



CELEBRATING 40 YEARS IN BUSINESS – SINCE 1975



SALIENT FEATURES

Revenue for the year increased
by **13% to R13,3 billion**

Normalised EBITDA for the
year increased by
23% to R668,5 million

Normalised earnings per share
increased by **14% to
436,8 cents per share**

Normalised EBITDA margin increased
from **4,6% to 5,0%**

Headline earnings per share increased
by **58% to 298,5 cents per share**

Debtors days at **47 days** (2014: 48 days)

Cash conversion ratio increased
to 91% (2014: 48%)

Gearing reduced **to 28%** (2014: 37%)

Final dividend increased by
10% to 88 cents per share

Kelly Group Limited acquired for
R248 million

Singapore office **established October 2014**

Strategic partnership established with
APBA (SE Asia)

Dare (Australia) acquired for estimated
R280 million (subsequent to reporting date)

Certainty achieved with regard to
SA labour law

Contents

COMPANY OVERVIEW

About our 2015 Integrated Annual Report	IFC
Salient features	FLAP
About Adcorp – what makes us who we are	1
An overview of our business	2
Establishing materiality	4
Material matters, objectives and opportunities	5
Key risks and mitigating controls	7
Investment proposition	9
Stakeholder engagement	10
Strategy	12
Our operating environment	13
Our performance against stated targets	14
Group at a glance	16
Our global presence	19
Board of directors	20

LEADERSHIP REVIEW

Chairman's statement	26
Chief Executive Officer's report	30

OUR PERFORMANCE

Performance	41
Financial capital	42
Chief Financial Officer's report	43
Wealth creation	44
Intellectual capital	53
Human capital	55
Social capital	59
Natural capital	69
	73

TRANSPARENCY AND ACCOUNTABILITY

Chairman's corporate governance review	77
Corporate governance	78
Adcorp board	79
Audit and Risk Committee	80
Remuneration and Nominations Committee	85
Transformation, Social and Ethics Committee	86
Executive Committee	87
Risk report	88
Remuneration report	90
Report of The Transformation, Social and Ethics Committee	92
Independent Assurance Report	99
Corporate Governance – Chapter 2 of King III	100
	102

FINANCIAL STATEMENTS

Six-year review	107
Definitions	108
Approval of the annual financial statements	109
Company Secretary compliance statement	110
Independent auditor's report	111
Report of the Audit and Risk Committee	112
Directors' report	113
Statement of financial position	115
Statement of comprehensive income	120
Statement of changes in equity	121
Segment report	122
Statement of cash flows	124
Notes to the annual financial statements	126
Annexure A: Details of subsidiaries and associates	127
	172

SHAREHOLDERS' INFORMATION

Shareholder's information	179
Notice of annual general meeting	180
Form of proxy	182
Explanatory notes regarding proxy	187
Administration	188
	IBC

About our 2015 Integrated Annual Report

Committed to transparent reporting

Adcorp is committed to and fully embraces the principles of integrated reporting as it allows our Group to demonstrate its duties of creating value for all its stakeholders.

We believe that reporting in an integrated manner can help our stakeholders make better informed decisions around investments and resource allocation.

This integrated annual report provides an overview of the working capitals and related performance of the Adcorp Group. The International Integrated Reporting Committee's (IIRC) Framework was used to guide the structuring of our integrated report.

In addition to adopting an integrated approach to our reporting, we continue to apply King III, and the JSE Limited Listings Requirements in terms of measuring our progress towards sustainability. A summary of our application of King III is published on our website.

This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines. Further details are hosted on the Adcorp website.

Our annual financial statements, which are compliant with International Financial Reporting Standards (IFRS) start on page 107.

Deloitte & Touche has audited our annual financial statements and their unmodified audit report appears on page 112. To ensure that we provide our stakeholders with reliable information on our sustainability performance, we also engaged the services of Gilden Assurance to supply independent third-party assurance over selected sustainability information, which is included in this report on page 100.

Scope and boundary

The Adcorp Holdings Limited integrated report is produced and published annually. This report covers the period 1 March 2014 to 28 February 2015 and contains information relating to the performance of the Group, including both South Africa and its international operations.

This report is intended to primarily address the information requirements of long-term investors, but also presents details relevant to the various stakeholder groups.

In assessing what is included in our integrated reporting we applied the principle of materiality. The boundary of the report extends beyond financial reporting and includes non-financial performance, sustainability development opportunities, risks and outcomes attributable to or associated with all stakeholders that have a significant influence on the Group's ability to create value.

Board approval

The Adcorp board has considered responsibility for ensuring the integrity of the integrated annual report and to the best of its knowledge and belief the Adcorp integrated annual report for 2015 addresses all material issues and presents fairly the integrated performance of the organisation and its impacts.

Awards and accolades

QUEST

PMR Diamond Arrow Award

- Highest rated company in SA for Personnel Recruitment Services (Ekurhuleni)

Black Business Quarterly

- Winner, Best Employer Awards 2014

Pretoria News Reader Awards

- Top Brand – Winner Best Employment Agency

Career Junction

- Winner of the Careerseeker's Agency of Choice Award

- Large Agency Category Career Junction Awards

Oliver Awards

- Top empowered – Female of the year award

DAV

Top women in Business and Government

- Rated as Top 100 Gender Empowerment Companies

PMR Diamond Arrow Award

- Highest rated company in SA for Human Capital Solutions – Medium-sized Companies

- Highest rated company in SA for Specialised Accounting Skills

- Highest rated company in SA for Specialised Information Technology Skills

- Highest rated company in SA for Specialised Marketing and Sales Skills

PMR Golden Arrow Award

- Highest rated company in SA for Specialised Telecommunications Skills

PMR Golden Arrow Award

- Highest rated company in SA for Permanent Office Staff

- Highest rated company in SA for Specialised Banking Skills

- Highly rated company in SA for Engineering Skills

PMR Silver Arrow Award

- Highly rated company in SA for Financial Skills

CAPACITY

Best of Zululand, Readers' Choice Award

- Best Employment Agency in Richards Bay – Winner (four years running)





GIVE US YOUR FEEDBACK

We would welcome your feedback on our reporting for 2015 and any suggestions you have in terms of what you would like to see incorporated in our report in the future. To do so, please contact cfo@adcorp.co.za.

