

REVIEWED GROUP RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2006

SALIENT FEATURES

- Earnings per share up by **61%**
- Headline earnings per share up by **21%**
- Final dividend of 126 cents per share – up **20%**
- Non-core businesses disposed
- High growth core businesses acquired
- Quality and quantity of Group earnings greatly enhanced
- 25% BBBEE transaction concluded (conditional)

INCOME STATEMENT

for the year ended 31 December 2006

	Reviewed Total December 2006 R'000	Reviewed Continuing Operations 2006 R'000	Reviewed Discontinued Operations 2006 R'000	Audited December 2005 R'000
REVENUE	2 700 216	2 586 280	113 936	2 359 652
Cost of sales	(1 973 819)	(1 938 874)	(34 945)	(1 650 708)
GROSS PROFIT	726 397	647 406	78 991	708 944
Other income	31 390	31 100	290	20 358
Administrative expenses	(235 130)	(205 404)	(29 726)	(238 923)
Marketing and selling expenses	(321 060)	(290 689)	(30 371)	(298 052)
Other operating expenses	(76 432)	(64 690)	(11 742)	(75 920)
OPERATING PROFIT	125 165	117 723	7 442	116 407
Interest received	4 088	4 073	15	2 587
Interest paid	(4 940)	(4 932)	(8)	(4 026)
Share of profits from associates	5 477	2 278	3 199	3 294
Impairment of goodwill	(1 155)	(1 155)	-	(19 112)
Impairment of investment	(101)	-	(101)	-
Profit/(loss) on sale of property and equipment	358	(109)	467	3 322
Profit/(loss) on disposal of operations and subsidiaries	7 568	7 568	-	(333)
PROFIT BEFORE TAXATION	136 460	125 446	11 014	102 139
Taxation	(30 840)	(27 730)	(3 110)	(35 010)
PROFIT FOR THE YEAR	105 620	97 716	7 904	67 129
Profit for the year				
Attributable to:				
Ordinary shareholders	107 994	100 090	7 904	65 185
Minority shareholders	(2 374)	(2 374)	-	1 012
BEE shareholders	-	-	-	932
PROFIT FOR THE YEAR	105 620	97 716	7 904	67 129
EARNINGS PER SHARE				
Basic (cents)	251.8	233.4	18.4	156.2
Diluted (cents)	248.6	230.4	18.2	154.8
Proposed final dividend (cents) in respect of 2006	126			
DISTRIBUTION TO ORDINARY SHAREHOLDERS				
Interim dividend (cents)	42			35
Final dividend (cents) in respect of the prior year	105			80
RECONCILIATION OF HEADLINE EARNINGS				
Profit for the year	105 620	97 716	7 904	67 129
Impairment of investment and goodwill	1 256	1 155	101	19 112
Minority shareholders' share in interest	2 374	2 374	-	(1 012)
BEE share of super profits	-	-	-	(932)
(Profit)/loss on sale of property and equipment	(254)	78	(332)	(3 210)
(Profit)/loss on disposal of operations and subsidiaries	(7 568)	(7 568)	-	333
HEADLINE EARNINGS	101 428	93 755	7 673	81 420
HEADLINE EARNINGS PER SHARE				
Headline earnings per share (cents)	236.5			195.1
Diluted headline earnings per share (cents)	233.5			193.4
Weighted average shares ('000's)	42 882			41 730
Diluted weighted average shares ('000's)	43 444			42 103

