

Adcorp Holdings Limited  
Incorporated in the Republic of South Africa)  
Registration number 1974/001804/06)  
Share code: ADR  
ISIN: ZAE000000139  
(Adcorp or Adcorp Group or the Group)

Provisional Summarised Consolidated financial statements for the year ended 28 February 2019

These summarised consolidated financial statements were prepared under the supervision of Ms Cheryl-Jane Kujenga, in her capacity as CFO and have been audited by the company's auditors.

#### Salient features

- Underlying\* earnings before interest, tax, depreciation and amortisation (EBITDA) for the year increased by 34% to R518 million
  - Reported EBITDA for the year increased by 242% to R467 million
  - Net profit after tax increased by 147% to R262 million
  - The cost savings target of R200 million that was set 18 months ago has been exceeded resulting in an improvement in the underlying EBITDA margin to 3.4% from 2.5%
  - Earnings per share increased by 757 cents to 240 cents from a loss per share of 517 cents in the prior year
  - Headline earnings per share from continuing operations increased by 320 cents to 234 cents compared to a loss of 86 cents in the prior year
  - DSO improved to 50 days from 53 days in FY2018
  - The gearing ratio improved to 27% from 55%
  - Cash generated by operations is up 28% to R500 million (2018: R390 million)
  - Revenue for the year decreased by 2% to R15 billion
  - Dividend declared of 96,10 cents per share (2018: Nil)
- \* Underlying EBITDA is defined as EBITDA adjusted for once-off cost such as bad debts written off, retrenchment cost, restructure cost and certain accounting adjustments in FY2018 and strategic transformation costs in FY2019.

#### Proforma Financial Information

The proforma financial information below has been prepared for illustrative purposes only to provide information on how the underlying earnings adjustments might have impacted on the financial results of the Group. Because of its nature, the proforma financial information may not be a fair reflection of the Group's results of operation, financial position, changes in equity or cash flows.

The underlying information used in the preparation of the proforma financial information has been prepared using the accounting policies that comply with International Financial Reporting Standards. These are consistent with those applied in the published audited consolidated provisional results which summarises the consolidated financial statements for the year ended 28 February 2019.

No other adjustments have been made to the proforma financial information.

The directors are responsible for compiling the proforma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements.

The proforma financial information as shown in the statement of underlying EBITDA should be read in conjunction with the unmodified Deloitte & Touche independent reporting accountants' report thereon, issued on 18 May 2019, which is available for inspection at Adcorp's registered office.

#### Statement of underlying EBITDA

2019	2018	Variance
R'000	R'000	%

Revenue	15 065 369	15 325 391	(1,7)
Cost of sales	(13 032 499)	(13 097 630)	(0,5)
Gross profit	2 032 870	2 227 761	(8,7)
Other income	45 461	58 067	(21,7)
Operating expenses	(1 560 676)	(1 898 367)	17,8
Underlying EBITDA	517 655	387 461	33,6
Once off/transformation costs	(50 498)	(250 842)	
EBITDA	467 157	136 619	241,9
Depreciation and amortisation	(79 416)	(128 589)	38,2
Net cost of funding from continuing operations	(83 593)	(124 029)	32,6
Impairment of intangible assets, goodwill and bonds	(6 821)	(477 797)	98,6
Profit from the sale of subsidiary and associate	574	184 960	(98,7)
Share of profits from associates	0	16 476	(100,0)
Profit/(loss) before taxation	297 901	(392 360)	175,9
Taxation	(35 578)	(28 350)	25,5
Profit/(loss) for the year from continuing operations	262 323	(420 710)	162,4
Loss for the year from discontinuing operations	(178)	(140 322)	(99,9)
Net profit/(loss) for the year	262 145	(561 032)	146,7

The Financial Overview is as per the audited statement of comprehensive income for the year ended 28 February 2019.

#### Overview

Our continued focus on fixing and stabilising the business in the past year have been guided by the four strategic priorities identified at the onset by the new leadership team: defining and focusing on our core business, reducing costs through the deployment of lean and agile business processes, strengthening our brand and transforming our culture. This has enabled delivery of financial performance that reflects the early successes of our transformation journey with the Group posting a net profit after tax of R262 million and positive EPS and HEPS of 240 cents and 234 cents respectively.

The drive to right-size the business and ensure an efficient operating structure and processes is yielding positive outcomes evidenced in a reduction in our operating expenses and EBITDA growth, whilst a disciplined approach to working capital management has resulted in increased cash generation and a reduction in the net debt and improved gearing.

The Phase One cost reduction target of R200 million was exceeded during the financial year, as work on Phase Two commenced. Opportunities to unlock further efficiencies exist, and the focus of Phase Two will be optimisation through organisational restructuring, process improvements and investing in appropriate technology enablement.