About Adcorp

Who we are

Founded in 1975, in Johannesburg, South Africa, this year denotes Adcorp's 40th successful year in business. It was the country's first recruitment advertising agency. Today, it has transformed into the largest workforce management player on the African continent and a recognised multinational with a specific focus on Africa, the Asia-Pacific region and the Middle East.

In 1987, the Group listed on the JSE Limited. Over the decades, by means of its strategic initiatives, Adcorp has enhanced its product offering through sophistication and technological innovation to become the powerhouse it is known as today.

The Group offers workforce management, training, business process outsourcing services and solutions across a vast spectrum of industry sectors, job types and geographic regions.

Where we operate

Spanning three continents the Group operates across various industries and geographies employing 4 222 permanent employees and places around 113 000 managed contractors on assignment on any given day across Africa, the Asia-Pacific region and the Middle East.

What we do

Specialist resourcing services, best-of-breed labour practices as well as a solutions-based approach to talent acquisition and retention, means we do not only resource organisations but also add significant value to clients through effective project management, professional services, training, development, psychometric assessments and payroll management (equipped to manage daily, weekly or monthly payrolls and currently complies with various regulatory environments in which it operates).

Adcorp has a proud tradition of creating value for its shareholders, converting a high proportion of its profits into cash, paying dividends, adhering to the highest standards of corporate governance and providing quality service to its clients through operational excellence, innovative product offerings and service solutions.

A great deal of emphasis is placed on developing and upskilling the sizeable candidate base and increasing empowerment credentials across the Group's activities in South Africa.

Adcorp is considered an eminent authority with regard to the South African labour market and is a global thought leader in its field.

An overview of our business



THE POWER OF POTENTIAL



FINANCIAL



INTELLECTUAL

Inputs

Equity and debt funding, efficient systems, controls and processes, reinvested cash flow

Thought leadership, experienced management team, human capital expertise, business improvement skills and diversification, risk management, governance structures

Activities

Organic and inorganic growth, Group financial accounting, responsible allocation of financial capital

Backoffice standardisation, business continuity and disaster plan, increased sophistication through infrastructure upgrade

Outputs

Financial stability, cash flow generated, accurate, reliable and timely production of financial information

Shared services implementation across the Group, complex data management, enhanced product offerings and innovation, strengthened market position, advanced workforce analytics

Outcomes

Year-on-year profit growth, shareholder returns, robust balance sheet, acquisitions

Opportunities identified, risks mitigated, objectives and targets reached, business well governed





HUMAN

Appropriate skills, largest conduit for job seekers in Africa, social justice and fundamental human rights, thought leadership

Training and skills development, talent management, labour regulation compliance, contingent workforce

Skilled workforce, learnerships, workforce management across various geographies and industries

Over 113 000 persons placed into the labour market on any given day throughout the year, more than 30% of temporary workforce obtain permanent positions within two years, build and develop our country



SOCIAL

Contribution to job creation and skills development, stakeholder relations, transparency and accountability, ethics, Group values and human rights, employee relations, Constitution commitment, Corporate Social Investment

Stakeholder engagement and management, compliance with legislation and regulation, investing in communities, build and strengthen existing relationships with stakeholder groups

Enhanced working relations, skills development, enterprise development, ethical behaviour

Our constitutional commitment, funder of professionalisation and compliance, influencing labour law, strong empowerment and transformation credentials



NATURAL

Natural resources, water, electricity, fuel, paper

Monthly capturing of carbon footprint credentials, procurement

Awareness around Group's footprint, carbon-neutral initiative, good corporate citizen, innovative technology products

Understanding our carbon footprint, impact of environmental footprint can be established

Our mission

To position the Group as the leading provider of **WORKFORCE MANAGEMENT** and **BUSINESS PROCESS OUTSOURCING** services, focused on emerging markets, offering:

- Comprehensive resourcing and recruitment services and solutions
- Business Process Outsourcing (BPO) and training services
- Relevant employee benefit, financial, wellness and lifestyle products and services to our sizeable contract workforce