BALANCE SHEET

31 December 2006

	Reviewed December 2006 R'000	Audited December 2005 R'000
ASSETS		
Non-current assets	138 372	119 723
Property and equipment	32 775	34 667
Goodwill	41 525	42 015
Intangible assets	44 218	13 708
Investment in associates	3 189	4 092
Deferred taxation	16 665	25 241
Current assets	511 496	438 307
Trade, other receivables and prepayments	402 404	354 562
Assets classified as held for sale	30 408	-
Taxation prepaid	3 755	8 302
Cash resources	74 929	75 443
Total assets	649 868	558 030
EQUITY AND LIABILITIES		
Capital and reserves	310 785	252 162
Share capital	1 085	1 065
Share premium	57 630	48 679
Treasury shares	(1 010)	(2 127)
Minority shareholders' interest	5	2 379
BEE shareholders' interest	77	77
Retained earnings	252 998	202 089
Non-current liabilities	5 010	7 318
Non-interest-bearing non-current liabilities	1 585	5 541
Deferred tax	3 425	1 777
Current liabilities	334 073	298 550
Non-interest-bearing current liabilities	238 211	241 837
Trade and other payables	144 328	169 513
Amounts due to vendor	709	2 187
Provisions	51 944	58 523
Liabilities classified as held for sale	35 119	-
Taxation	6 111	11 614
Interest-bearing current liabilities	95 862	56 713
Bank overdrafts	95 862	56 713
Total equity and liabilities	649 868	558 030
Number of ordinary shares in issue ('000's)	43 382	42 614
Net asset value per share (cents)	716	592

CONDENSED CASH FLOW STATEMENT

for the year ended 31 December 2006

	Reviewed 31 December 2006 R'000	Audited 31 December 2005 R'000
OPERATING ACTIVITIES		
Cash generated by operations before working capital changes (increase) in working capital	150 383 (56 621)	134 814 (42 097)
Cash generated by operations	93 762 (852)	92 717 (1 277)
Net interest paid	(34 670)	(26 210)
Taxation paid	(58 717)	(46 995)
Net dividend paid	(477)	18 234
Cash retained by operations	(46 464)	(12 222)
Cash flows from investing activities	9 710	14 062
Cash flows from financing activities	(37 231)	20 074
Net (decrease)/increase in cash and cash equivalents	(73 010)	(1 344)
Net cash and cash equivalents at the beginning of the period	18 730	19 074
Net cash and cash equivalents at the end of the period	(54 280)	17 730
NOTE TO THE CONDENSED CASH FLOW STATEMENT		
Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Cash resources	74 929	75 443
Bank balances included in assets held for sale	2 432	-
Bank overdrafts	(95 862)	(56 713)
	(18 501)	18 730

sectors of the job market. As nearly all of the Group companies contain both permanent and flexible elements it has been decided to combine these divisions for future reporting. In addition under the new structure both permanent and flexible staffing will report to the same director.

The Group is currently developing a new Microsoft Dynamics AX ERP system which will be implemented during 2007. The upgrade has been necessitated by the rapid growth and changing nature of the Flexible Staffing businesses, the age and complexity of the existing systems as well as the need for timely, relevant operational information given the strong focus on margin management and the untapped potential that can be achieved by focusing on operational excellence.

ACCOUNTING POLICIES

Adcorp prepares its accounts in accordance with International Financial Reporting Standards. The accounting policies are consistent with the prior year annual financial statements with the exception of the capitalisation of borrowing costs. Borrowing costs of R1.6 million related to the Dynamics AX ERP system were capitalised. This financial report is prepared in accordance with IAS 34 Interim Financial Reporting.

FINANCIAL OVERVIEW

The Group performed well with headline earnings per share up 21.2% compared with the same period last year. Earnings per share of 251.8 cents (2005: 156.2 cents) increased by 61.2% which was primarily the result of impairments in 2006 being R18.0 million lower than in 2005. Added to this was the profit on disposal of businesses in the current year amounting to R7.6 million.

The operating margin percentage decreased from 4.9% in 2005 to 4.6% in the current year which was largely due to an increase of R3.45 million in non-cash flow IFRS adjustments. If these adjustments were excluded the margin would have been 4.8% which is very much in line with 2005 and is a good result given that the growth experienced in 2006 was spearheaded by the blue collar market sector which typically carries lower margins.