Macroeconomic challenges and rising unemployment in a highly regulated environment in our core market South Africa and persistently low GDP growth rates in Australia, continue to put pressure on the revenue and gross profit margin performance of the Group. This resulted in a 2% reduction in revenue and a reduction in gross profit margin to 13,5% (2018: 14,5%). Our ability to provide flexibility and enhance labour productivity means that we continue to be a key contributor to our clients efforts to weather these economic challenges.

Adcorp has defined itself as a workplace solutions company with operating segments in the areas of Resourcing, Training, Consulting and Outsourcing. This four-pillar operating model will enable adequate strategic focus to each of these areas and enable us to provide our clients with a holistic workplace, human capital and talent management value proposition.

#### Operational update

Adcorp Professional Services continued its strong trajectory in both South Africa and Australia, with 7% revenue growth in South Africa and 4% in Australia. Adcorp Support Services revenue declined by 7% on the back of another challenging year for the business regarding top line growth. The Training segment revenue also declined by 7% as a result of decisions to cancel non-performing contracts. The Financial Services revenue declined by 22% due to the sale of the pay-card

subsidiary, FNDS 3000. Revenue for the Adcorp Industrial Services business decreased marginally for both South Africa and Australia operations. The net impact was a decrease of 2% to overall Group revenues.

The Group EBITDA for the year grew by 242% to R467 million compared to the 2018 results of R137 million. This was largely driven by:

- EBITDA improvements from prior year of 82% in Industrial Services South Africa and 6% in Support Services. Both these segments benefited from a proactive approach to drive cost reduction and efficiencies to enable an agile response to the outcomes of the Labour Relations Act (LRA) amendments.
- Professional Services South Africa EBITDA grew by 17%, whilst the Australia Segment EBITDA increased by 12%.
- The disposal of the low margin pay-card business had a positive impact on our Financial Services business which had a 12% improvement in EBITDA as a result of this as well as continued fiscal discipline in that segment.
- The interventions to stem losses in the Training business yielded positive results and the business posted a positive EBITDA of R6 million compared to the loss of R52 million in the prior period.
- There was an 18% reduction in Central Costs over and above the solid growth from the Segments.
- The once off/transformation costs decreased by 80% to R50 million compared to the 2018 costs of R250 million.
- Underlying EBITDA grew by 34% to R518 million compared to R387 million in the prior year.

#### Capital allocation strategy and dividend payment

The Group's capital allocation strategy supports sustainable value creation by:

- Ensuring an improvement in underlying operational performance while the business transformation takes place and
- Driving the implementation of a disciplined approach to capital allocation.

Capital allocation decisions will be underpinned by the need to balance growth and return the value generated by this growth to our shareholders through distributions.

We have significantly strengthened our capital allocation policies to ensure that our teams are focused on high quality growth, which we define as growth that yields returns in excess of our cost of capital. We are driving a focus on the quality of business written and strong alignment of reward, remuneration and performance especially at senior levels in our business.

We have set our target capital structure at 1.5x Debt: EBITDA and closed the financial year on 1.1x Debt: EBITDA. The headroom created in the statement of financial position by the reduced gearing has strengthened the statement of financial position and enables the Management team to pursue attractive growth opportunities and review its ability to provide sustainable shareholder distributions.

As a result, the Board has made the decision to resume the payment of dividends by declaring 96.10 cents per share as a full and final dividend for the year ended 28th February 2019. Going forward, the Board will be targeting a dividend cover ratio of 1.5x, but this will be confirmed at the interim results for the 2020 financial year.

The dividend will be 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 13 August 2019
Date trading commences "ex" dividend:	Wednesday 14 August 2019
Record date:	Friday 16 August 2019
Date of payment:	Monday 19 August 2019

Ordinary share certificates may not be dematerialised or rematerialized between Wednesday, 14 August 2019 and Friday, 16 August 2019, both days inclusive.

Shareholders who are not exempt from the dividend withholding tax of 20% will therefore receive a net dividend of 76,88 cents per share. The Company has 109 043 442 ordinary shares in issue and its income tax reference number is 9233/68071/0. The source of the dividend shall be from distributable reserves and shall be paid in cash.

All times provided in this announcement are South African local times. 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 risk. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 19 August 2019.

#### Changes to the board of Adcorp

##### Directors names

GP Dinga

I Dutiro

CJ Kujenga

SN Mabaso-Koyana

C Maswanganyi

P Mnganga Appointed 6 September 2018

TP Moeketsi

ME Mthunzi

FS Mufamadi

GT Serobe

H Singh Appointed 6 September 2018

S Sithole

MW Spicer

##### Alternate directors

MM Nkosi Appointed 19 October 2018

##### Resigned

JA Boggenpoel Resigned 20 July 2018

MA Jurgens Resigned 6 September 2018

RM Ramaite Resigned January 2019

Kevin Fihrer Resigned 31 May 2019

#### Outlook and prospects

In the new financial year, we will turn our attention to the implementation of our new operating model and growth strategy in South Africa and provide greater focus on the prospects for our Australia business.