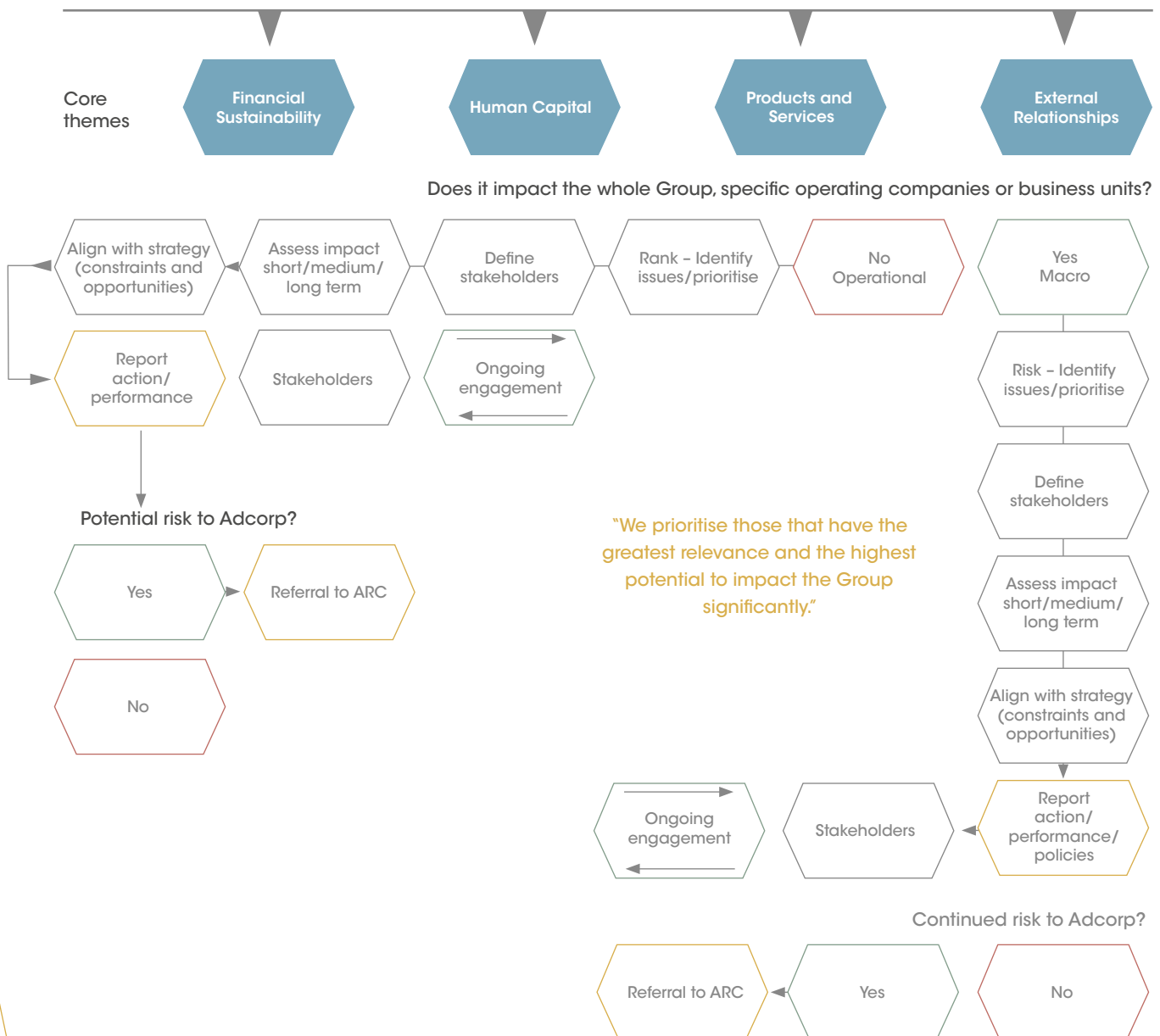
Establishing materiality

Adcorp defines material issues as those which have the potential to substantially impact our ability to create and sustain value for our stakeholders.

Our material matters, which also represent our primary risks and opportunities across the Group's various industries and geographies, have been selected from a diverse range of key factors that could have a significant impact on our ability to deliver value to our stakeholders.

Our approach

Start >> Core theme affected by financial, strategic, legislative, reputational, competitive, regulatory or social responsibilities



Identifying and determining material matters which are important to the Group and its stakeholders is an ongoing process. The process of identifying potential material matters is a Group-wide responsibility, requiring input from all operating companies and divisions. Potential areas of impact that are assessed include financial, strategic, legislative, reputational, competitive, regulatory and social aspects within our core themes. We prioritise those that have the greatest relevance and the highest potential to impact the Group significantly.

The progress made on previous strategic priorities is submitted to the Board and its various committees for executive discussion and feedback. Key business risk factors and identified opportunities are managed with the Group's stakeholders, both formally and informally, to ensure a sustainable long-term business approach.

We describe our most material issues as our key priorities on pages 6 to 8 of this report in which we describe the circumstances in which we operate, the key resources and relationships on which we depend, the key risks and opportunities we face and how our key priorities can affect our ability to create and sustain value over time.



Material matters, objectives and opportunities

	Material matters	Objectives	Opportunities
FINANCIAL	Managing costs and driving economies of scale	Delivering value to the Group's various stakeholders	Robust cost control, centralised credit control, financial administration and payroll management
	Accurate, reliable and timely production of financial information	Provide information to facilitate financial decisions	Leverage the Microsoft Dynamic AX ERP system; upgrade to facilitate and enhance financial reporting
	A focus on organic growth centred around margin management as well as growth achieved through strategic acquisition	Provide alternative innovative value propositions to clients	Potential international acquisition targets, establish industry specific centres of excellence (COEs), promote inter-Group cross-selling opportunities, engage with clients at a strategic level, offer value-added services in order to generate additional revenue streams
	A primary focus on cash generation and margin management	Significantly enhance the management of working capital	Improve client credit terms and working capital cycle
	Strengthen the balance sheet	Optimise borrowing facilities in line with borrowing objectives	Access to capital, untapped borrowing facilities
	Delivering shareholder value	Achievement of financial returns in excess of weighted average cost of capital	A return of excess cash resources to shareholder in the form of dividend payments, maintaining acceptable levels of gearing
WEALTH	Build the international business and exploit new business opportunities	Focus on new industries and market sectors with a primary focus into Africa, the Asia-Pacific region and the Middle East	International markets offer for higher reward per unit volume. Recognised as a player of consequence in our field, undisputed leader in the South African market, technology as an enabler, established leader in the MSP/RPO space, MSP and RPO proposition favours a handful of players. Strategic partnerships Singapore and SE Asia
	Position the Group as the leading provider of scarce technical skills	Leverage, commercialise and significantly expand the scale of training activities	Address the demand for scarce technical skills
INTELLECTUAL	Continuous innovation and diversification	Provide continuous enhanced product offerings	Organic growth with existing clients
	Provide a world class 'clip on' backoffice	Economies of scale – optimised, standardised processes and procedures. To maximise efficiency, scalability and lower cost delivery infrastructure	Drive cost and operational efficiencies, on-demand backoffice capacity, clip-on acquisitions, backoffice strategy strengthens market position
	Backoffice standardisation	Reduce inconsistent business processes and complexity of data management	Enhanced backoffice strategy strengthens market position and service offering
	Business continuity plan and disaster recovery	Ability to continue day-to-day business activities in the event of a crisis or fatality among executive management	Necessity for succession planning
HUMAN	Position the Group as a global provider of workforce management and business process outsourcing services, focused on regions Africa, the Asia-Pacific and Middle East	Provide a preferred channel for youth to secure employment, contribute to the job creation and skills development objectives	Growing trend to use contract workers in preference to permanent workers. TES industry a major source of job matching, upskill and enhance potential employability of a sizeable unemployed constituency. Opportunity for independent player focused on the Southern Hemisphere/emerging markets
	A commitment to broad-based black economic empowerment (BBBEE) and transformation	Drive empowerment throughout the Group, attract and retain key staff; encourage employment equity	Value-adding enterprise – level 2 contributor has a procurement recognition; promote internal transformation
SOCIAL	Key stakeholder engagement	Build new and strengthen existing relationships, ensure material matters are prioritised and aligned with the Group's strategy	Engage at a strategic level
	Sound corporate governance	Total transparency in the conduct of the affairs of the business	Reputation for good corporate citizen and leadership
	Compliance with legislation and regulation	Ensure compliance with revised South African labour legislation and BBBEE codes of good conduct, uphold a best-in-class philosophy ensuring full compliance and adopting best practice across the various geographies in which we operate	Adopt sustainable business practices consistent with good corporate governance
NATURAL	Encourage innovative 'green' initiatives Group-wide	Create a supply chain value from green initiatives introduced, particularly relating to procurement	Revise service level agreements to ensure that clients and suppliers can benefit from environmental initiatives
	Create awareness around the Group's environmental impact	Introduce systems to measure and establish environmental reduction targets – eco-efficiency	Create meaningful awareness, innovative solutions around environmental issues
	Lead industry initiator in carbon offsetting innovative technology products	Sophisticated workforce optimisation technology to unlock optimum client benefits and promote greater environmental responsibility	Assessing long-term benefits and annual return on investment in eco-efficiency activities
	Good corporate citizen	Build business value through sustainable eco-friendly initiatives	Value-adding enterprise
	Develop carbon footprint targets and related reduction plan	Determine our impact on the environment and achieve more efficiency	Reduce paper and energy consumption