In the balance sheet the assets and liabilities shown as being held for sale are in respect of Research Surveys, as the sale of this business is only effective in 2007, although its associate, the Customer Equity Company was sold in December 2006. The increase in intangible assets to R44.2 million (2005: R13.7 million) was mainly attributable to capital expenditure on the new Dynamics AX ERP system as well as intangibles identified in the Employee acquisition.

During the 2006 year the Group utilised net cash resources totalling R37.2 million driven mainly by the cash payment for the Employee acquisition amounting to R38 million. Debtors days moved out to 36 days (2005: 33 days) which has contributed to the increase in working capital of R56.6 million. The collection of debtors remains very much an area of focus.

CHANGE IN YEAR-END

Given the significant changes to the Group structure as reported and given the fact that the Group's largest activity involves the contracting and administration of a significant number of individuals who are tax assessed according to a tax year that ends in February each year, the decision has been taken to change the company's financial year-end to February.

As such, the financial results presented for the ensuing financial period will be for a 14-month period commencing on 1 January 2007 and ending on 29 February 2008. Interim results for this period will be disclosed for the eight-month period ending 31 August 2007.

POST-BALANCE SHEET EVENTS

- Acquisition of FMS Marketing Solutions (Pty) Limited for R225 million - effective from 1 January 2007
- The 25% empowerment shareholding in Adcorp Flexible Staffing Solutions previously owned by a consortium comprising the Black Management Forum Investment Company Limited, Zungu Investment Company (Pty) Limited and Vunani Capital Holdings (Pty) Limited was re-acquired by Adcorp in January 2007 for an amount of R22.8 million.
- Conditional purchase of Capital Outsourcing Group (Pty) Limited for R238 million
- Disposal of Research Surveys for R57.6 million - effective from 1 January 2007
- Conditional disposal of Adcorp's 25% shareholding in Career Junction (Pty) Limited for R53.9 million
- New BBBEE shareholding transaction proposed
- Restructuring of Adcorp's board of directors following the new proposed BBBEE transaction

LITIGATION

Kelly Group (SA) (Pty) Limited ("Kelly") has served a joint summons on Adcorp and other parties amounting to R40.5 million following the acquisition by Adcorp of FMS Marketing Solutions (Pty) Limited. The summons relates to Kelly's lack of success in pursuing the same acquisition opportunity. Adcorp has obtained a legal opinion on the matter which suggests that Kelly's claim is without any substance. As such Adcorp and the other parties are defending the action.

OUTLOOK

Given the significant repositioning and restructuring of the Adcorp Group that has taken place over the past 12 months, the focus of management is now to consolidate and integrate the new acquisitions and reporting structure.

Although significantly bigger than before, the Group is now far more focused than ever in a high growth industry with fewer reporting entities and a simpler, streamlined management structure. Based on this strong positioning together with the prospect of a far greater BBBEE profile, 2007 should be both a successful and exciting year for the Adcorp Group.

DECLARATION OF FINAL DIVIDEND

Notice is hereby given that a final dividend of 126 cents per share (2005: 105 cents per share) was declared on 7 March 2007 payable to shareholders recorded in the register of the company at the close of business on the record date appearing below. The dividend dates pertaining to the final dividend are as follows:

First day to trade cum final dividend	Friday, 6 July 2007
Last day to trade ex final dividend	Monday, 9 July 2007
Record date	Friday, 13 July 2007
Payment date	Monday, 16 July 2007

No share certificates may be dematerialised or rematerialised between Monday, 9 July and Friday, 13 July 2007 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.

REVIEW OF RESULTS

The results have been reviewed by the independent auditors, Deloitte & Touche. A copy of their unmodified review report is available for inspection at the registered office of the company, 28 Sloane Street, Bryanston.