The Group is committed to achieving its transformation, ensuring future revenue growth and sustained EBITDA margin improvement, while continuing to deliver strong free cash flow.

We remain enthusiastic about our value proposition and are proud to be part of an organisation that is committed to using its capabilities and market position to improve socio-economic matters in our communities by increasing employability and connecting people with opportunities.

#### By order of the board

GT Serobe

Chairman

I Dutiro

Chief Executive Officer

CJ Kujenga

Chief Financial Officer

17 May 2019

Audited summarised consolidated statement of financial position

as at 28 February 2019

	Notes	2019 R'000	2018 R'000
Assets			
Non-current assets		1 711 896	1 719 016
Property and equipment		57 647	65 756
Intangible assets		231 601	275 785
Goodwill		1 188 811	1 162 010
Investment		15 247	13 244
Investment - amortised cost		-	10 361
Deferred taxation		218 590	191 860
Current assets		2 647 253	2 801 348
Trade receivables		2 086 490	2 272 550
Other receivables		103 712	77 208
Investment - amortised cost		2 992	12 191
Taxation prepaid		87 202	79 071
Cash and cash equivalents		366 857	360 328
Assets from continuing operations		4 359 149	4 520 364
Assets held for sale	4	-	10 434
Total assets		4 359 149	4 530 798
Equity and liabilities			
Capital and reserves		1 905 474	1 602 589
Share capital and share premium		1 740 858	1 740 858
Treasury shares		(38 233)	(23 002)
Reserves		202 849	(115 267)
Interest-bearing liabilities	6	892 189	1 218 559
Non-current liabilities		697 126	978 196
Long-term loans		690 466	978 196
Provisions		6 660	-
Current liabilities		195 063	240 363
Short-term portion of long-term loans		194 836	228 687
Bank overdraft		227	11 676
Non-interest-bearing liabilities		1 561 486	1 680 405
Non-current liabilities		104 077	100 074
Deferred taxation		104 077	100 074
Current liabilities		1 457 409	1 580 331
Trade and other payables		1 111 233	1 225 030
Share-based payment liability		-	8 133
Provisions		286 663	287 202
Taxation		59 513	59 966
Equity and liabilities from continuing operations		4 359 149	4 501 553
Liabilities directly associated with assets classified as held for sale	4	-	29 245
Total equity and liabilities		4 359 149	4 530 798

Audited summarised consolidated statement of profit or loss  
for the year ended 28 February 2019

	Note	2019 R'000	2018 R'000
Continuing operations			
Revenue		15 065 369	15 325 391
Cost of sales		(13 032 499)	(13 097 630)
Gross profit		2 032 870	2 227 761
Other income		45 461	58 067

Operating expenses (excluding depreciation and amortisation)	(1 611 174)	(2 149 209)
Earnings before depreciation and amortisation	467 157	136 619
Depreciation and amortisation	(79 416)	(128 589)
Operating profit	387 741	8 030
Interest income	21 031	16 614
Interest expense	(104 624)	(140 643)
Impairment of intangible assets, goodwill and bonds	(6 821)	(477 797)
Profits from the sale of subsidiary and associate	574	184 960
Share of profits from associates	-	16 476
Profit/(loss) before taxation	297 901	(392 360)
Taxation expense	(35 578)	(28 350)
Profit/(loss) for the year from continuing operations	262 323	(420 710)
Discontinued operations		
Loss for the year from discontinued operations	4 (178)	(140 322)
Profit/(loss) for the year	262 145	(561 032)
Profit/(loss) attributable to:		
Owners of the parent from continuing operations	261 850	(422 956)
Owners of the parent discontinued operations	(178)	(140 322)
Non-controlling interest	473	2 246
Continuing operations		
Basic earnings/(loss) per share (cents)	240,1	(388,2)
Diluted earnings/(loss) per share (cents)*	234,3	(388,2)
Discontinued operations		
Basic loss per share (cents)	(0,16)	(128,8)
Diluted loss per share (cents)	(0,16)	(128,8)
Total basic earnings/(loss) per share		
Basic earnings/(loss) per share (cents)	240,0	(517,0)
Diluted earnings/(loss) per share (cents)	234,1	(517,0)
* The 2018 diluted loss per share have been restated to exclude the impact of performance award that have an anti-dilutive impact. The adjustment is not quantitatively material. The anti-dilutive impact of the performance awards was identified during the Johannesburg Securities Exchange's proactive monitoring process carried out on the 2018 financial statements. Diluted loss share were previously reported as:		
- Continuing operations	(378.6)	
- Discontinued operations	(125.6)	
- Total diluted loss per share	(504.2)	

Audited summarised consolidated statement of other comprehensive income  
for the year ended 28 February 2019

	2019	2018
	R'000	R'000
Profit/(loss) for the year	262 145	(561 032)
Other comprehensive income/(loss)*		
Exchange differences on translating foreign operations	9 734	(50 677)
Exchange differences arising on the net investment of a foreign operation	23 527	(30 964)
Fair value adjustment of derivative financial instrument	1 040	1 102
Other comprehensive income/(loss) for the year, net of tax	34 301	(80 539)
Non-controlling interest	(473)	(2 246)
Total comprehensive income/(loss) for the year	295 973	(643 817)
Total comprehensive income/(loss) attributable to:		
Owners of the parent continuing operations	295 678	(501 249)
Owners of the parent discontinued operations	(178)	(140 322)
Non-controlling interest	473	2 246

\* All items included in other comprehensive income/(loss) will be reclassified to profit or loss upon

derecognition.