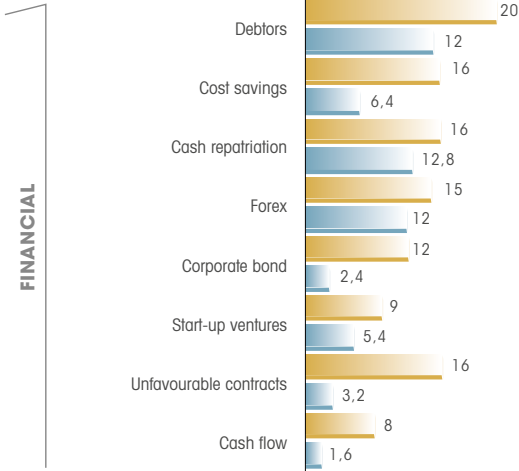
Key risks and mitigating controls

Risk	Mitigation controls
Non-achievement of cost savings from outsourced model	Service level agreement negotiated Continuous monitoring of costs and savings
Inaccurate and unreliable financial reporting. Complexity due to various countries' regulation and legislation Breakdown in offshore operations' financial control environment	Well-resourced finance teams Robust reporting processes enforce compliance Group-wide internal controls
Margins negatively affected by continued pricing pressure in a static job market Unsuccessful mergers and acquisitions	Group strategy to diversify its products and services thereby creating additional revenue streams Group credit note policy
Long-outstanding debt African countries' exchange control regulations Insufficient cash flow to meet payroll payments and obligations	Group credit management function and policy Daily cash management Optimisation of capital structure Payroll processes designed with adequate and efficient controls
Non-compliance with JSE and other legislative requirements Inability to service interest and/or capital repayments Adverse credit rating	Group central treasury management Daily cash management Maintaining banking relationships Regular testing of the appropriateness of the going-concern assumption Monthly covenant reporting
Labour legislation in South Africa has a negative impact on share price rating	Continuous information sessions with key stakeholders
Static jobs market, inability of the economy to create jobs Inability to respond to client's needs to drive self-sufficiency and disintermediation Potentially negative reputational impact of new service	Diversify service offerings – emerging businesses Explore possible acquisitions Investment in technology-enabled solutions
Decrease or loss of financial benefits from lower learnership deductions	Dedicated training and experienced leadership team Automation of learnership tax calculation and centralised administration
Revenue spread concentrated across a small number of clients Entering new markets	Diversify into new industries and economic sectors Reduce dependency on key clients Innovative product offering
Outsourcing of key processes increases dependency of service providers	Service level agreement negotiated with appointed vendor Improved relationship management
Multiplicity of IT strategies	In-house maintenance of IT infrastructure by internal resources with supporting teams from recognised vendors
Disaster recovery and business interruption	Robust physical security Appropriate succession planning Independent operating entities have dedicated management teams Tested IT disaster recovery plan
Legislative regulation of labour broking dictating employee/employer relationship potentially compromising the Group's ability to introduce first-time job seekers into the world of work	Diversified geographic and service offering spread Proactive interaction and consultation with various stakeholders In-depth understanding of labour landscape
Financial loss due to inadequate transformation credentials	Regulation responsible for continued commitment to transformation Employee share trust ensures broad-based ownership
Perception of the impact of legislative regulation of labour broking potentially compromising the Group's reputation	Proactive interaction and consultation with various stakeholders; representation at NEDLAC and engagement at Millennium Labour Council
Non-compliance with laws and regulations Financial and reputational damage due to fraudulent activities	Outsourcing backoffice function; internal code of conduct and ethics tip-off line Commitment to application of King III principles; compliance framework developed Abides by Business Leadership SA's code of good corporate citizenship
Non-compliance with applicable laws and regulations	Compliance framework Internal audits Monitoring of applicable legislation
Group seen as irresponsible corporate citizen Changes in the procurement procedures of large clients resulting in difficulties in retaining existing clients and winning new business	Continuous measurement of carbon footprint
Cost implications around managing and minimising resource consumption	Environmental policy
Ecological footprint that is harmful to health and wellbeing	Continuous measurement of carbon footprint
Group seen as irresponsible corporate citizen	Monthly measurement of carbon footprint Reduction targets
Inability to measure and minimise footprint. Financial impact of carbon tax	Continuous measurement of carbon footprint Reduction targets