By order of the board

Dr F van Zyl Slabbert Chairman	RL Pike Chief Executive Officer	FD Burd Chief Financial Officer
--	---	---

7 March 2007

<i>Executive directors</i>	RL Pike, C Bomela, FD Burd, PC Swart
<i>Independent non-executive directors</i>	Dr F van Zyl Slabbert, F Khanyile
<i>Company secretary</i>	L Sudbury
<i>Transfer secretaries</i>	Link Market Services SA (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001
<i>Sponsor</i>	Deloitte & Touche Sponsor Services (Proprietary) Limited

CONDENSED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2006

	Share capital R'000	Share premium R'000	Treasury shares R'000	Minority shareholders' interest R'000	BEE shareholders' interest R'000	Retained earnings R'000	Total R'000
Balance as at 31 December 2005	1 065	48 679	(2 127)	2 379	77	202 089	252 162
Issue of ordinary shares under employee share option plan	20	8 951	-	-	-	-	8 971
Treasury shares sold	-	-	927	-	-	(188)	739
Recognition of share-based payments	-	-	-	-	-	6 079	6 079
Receipts/(payments) of dividends	-	-	190	-	-	(62 976)	(62 786)
Minority shareholders' share of profits	-	-	-	(2 374)	-	2 374	-
Profit for the year	-	-	-	-	-	105 620	105 620
Restated balance as at 31 December 2006	1 085	57 630	(1 010)	5	77	252 998	310 785

Note: Share-based payments reserve now included in retained earnings column

SEGMENT REPORT

for the year ended 31 December 2006

Reviewed	Revenue		Operating profit		Operating profit margin		Contribution to group profit		Net asset value		Asset carrying value		Liabilities carrying value		Depreciation		Additions to PPE	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000	2006 %	2005 %	2006 R'000	2005 R'000	2006 R'000	2005 R'000	2006 R'000	2005 R'000	2006 R'000	2005 R'000	2006 R'000	2006 R'000	2005 R'000	
Central costs	-	-	(24 890)	(20 834)	-	-	(19.9)	(17.9)	195 200	201 220	318 577	282 232	123 377	81 012	1 531	1 214	106	1 413
Staffing	2 586 280	2 176 543	142 613	126 761	5.5	5.8	114.0	108.9	127 023	73 792	307 610	249 124	180 587	175 332	13 799	11 506	14 779	13 586
Discontinued	113 936	183 109	7 442	10 480	6.5	5.7	5.9	9.0	(11 438)	(22 850)	23 681	26 674	35 119	49 524	2 162	2 528	1 706	3 519
Total	2 700 216	2 359 652	125 165	116 407	4.6	4.9	100.0	100.0	310 785	252 162	649 868	558 030	339 083	305 868	17 492	15 248	16 591	18 518

Note: Revenue shown above is external revenue

COMMENTS

OVERVIEW

The Adcorp Group continues to deliver strong profit growth with headline earnings increasing some 25% to R101.4 million (2005: R81.4 million) whilst headline earnings per share of 236.5 cents for the year ended 31 December 2006 (2005: 195.1 cents) increased some 21.2% compared to last year.

Operating profit of R125.2 million was some 7.5% ahead of the R116.4 million operating profit reported last year whilst earnings per share of 251.8 cents compared to the 156.2 cents reported in the prior year. Earnings per share were affected by the net, non-trading impact of a R7.6 million profit on the disposal of portion of the Group's Marketing Research division (The Customer Equity Company), which was disposed of with effect from 31 December 2006 as well as the Corporate Communications division which was disposed of with effect from 1 March 2006.

Also pleasing to note is that there were once again, strong performances with regard to the Group's two key financial imperatives namely, margin management and cash generation.

With regard to margin management, operating margins for the period decreased slightly compared to the prior year level of 4.9% to the current level of 4.6%. This was mainly due to mix resulting from high growth in lower margin blue collar business. The conversion ratio of cash generated by operating activities to operating profit was 74.9% (2005: 79.6%). R93.8 million cash was generated by operating activities.

During 2006, the decision was taken to