Audited summarised consolidated statement of cash flows  
for the year ended 28 February 2019

	Note	2019 R'000	2018 R'000
Operating activities			
Profit/(loss) before taxation		297 723	(473 044)
From continuing operations		297 901	(392 360)
From discontinued operations	4	(178)	(80 684)
Adjusted for:			
Foreign currency exchange gains - discontinued operations		(25 236)	-
Fair value adjustments - discontinued operations		25 407	-
Interest income - discontinued operations		(3 752)	-
Depreciation		25 845	31 696
Amortisation of intangibles		53 571	96 893
Impairment of intangible assets, goodwill and bonds		6 821	477 797
Share of profits from associates		-	(16 476)
(Profit)loss on the sale of property and equipment		(803)	839
Share-based payments		24 464	8 767
Share-based payment expense		24 464	12 822
Revaluation of share-based payment liability		-	(4 055)
Unrealised foreign exchange loss (gain)		(1 514)	451
Non-cash portion of operating lease rentals		(3 417)	(1 361)
Profit on the sale of associate		(574)	(184 960)
Net movement on assets held for sale		(18 811)	203 701
Fair value adjustment		(2 003)	(3 298)
Non-cash adjustments		(4 639)	-
Increase in bad debt provision		(14 127)	(21 274)
Interest income		(21 031)	(16 614)
Interest expense		104 624	140 643
Cash generated from operations before working capital changes		442 548	243 760
Decrease in trade and other receivables		173 683	45 930
(Decrease)/Increase in trade and other payables		(113 797)	56 091
Increase in provisions		6 121	44 674
Other non cash items		(8 541)	-
Cash generated by operations		500 014	390 455
Interest income		24 783	16 614
Interest expense		(104 624)	(140 643)
Cash settlement of share options exercised		(8 133)	(31 384)
Taxation paid		(59 550)	(100 692)
Dividend paid		(2 234)	(1 293)
Net cash generated by operating activities		350 256	133 057
Investing activities			
Additions to property, equipment and intangible assets		(32 138)	(27 234)
Proceeds from sale of property and equipment		5 083	2 133
Proceeds from other financial assets		32 508	-
Net cash outflow on acquisition of subsidiaries		-	(12 060)
Net cash inflow on disposal of associate		1 000	305 702
Net cash inflow from disposal of subsidiary		10 250	858
Net cash generated from investing activities		16 703	269 399
Financing activities			

Payment from the issue of treasury shares	(15 231)	13 961
Repayment of borrowings	(1 366 966)	(1 790 664)
Proceeds from borrowings	1 033 216	1 626 468
Other non-current liabilities - interest-bearing	-	(2 271)
Net cash utilised by financing activities	(348 981)	(152 506)
Net increase in cash and cash equivalents	17 978	249 950
Cash and cash equivalents at the beginning of the year	348 652	98 702
Cash and cash equivalents at the end of the year*	366 630	348 652

\* Immaterial impact of change of foreign exchange rates.

Audited summarised consolidated statement of changes in equity  
for the year ended 28 February 2019

	Share capital R'000	Share premium R'000	Treasury shares R'000	Share- based payment reserve R'000	Foreign currency translation reserve R'000	Cash flow hedging reserve R'000
Balance as at 28 February 2017	2 749	1 738 109	(36 963)	128 993	24 289	(1 102)
Issue of treasury shares under employee share option scheme	-	-	13 961	-	-	-
Dividend distributions	-	-	-	-	-	-
Recognition of BBBEE and staff share-based payments	-	-	-	8 317	-	-
Loss for the year	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-
Equity due to change in control	-	-	-	-	-	-
Other comprehensive/(loss) income for the year	-	-	-	-	(50 677)	1 102
Balance as at 28 February 2018	2 749	1 738 109	(23 002)	137 310	(26 388)	-
Recognition of BBBEE and staff share-based payments	-	-	-	24 464	-	-
Treasury shares acquired	-	-	(15 231)	-	-	-
Dividend distributions	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	10 774	-
Equity due to change in control	-	-	-	-	-	-
Balance as at 28 February 2019	2 749	1 738 109	(38 233)	161 774	(15 614)	-