Responsibility/oversight

Executive management Internal resources
Executive management Operational management
Executive management Operational management
Executive management Operational management
Executive management Operational management
Executive management

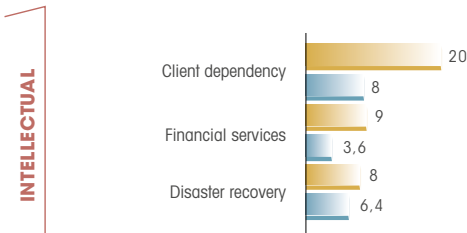
Inherent versus residual risk



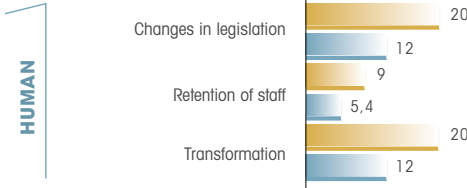
Executive management Operational management
Operational management Internal audit



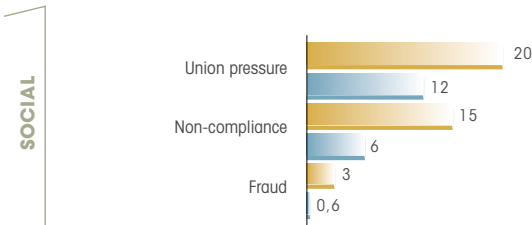
Executive management Operational management
Executive management Operational management
Executive management Internal resources
Executive management



Executive management Operational management
Board Executive management Operational management



Executive management Operational management
Board Executive management Operational management Group HR
Executive management Operational management Group HR



Operational management Sustainability officer External assurance provider
Sustainability officer External assurance provider
Operational management Sustainability officer
Sustainability officer
Sustainability officer

Risk appetite

Low <7
Moderate >7
Aggressive >15

Legend:
Inherent risk
Residual risk

Investment proposition

The following characteristics define the Adcorp Group's objectives of shareholder value creation

Cash generative

Cash generation ratio of 91% rebounds significantly from disappointing prior year of 48%. Past five-year average cash generation percentage was 89%

Above-average dividend yield

Past five-year average dividend yield totals 5,4%

Growing organically and inorganically

Market share growth in existing markets achieved through sophistication, MSP, RPO and technology.
Ability to execute select acquisitions

Diversified geographic spread

Earnings derived from non-South African sources has increased from 13% in FY2013 to a target level of 45% for FY2016

Balanced earnings mix

Earnings derived from labour broking activities has decreased from 58% in FY2013 to a target level of 35% for FY2016

Financial strength to explore expansion opportunities

Well-capitalised balance sheet and a strengthened ability to service debt obligations. Consistent credit rating maintained

Experienced management team

Our knowledge of the staffing industry truly positions the Group as an eminent authority of the labour market

Active stakeholder engagement

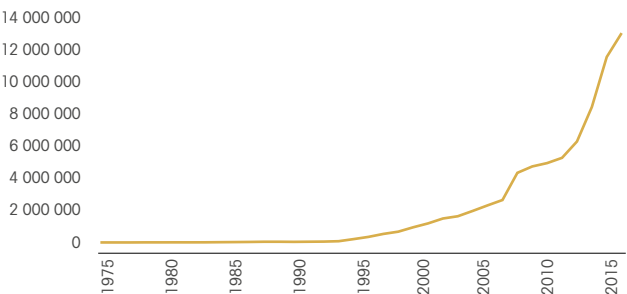
Adcorp engages proactively with its stakeholders both individually and collectively

Effective risk management and governance

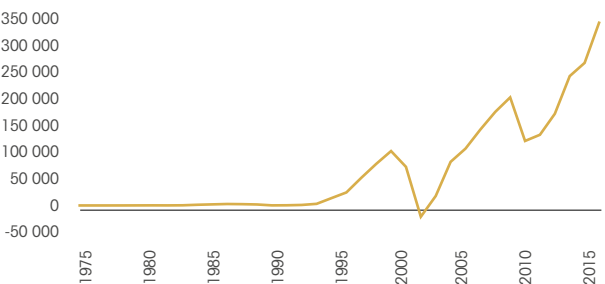
The board endeavours to go beyond the minimum compliance where this is appropriate for the Adcorp Group

