and accordingly, comparative figures have been restated. The unaudited results for the half-year ended 30 June 2005 have been prepared in accordance with the group's accounting policies, which comply with International Financial Reporting Standards ("IFRS"). The disclosures required in terms of IFRS1 (First Time Adoption of International Financial Reporting Standards) concerning the transition from South African Statements of Generally Accepted Accounting Practice ("SA GAAP") and the requisite changes in accounting policies are set out below.

The following IFRS standards have impacted on group accounting policies and the disclosure of group results:

IFRS2 - Share-based payment

The notional values of share-based payments are charged in the income statement and the reciprocal charge is shown as a "Share-based payments reserve" in the balance sheet.

IFRS3 - Business combinations

Goodwill is no longer amortised over its expected useful life, but is tested for impairment on an annual basis and any impairment is charged in the income statement.

IAS16 - Property, plant and equipment

The residual values and useful lives of major fixed assets have been assessed and where applicable depreciation has been adjusted.

IAS17 - Leases

In addition to the above changes, the accounting treatment of lease rentals has been modified to accord with the international interpretation of the requirements of IAS17, namely, escalations in operating lease rentals are no longer recognised in the periods they are actually incurred, but are now charged in the income statement on a straight-line basis over the term of the leases.

RECONCILIATION OF PREVIOUS SA GAAP TO IFRS

	Restated for IFRS 31 December 2004 R'000	Restated for IFRS 30 June 2004 R'000	IFRS transition date 1 January 2004 R'000
--	--	--	---

BALANCE SHEET

Changes in equity:

Accumulated profit:			
As previously reported - SA GAAP	188 446	159 507	133 406
Operating lease rental timing adjustments	(5 200)	(4 723)	(3 945)
Net effect of above adjustments on deferred taxation	1 561	1 425	1 191
Restated accumulated profit - IFRS	184 807	156 209	130 652

Restated accumulated profit - SA GAAP	184 807	156 209	130 652
Impairment of goodwill	(18 585)	(18 585)	(18 585)
Reversal of goodwill amortisation	4 134	1 967	-
Adjustment of fixed property residual values	4 845	4 621	4 396
Share-based payments	(1 415)	(1 047)	(392)
Restated accumulated profit - IFRS	173 786	143 165	116 071

Share-based payments reserve:

As previously reported - SA GAAP	-	-	-
Charges against accumulated profit	1 415	1 047	392
Restated share-based payments reserve - IFRS	1 415	1 047	392

INCOME STATEMENT

Net profit attributable to ordinary shareholders - as previously reported - SA GAAP	55 040	26 100	
Operating lease rental timing adjustments	(1 254)	(777)	
Adjustment in respect of the above to taxation	375	234	
Restated net profit	54 161	25 557	
Share-based payments charge	(1 023)	(263)	
Reversal of fixed property depreciation	449	225	
Reversal of goodwill amortisation	4 134	1 967	
Restated net profit attributable to ordinary shareholders - IFRS	57 721	27 486	

By order of the board

Dr F van Zyl Slabbert Chairman	RL Pike Chief Executive Officer	FD Burd Group Financial Director
17 August 2005		

Executive directors: RL Pike, HW Barenblatt, FD Burd, M Liphosa, RB McGregor, PC Swart
Independent non-executive directors: Dr F van Zyl Slabbert, SO Shonhiwa, G Bemela, F Khanyile, GM Negota, S Sabotsa
Alternate directors: TEM Ratshilanga, SE Zungu
Company secretary: A Warwick
Sponsor: Ultra Registrars (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001
Deloitte & Touche Sponsor Services (Pty) Limited

Last day to trade cum interim dividend: Friday, 30 September 2005
First day to trade ex interim dividend: Monday, 3 October 2005
Record date: Friday, 7 October 2005
Payment date: Monday, 10 October 2005

No share certificates may be dematerialised or rematerialised between Monday, 3 October and Friday, 7 October, 2005, 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 Central Securities Depository Participant or broker credited on the payment date.

ACCOUNTING POLICIES AND PRESENTATION

This report has been prepared in accordance with International Financial Reporting Standards. The transition date to IFRS was 1 January 2004 and the figures for the six months ended 30 June 2004 and 12 months ended 31 December 2004 have been restated accordingly.

By order of the board

Executive directors: RL Pike, HW Barenblatt, FD Burd, M Liphosa, RB McGregor, PC Swart
Independent non-executive directors: Dr F van Zyl Slabbert, SO Shonhiwa, G Bemela, F Khanyile, GM Negota, S Sabotsa
Alternate directors: TEM Ratshilanga, SE Zungu
Company secretary: A Warwick
Sponsor: Ultra Registrars (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001
Deloitte & Touche Sponsor Services (Pty) Limited