Audited summarised consolidated statement of changes in equity (continued)  
for the year ended 28 February 2019

	Retained earnings R'000	Attributable to equity holders of the parent R'000	Non- controlling interest R'000	Employees' share option scheme reserve R'000	Total R'000
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Balance as at 28 February 2017	363 904	2 219 979	(5 249)	676	2 215 406
Issue of treasury shares under employee share option scheme	-	13 961	-	-	13 961
Dividend distributions	(1 293)	(1 293)	-	-	(1 293)
Recognition of BBBEE and staff share-based payments	-	8 317	-	-	8 317
Loss for the year	(563 278)	(563 278)	2 246	-	(561 032)
Non-controlling interest	-	-	6 911	-	6 911
Equity due to change in control	858	858	-	-	858
Other comprehensive/(loss) income for the year	(30 964)	(80 539)	-	-	(80 539)
Balance as at 28 February 2018	(230 773)	1 598 005	3 908	676	1 602 589
Recognition of BBBEE and staff share-based payments	-	24 464	-	-	24 464
Treasury shares acquired	-	(15 231)	-	-	(15 231)
Dividend distributions	(2 234)	(2 234)	-	-	(2 234)
Profit for the year	261 672	261 672	473	-	262 145
Other comprehensive income	23 527	34 301	-	-	34 301
Equity due to change in control	-	-	(560)	-	(560)
Balance as at 28 February 2019	52 192	1 900 977	3 821	676	1 905 474

Segment report

for the year ended 28 February 2019

	Industrial		Support Services R'000	Professional Services		Training R'000	Financial Services R'000	Subtotal R'000
	South Africa R'000	Australia R'000		South Africa R'000	Australia R'000			
Revenue								
- 2019	5 980 971	1 622 869	1 371 072	1 935 706	3 839 095	166 005	149 336	15 065 054
- 2018	6 278 103	1 696 419	1 471 207	1 802 508	3 690 385	178 454	192 281	15 309 357
Internal revenue								
- 2019	199 250	-	434 476	1 560	-	8 077	-	643 363
- 2018	39 450	-	6 015	2 240	-	11 192	-	58 897
Operating profit/(loss)								
- 2019	339 768	49 116	46 513	180 632	110 967	3 836	63 389	794 221
- 2018	180 968	26 551	43 436	151 663	99 100	(54 711)	55 041	502 048
EBITDA								
- 2019	344 005	51 123	49 387	188 552	116 142	5 806	65 189	820 204
- 2018	189 232	58 096	46 474	160 624	104 059	(51 824)	58 218	564 879
Depreciation and amortisation								
- 2019	4 243	2 007	2 877	23 707	5 175	1 970	1 518	41 497
- 2018	8 262	31 545	3 030	24 821	4 022	2 886	5 687	80 253
Interest income								
- 2019	76 191	110	13 281	27 217	7	190	10 245	127 241

- 2018	66 145	202	12 219	28 812	120	248	8 066	115 812
Interest expense								
- 2019	(48 406)	-	(9 988)	(4 755)	-	(4 401)	(4 578)	(72 128)
- 2018	(56 312)	-	(8 942)	(6 757)	(3 047)	(11 964)	(4 132)	(91 154)
Taxation expense/(income)								
- 2019	(68 452)	15 165	(17 461)	22 384	26 797	(11 621)	16 459	(16 729)
- 2018	(26 396)	(5 698)	(3 152)	67 431	29 250	(12 822)	4 758	53 371
Asset carrying value from continuing operations*								
- 2019	1 305 993	198 897	243 865	704 299	584 444	60 177	184 585	3 282 260
- 2018	1 394 421	(127 230)	271 762	747 752	499 450	94 961	202 951	3 084 067
Liabilities carrying value**								
- 2019	529 172	49 978	74 402	320 427	338 215	130 760	17 470	1 460 424
- 2018	535 976	42 777	153 232	271 081	307 809	149 030	24 650	1 484 555

Segment report continued (continued)  
for the year ended 28 February 2019

	Central				South		
	South Africa	Australia	Total	International	Africa	Total	
	R'000	R'000	R'000	R'000	R'000	R'000	
Revenue							
- 2019	315	-	15 065 369	5 461 964	9 603 405	15 065 369	
- 2018	16 034	-	15 325 391	5 386 804	9 938 587	15 325 391	
Internal revenue							
- 2019	13 609	-	656 973	-	656 972	656 972	
- 2018	20 155	-	79 052	-	79 052	79 052	
Operating profit/(loss)							
- 2019	(360 117)	(46 363)	387 741	113 720	274 021	387 741	
- 2018	(446 475)	(47 543)	8 030	78 108	(70 078)	8 030	
EBITDA							
- 2019	(329 762)	(23 284)	467 158	143 981	323 176	467 157	
- 2018	(403 264)	(24 996)	136 619	137 159	(540)	136 619	
Depreciation and amortisation							
- 2019	14 738	23 181	79 416	30 363	49 053	79 416	
- 2018	24 854	23 482	128 589	59 049	69 540	128 589	
Interest income							
- 2019	(107 553)	1 343	21 031	1 460	19 571	21 031	
- 2018	(100 410)	1 212	16 614	1 534	15 080	16 614	
Interest expense							
- 2019	(16 676)	(15 820)	(104 624)	(15 820)	(88 804)	(104 624)	
- 2018	(32 457)	(17 031)	(140 642)	(20 078)	(120 564)	(140 642)	
Taxation expense/(income)							
- 2019	63 727	(11 420)	35 578	30 542	5 036	35 578	
- 2018	10 074	(35 095)	28 350	(11 543)	39 893	28 350	
Asset carrying							