Salient trend analysis since inception

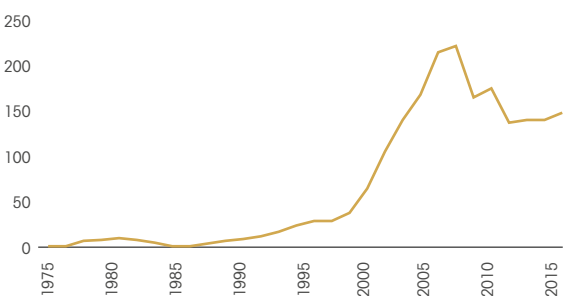
Revenue growth



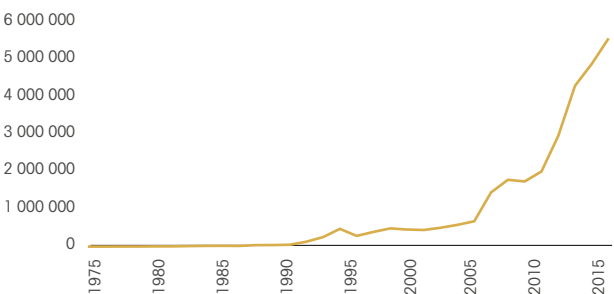
Profit before tax growth



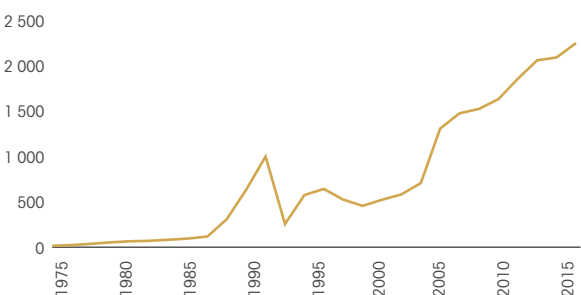
Dividend per share payout growth



Total assets growth



Growth in net asset value - per share



Stakeholder engagement

Essential to the effectiveness of Adcorp's integrated and collaborative approach to business is the interaction it maintains with all its stakeholder groups. Adcorp engages proactively with its stakeholders, both individually and collectively at both a macro and operational level to share information and gain an appreciation for their perspectives.

A wide variety of issues are identified, investigated and debated during our stakeholder engagement forums.

The Group's board and management acknowledge their responsibilities to their stakeholders and are committed to communicating in a transparent and effective manner while engaging with each stakeholder group in line with their needs.

Engagement is ongoing and takes place in terms of a predetermined engagement plan.

Our approach



	Shareholder, investors, analysts and providers of other capital	Clients	Employees	Government and regulatory industry bodies	Suppliers	Media	Local communities
REASONS FOR ENGAGEMENT	- To ensure that disclosures are based on the principles of transparency and substance over form - A balanced view of the positive and negative aspects of the Group's activities	- Understand and resolve client concerns and utilise them to improve the value proposition - Risk mitigation - Create awareness of the evolution of service offerings	- Provide all staff with information regarding the activities and strategic focus areas and financial performance of the Group - Understand and respond to staff concerns - Ensure the Group's employees are encouraged to embrace a long-term career through succession planning	- Build and strengthen relationships with Government - Provide input into the legislative development process that may affect the industry	Maintain an ideal standard of quality and timeous supply of goods and services for the Group's operations	- Respond to questions raised within the media, communication channel of reputation management - Financial performance - Industry information education	- Socio-economic development among communities - Create partnerships that will best support the Group's CSI initiatives
TYPES FOR ENGAGEMENT	- Investor relations – integrated annual reporting - Corporate website - Formal IAS presentations, annual general meeting - Specific meetings with investors - The Stock Exchange News Service - Media releases	- Business interactions - Client satisfaction and risk mitigation surveys - Marketing campaigns - Anti-fraud, ethics and corruption hotline	- Employee engagement – Corporate intranet, bulk sms, safety brochures - Group-wide communication emails - Chairman's awards - Leadership Summit - Senior management report-back sessions - Human resource management activities - Anti-fraud, ethics and corruption hotline - Awareness induction programme	- Direct engagement through industry body CAPES which is a fully participating member of BUSA and NEDLAC - Compliance with relevant regulations	- On-site meetings - Ongoing interaction with suppliers and subcontractors - Anti-fraud, ethics and corruption hotline	- Media engagement – Targeted media engagement utilising the expertise of specialist agencies - Digital and broadcast platforms - Proactive press releases - Thought leadership articles - Access to key spokesperson of the Group	- Ongoing support of projects and interaction within the communities - Facilitation of bursaries
KEY ISSUE	- Strategic issues - Performance and future prospects - Industry developments - New SA legislative landscape	- Workforce optimisation - Service delivery - Client self-sufficiency and disintermediation - Interpretation and implementation of new SA labour legislation - Skills shortage	- Strategic issues - SA labour law amendments - Fraud - Internal developments - Injury on duty (blue-collar)	- Political agenda on TES and new labour law amendments - Client response to new SA legislation	- Stability and reliability of IT infrastructure - Service delivery	- Reputational impact - New SA labour legislation	Governance around CSI spend and bursary students' performance and management
ACTIONS TAKEN	- IAS presentation - Announcements on the Stock Exchange News Service - Annual general meeting - Specific meetings with investors - Corporate website - Constant engagement conducted by Group CEO	- TES seminars held across the country - Increased engagement through thought leader initiatives - Responding to client satisfaction issues - Executive conferences - Innovation and diversification	- Group-wide communication to Group employees - Conference specifically structured to address employee concerns presented by Adcorp thought leaders and industry experts - Intranet communication - Thought leadership engagement with regard to new SA labour legislation - Partnering with clients to create a safe working environment - Corrective action revised procedures - SAFEM audits - Wellness programmes - Incentive, reward and recognition programmes	- Direct representation as part of the business delegation at NEDLAC - Proactive interaction and consultation with unions and Department of Labour representatives - Business and Government engagement - Participation at Millennium Labour Council	- Remote disaster recovery plans - Regular maintenance and testing - Offsite backups - Remote servers - Authentication of business credentials	- Media relations through specialist agency and increased interaction between media and Group spokespeople - Opinion pieces and thought leadership articles - Media interviews across all platforms, including radio, TV and print	- Increased controls around the management of CSI spend - Continuous monitoring of academic performance

Our strategy is to be:

- A leading, independent, global workforce management, training and Business Process Outsourcing (BPO) company of consequence, focused on emerging markets in Africa, the Asia-Pacific region and the Middle East
- Significantly bulked and diversified
- Disruptive, agile, embracing technology and different from its peer group
- Innovative, an opinion leader, recognised as an important global industry player and having the potential to create significant value for shareholders

Our acquisition strategy:

- Target geographies: Africa, the Asia-Pacific region and the Middle East
- Target successful well-established businesses with strong management teams
- Will perpetuate the success and harvest the synergies
- Geographic spread will allow us to be where our clients are
- Diversify our portfolio, while offering employment and growth opportunities
- Use our extensive knowledge and track record in emerging markets to our advantage
- Price opportunities for earnings accretion
- Mitigating our South African labour broking exposure by diversifying geographically
- Access international capital markets through potential offshore listing of non-SA assets
- Identify potential acquisitions that meet the Group's strategic criteria in the Asia-Pacific and Middle East region
- Targeted strategy for acquisitions

The growth opportunities that support our strategy:

Organic initiatives

- Market share growth in existing markets (sophistication, Master Service Provider (MSP) and Recruitment Process Outsourcing (RPO) engagements embracing technology)
- Significant growth potential in Africa, the Asia-Pacific region and the Middle East
 - Workforce management
 - Training
 - Backoffice optimisation providing cost-efficiency and scale advantage
 - Newly established service lines
 - Provision of financial services to atypical staff
 - Best-practice, centralised international treasury function
 - New labour law amendments

Our operating environment

Macro environment trends

Global trends

- Heightened corporate activity within the sector
- Growth in emerging market regions continues to show promise – specifically Africa, the Asia-Pacific region and the Middle East
- Developed market dominated by a small number of big players, but none dominate the emerging markets to the extent that they do in their home markets
- Sizeable employers have tended to rationalise the number of suppliers by contracting a limited number of large sophisticated staffing providers to facilitate their procurement of staffing needs
- Global procurement trends are gaining significant traction in emerging markets, including South Africa
- MSP/RPO gaining momentum beyond the developed markets
- Sustained margin and credit term pressures

Specific emerging market trends

- Consolidation of major players in the SA market
- No single player dominates the emerging markets
- Increasing adoption of Master Service Provider (MSP)/Recruitment Process Outsourcing (RPO)/vendor management systems (VMSs) and gatekeeper solutions
- Clients seek partners established across multiple jurisdictions
- Smaller players unable to offer MSP/RPO offering
- Unique opportunities in specific industry verticals such as energy, infrastructure, financial services, ICT, healthcare, etc

The consequence of these macro trends

- Major advantage for Adcorp being a pan-African provider of substance
- Africa, the Asia-Pacific region and the Middle East economies hold much promise
- Scale and footprint of operations have become distinct advantages
- International markets offer far higher reward per unit of volume
- Sophistication, technology and strength of balance sheet are increasingly important as a prerequisite for MSP/RPO offerings
- MSP/RPO offerings are gaining momentum
- Critical imperative to be cost competitive in the face of margin pressure (size and scale represent a key advantage)
- The major North American and European players have struggled to replicate their dominance in emerging markets
- Opportunity is ripe for an independent player of consequence focused on growth and consolidation in the emerging economies

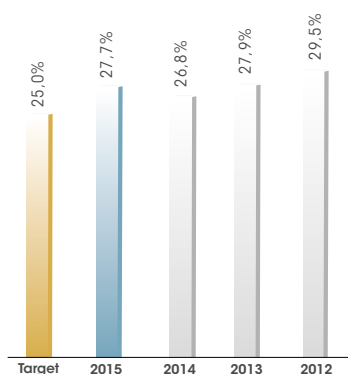
South African labour market

- Certainty achieved with regard to SA labour law
- Fundamental changes to SA labour law
 - Labour Relations Act (LRA)
 - Basic Conditions of Employment Act (BCEA)
 - Employment Services Act (ESA)
 - Employment Equity Act (EEA)
- Single biggest change to impact the Temporary Employment Services (TESs) industry is section 198 of the Labour Relations Act
- New regulation may impact the white-collar business more than the blue-collar
- Unemployment remains a major challenge

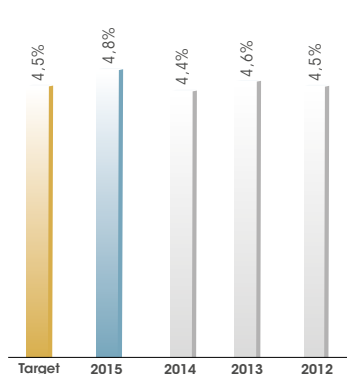
Our performance against stated targets

Financial

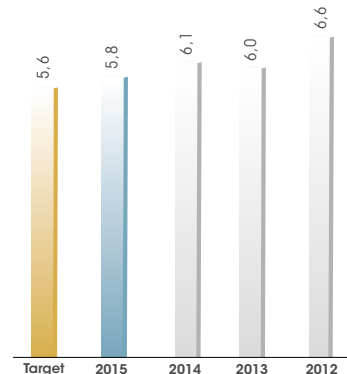
Return on assets managed (ROAM) (%)



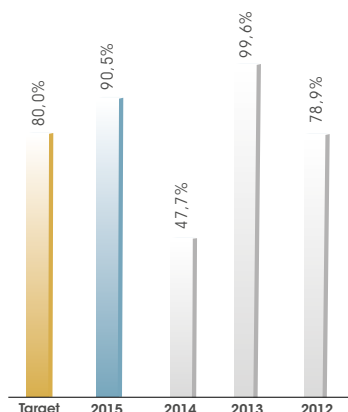
Return on sales (ROS) (%)



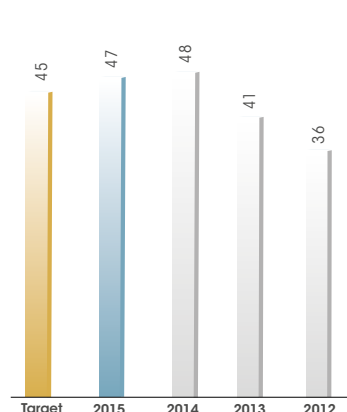
Asset turnover (ATO) (times)