value from continuing operations*						
- 2019	558 052	518 836	4 359 148	1 302 177	3 056 971	4 359 148
- 2018	517 608	875 544	4 477 219	1 247 764	3 229 455	4 477 219
Liabilities carrying value**						
- 2019	789 835	203 416	2 453 675	591 609	1 862 066	2 453 675
- 2018	1 065 596	301 382	2 851 533	651 968	2 199 565	2 851 533

	2018
* Reconciliation of assets carrying value to balance sheet.	R'000
Assets carrying value per the segment report	4 477 219
Other financial asset - relating to Capital Africa	43 145
Total assets per balance sheet	4 520 364
**Reconciliation of liabilities carrying value to balance sheet.	
Liabilities carrying value per the segment report	2 851 533
Deferred taxation - relating to Capital Africa	47 431
Total liabilities per balance sheet	2 898 964
***Determination of segments is disclosed above.	

Notes to the audited summarised consolidated financial statements for the year ended 28 February 2019

1. Basis of preparation

The summarised consolidated financial statements are prepared in accordance with the JSE Listings Requirements and the requirements of the Companies Act, 71 of 2008 of South Africa. The summarised consolidated financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and must also, as a minimum contain the information required by IAS 34:Interim Financial Reporting. The accounting policies applied in the preparation of the summarised consolidated financial statements are in accordance with International Financial Reporting Standards (IFRS) and, with the exception of the adoption of IFRS 9 - Financial instruments and IFRS 15 - revenue from contracts, are consistent with those applied in the preparation of the previous consolidated audited financial statements for the year ended 28 February 2018. The group has adopted IFRS 9 - Financial instruments and IFRS 15 - Revenue from contracts with customers and the adoption thereof did not have any material impact on the results for the period. These results have been prepared under the historical cost convention.

These financial results and the full set of consolidated financial statements have been prepared by the Group Financial Manager Technical & Reporting Lebohang Storom (CA(SA))and supervised by the Group Finance Executive Thabiso Hermanus (CA(SA))and Group Chief Financial Officer, CJ Kujenga (CA(SA)).

2. Auditor's reports

These summary consolidated financial statements for the year ended 28 February 2019 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements from which these summary consolidated financial statements were derived.

A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the consolidated financial statements are available for inspection together with the accompanying financial statements during office hours 08:00 to 16:00, Monday to Friday at the Company's registered office, Adcorp Office Park, corner William Nicol Drive and Wedgewood Link, Bryanston, together with the financial statements identified in the respective auditor's reports.

The auditor's reports do not necessarily report on all of the information contained in this announcement, shareholders are therefore advised that in order to obtain full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from

the Company's registered office.

Any forward-looking statement have not been reviewed or reported on by the Company's external auditors.

3. Going concern

The directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, accounting policies supported by judgements, estimates and assumptions in compliance with IFRS are applied on the basis that the Group shall continue as a going concern.

4. Discontinued operations

	2019 R'000	2018 R'000
Profit or loss		
Revenue	73	117 798
Cost of sales	(296)	(91 837)
Gross profit/(loss)	(223)	25 961
Other income	7 420	10 915
Foreign currency exchange gains	25 236	-
Operating expenses	(10 956)	(42 260)
Operating profit/(loss)	21 477	(5 384)
Interest income	3 752	-
Impairments	(25 407)	(75 300)
Net loss before tax	(178)	(80 684)
Taxation	-	(59 638)
Net loss after tax	(178)	(140 322)
The impairment relates to other financial assets, cash and trade receivables in Africa.		
Assets and liabilities		
Current assets held for sale		
Trade and other receivables	-	10 077
Tax prepaid	-	357
Total	-	10 434
Non-current liabilities associated with assets classified as held for sale		
Trade and other payables	-	11 306
Provisions	-	4 756
Tax payable	-	13 183
Total	-	29 245

5. Earnings per share

The calculation of earnings per share on continuing operations attributable to the ordinary equity holders of the parent is based on earnings of R261 849 887 (2018: R422 956 341) and discontinued loss of R178 826 (2018: R140 322 087) ordinary shares of 108 946 470 (2018: 108 946 470), being the weighted average number of shares relative to the above earnings.

	2019 R'000	2018 R'000
Continuing operations		
Basic earnings/(loss) per share (cents)	240,1	(388,2)
Diluted earnings/(loss) per share	234,3	(388,2)
Discontinuing operations		
Basic loss per share (cents)	(0,16)	(128,8)
Diluted loss per share	(0,16)	(128,8)
Total basic loss per share (cents)		
Basic earnings/(loss) per share (cents)	240,0	(517,0)

Diluted earnings/(loss) per share	234,1	(517,0)
112 168 839 (2017: 108 946 470)		
weighted diluted number of shares		
are determined as follows:		
Reconciliation of diluted number		
of shares		
Ordinary shares	109 043 442	108 946 470
Adcorp employee share schemes - dilution*	2 711 331	4 273 599
Adcorp employee share schemes -		
anti-dilutive shares excluded***		(4 273 599)
Diluted number of shares	111 754 773	108 946 470
Reconciliation of headline earnings/(loss)		
from continuing operations**		
Profit/loss for the year	261 850	(422 956)
Profit on sale of property and equipment	(803)	(839)
Taxation recovered on the sale of	-	235
property and equipment		
Impairment of intangible assets,		
goodwill and bonds	(6 821)	477 797
Profits from the sale of businesses	574	(184 960)
Taxation charged on sale of associate	-	36 452
Headline earnings/(loss)	254 800	(94 271)
Headline earnings/(loss) per share (cents)	234	(86)
Diluted headline earnings/(loss)		
earnings per share (cents)	228	(86)
Reconciliation of headline earnings/(loss)		
from discontinued operations**		
Profit/(loss) for the year	(178)	(140 322)
Impairment of investments, goodwill		
and loans	-	75 300
Headline earnings/(loss)	(178)	(65 022)
Headline earnings/(loss) per share (cents)	-	(60)
Diluted headline earnings/(loss) per		
share (cents)	-	(60)
Reconciliation of headline earnings/(loss)		
from total operations		
Profit/(loss) for the year	261 672	(563 278)
Impairment of investments, goodwill and loans	(6 821)	553 097
Profit on sale of property and equipment	(803)	(839)
Taxation recovered on the sale of property		
and equipment	-	235
Profits from the sale of businesses	574	(184 960)
Taxation charged on sale of associate	-	36 542
Headline earnings/(loss)	254 622	(159 203)
Headline earnings/(loss) per share (cents)	233,5	(146,1)
Diluted headline earnings/(loss) per share (cents)	227,8	(146,1)

\* The dilution of shares results from the potential exercise of options in the employee share scheme.

\*\* Headline (loss)/earnings per share is based on earnings adjusted for (profit)/loss on sale of assets, impairment of investments, goodwill, bonds and the sale of associate.

\*\*\* The 2018 shares have been adjusted to exclude the impact of anti-dilutive shares.

## 6. Interest-bearing liabilities

### 6.1 Long-term portion

2019	2018
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	Interest rate	Maturity	R'000	R'000
Long-term loans - non-current portion		Six equal instalments on the last of each of the five months prior to 30 November 2020	690 466	978 196
Amortising term loan	JIBAR +340		200 000	200 000
Amortising revolving loan	JIBAR +340		450 000	725 000
Amortising revolving loan	2,9% - 3,15%	Equal semi-annual instalments due August 2020 and February 2021	40 466	53 196

## 6.2 Short-term portion

	Interest rate	Maturity	2019 R'000	2018 R'000
Long-term loans - current portion			194 836	228 687
Amortising revolving loan	3,15% (FY18: 3,15%)	Equal semi-annual instalments due August 2019 and February 2020	194 836	228 687

Trade receivables are used as security to secure funding relating to the revolving loan facilities.

As security for the South Africa loan facility granted to the Group, a shared security agreement was entered into that holds a cession over the trade receivables between the following operating subsidiaries of the Adcorp Group:

- All About Project Management Proprietary Limited
- Adcorp Staffing Solutions Proprietary Limited
- Adcorp Fulfilment Services Proprietary Limited
- Adcorp Management Services Proprietary Limited
- Adcorp Support Services Proprietary Limited
- Quest Staffing Solutions Proprietary Limited
- Paracon SA Proprietary Limited
- Mondial IT Solutions Proprietary Limited
- Production Management Institute of Southern Africa Proprietary Limited
- Adcorp Workforce Solutions Proprietary Limited
- Adcorp Workforce Management Solutions Proprietary Limited
- Comsel Eighteen Proprietary Limited
- Talentcru Proprietary Limited
- Tiger Tail Digital Proprietary Limited
- Torque Technical Computer Training Proprietary Limited
- Adcorp Contracting Proprietary Limited
- Adcorp Technical Training Proprietary Limited
- Adfusion Contract Management Services Proprietary Limited
- Adcorp Advantage Proprietary Limited
- M Squared Consulting MSP Proprietary Limited
- FNDS3000 Proprietary Limited
- Zest Hospitality Proprietary Limited
- Fortress Administration Proprietary Limited
- Kelly Corporate Finance Proprietary Limited
- AllAboutXpert Proprietary Limited
- Innstaff Proprietary Limited
- Capital Outsourcing Group Proprietary Limited

## 7. Subsequent events

No material transactions or events subsequent to the end of the financial year ended 28 February 2019 and prior to the approval of these consolidated financial statements.

## 8. Financial instruments

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

An Investment Committee was constituted during FY2019. This committee has considered the cost of capital and the risks associated with each class of capital. The current gearing ratio is 27% (FY2018: 55%). The committee is working on the determination of an appropriate capital framework and target gearing for the Group. The Group historically had a target gearing ratio of 37%.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in the accounting policies in the Annual Financial Statements.

### 8.1 Categories for financial instruments

	2019 R'000	2018 R'000
Financial assets		
Investments - fair value through profit or loss	15 247	13 244
Receivables (excluding cash resources) - amortised cost	2 086 490	2 272 550
Cash	366 857	360 328
Investment - amortised cost	2 992	22 552
Financial liabilities		
Amortised cost (excluding bank overdraft)	1 775 987	2 431 913
Bank overdraft	227	11 676
The following table details the Group's remaining contractual maturity for its financial liabilities:		
Within one year	1 306 069	1 236 553
Later than one year and not later than five years	690 466	1 053 196

### 8.2 Financial risk management objectives

The Group's executive and head office treasury function provides services to the business, coordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the Group. These risks include market risk, credit risk, liquidity risk and cash flow interest rate risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The head office treasury function reports quarterly to the Board, which monitors risks and policies implemented to mitigate risk exposures.

### 8.3 Interest risk management

The Group is exposed to interest rate risk because it has borrowings that attract interest at floating rate.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting year. For floating rate liabilities,

the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's loss for the year after tax would increase/decrease by R11,7 million (2018: decrease/increase by R14 million).

#### 8.4 Financial risk management

##### Liquidity risk

Liquidity risk is the risk that the Group will not be able to repay its financial obligations as they fall due. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

##### Credit risk

Credit risk with respect to trade accounts receivable is limited due to the blue-chip nature of the Group's client base. Credit assessments are done and continually updated on all the Group's clients.

	On demand R'000	Less than 3 months R'000	3 - 12 months R'000	1 - 5 years R'000	More than 5 years R'000	Total R'000
Interest-bearing loans						
- South Africa	-	-	-	650 000	-	650 000
Interest-bearing loans						
- Australia	-	-	194 836	40 466	-	235 302
Trade and other payables	-	890 685	-	-	-	890 685

##### Foreign currency

The Company undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise.

The sensitivity analysis below represents the extent to which the Company has monetary assets and liabilities other than the Company's functional currency. Based on the net exposure below it is estimated that a 10% change in the Australian dollar foreign exchange rate against the functional currency will impact the fair value of the net asset value as well as the Group's profit to the extent of R24 million (2018: R11 million).

#### 8.5 Financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. 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):

Financial assets/financial liabilities	2019 R'000	2018 R'000	Valuation technique(s) and key inputs	Fair value hierarchy	Significant observable input(s)	Relationship of unobservable inputs to fair value
Investment	15 247	13 244	Fair value - market valuation	Level 2	Aggregated publicly traded unit trusts at fair market value	A significant increase in the fair value of invested unit trusts would result in a significant increase

Investment - amortised cost	2 992	22 552	Bond - fair value - market valuation	Level 2	Foreign currency exchange rates	in fair value  A significant change in the foreign currency exchange rate will lead to a significant change in the fair value of the investment
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#### Administration

##### Corporate information

Executive directors: I Dutiro (Chief Executive Officer), CJ Kujenga (Chief Financial Officer)

Non-executive directors: GT Serobe (Chairman), GP Dingaane, C Maswanganyi, TP Moeketsi, S Sithole, SN Mabaso-Koyana, FS Mufamadi, ME Mthunzi, MW Spicer (Lead Independent), H Singh, P Mnganga

Physical address: Adcorp Office Park, Nicolway Bryanston, corner William Nicol and Wedgewood Link, Bryanston, 2021

Telephone: 011 244 5300

Website: [www.adcorpgroup.com](http://www.adcorpgroup.com)

Secretary: KH Fihrer

##### Transfer secretaries:

4 Africa Exchange Registry (Pty) Ltd  
Cedar Woods House  
Ballywoods Office Park  
33 Ballyclare Drive  
Bryanston, 2191

Sponsor: Deloitte & Touche Sponsor Services (Pty) Ltd,  
Building 8, Deloitte Place, The Woodlands,  
20 Woodlands Drive, Woodmead, Sandton, 2196.