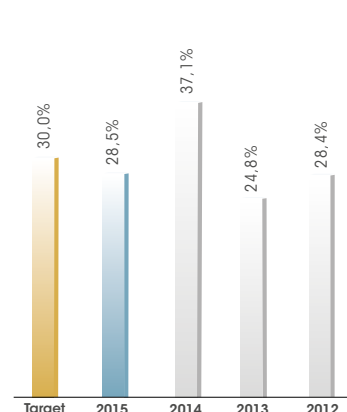
Cash conversion ratio (%)



Day settlement outstanding (DSO) (days)

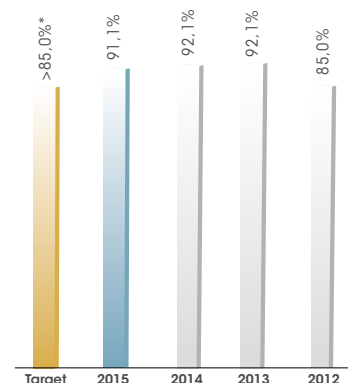


Gearing level (%)

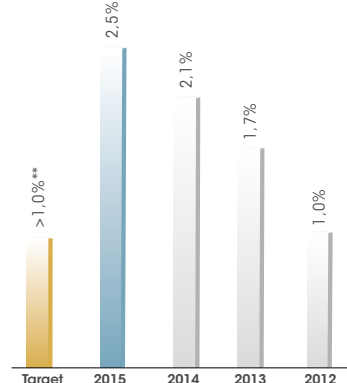


Non-financial

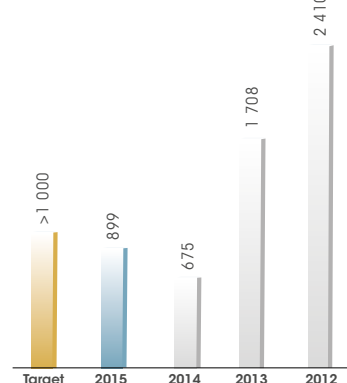
BBBEE (%)



CSI spend (%)



Learnerships in progress (numbers)



* Object to remain a level 2 contributor.

** % of net profit after tax.



CELEBRATING 40 YEARS IN BUSINESS - SINCE 1975

ACHIEVEMENTS

- Revenue for the year increased by 13% to R13,3 billion
- Normalised EBITDA for the year increased by 23% to R668,5 million
- Normalised earnings per share increased by 14% to 436,8 cents per share
- Normalised EBITDA margin increased from 4,6% to 5,0%
- Headline earnings per share increased by 58% to 298,5 cents per share
- Cash conversion ratio increased to 91% (2014: 48%)
- Gearing reduced to 28% (2014: 37%)
- Final dividend increased by 10% to 88 cents per share
- Kelly Group Limited acquired for R248 million
- Singapore office established October 2014
- Strategic partnership established with APBA (SE Asia)
- Dare (Australia) acquired for estimated R280 million (subsequent to reporting date)
- Certainty achieved with regard to SA labour law

IMPROVEMENTS

- Optimisation of backoffice (shared service centre) operation
- Diversified geographic mix and service offerings
- Traction achieved with MSP and RPO offerings
- Sophistication and size becoming a competitive advantage
- Extended debt maturity profile

CHALLENGES

- New labour law to impact volumes negatively in South Africa
- Clients' interpretation and response to new SA labour law
- Repatriation of funds from the rest of Africa
- Collections environment
- Cost pressure
- Acute shortage of skills

DISAPPOINTMENTS

- Dramatic decline in the volume of learnerships in South Africa
- Slow economic growth and associated high levels of unemployment in South Africa

Group at a glance

		Incorporating/ brands	BBBEE accreditation	Permanent	Temporary	Independent contractors	Description of business	Sectors serviced
Group central	CENTRAL	ADCorp HEAD OFFICE	Level 2	51	-	-	The corporate office is based in Johannesburg providing strategic direction, centralised treasury, taxation and reporting services in the Group	Investment community, operating companies, Group employees, clients, capital and service providers
		ADCorp SHARED SERVICES CENTRE		86	-	-		
	BLUE COLLAR	LABOUR SOLUTIONS AUSTRALIA	Australian based	38	1 685	-	Labour Solutions Australia specialises in outsourced workforce management solutions, labour hire and permanent recruitment	Mining and minerals, Oil and gas, Cyclical consumer goods, Food processors and producers and general industry
		CAPACITY	Level 2	549	30 102	-	Capacity Outsourcing is a registered TES (temporary employment service) provider of customised, flexible and contract blue-collar staffing solutions	Mining and minerals, Oil and gas, Forestry and paper, Chemicals, Steel and other metals, Food processors and producers, Beverages, Pharmaceuticals, Transport, Media, Telecommunications, IT and technology
		CAPITAL SOUTH AFRICA	Level 2	629	27 233	-	Capital South Africa is a provider of predominantly temporary staff as well as permanent recruitment services and has the ability to manage mass recruitment assignments across various industries	Mining and minerals, Oil and gas, Construction, Forestry and paper, Chemicals, Steel and other metals, Food processors and producers, Beverages, Pharmaceuticals, Personal and household care, General retail, Healthcare, Leisure, Transport, Media, Government
		CAPITAL AFRICA	-	127	3 495	-	Capital is a Pan African workforce solution business offering various workforce solutions to businesses throughout the African continent	Mining and minerals, Oil and gas, Construction, Retail, Healthcare, Transport, Government
		STAFF U NEED (including Fortress)	Level 2	195	5 996	-	Staff U Need specialises in the provision of specialised staff for power station maintenance and construction. Recruits and employs highly skilled to unskilled staff for projects throughout South Africa	General industry and Government
		CHARISMA	Level 2	129	8 149	-	Charisma provides professional nursing staff (healthcare professionals, including nurses, doctors, pharmacists and paramedics) to its clients	Healthcare
		DARE	Australian based	-	-	-	Dare Contract Services is a dedicated team of professional recruiters and support staff who source highly qualified and experienced contract and permanent personnel for both local and international clients in the resources sector	Mining and minerals, Oil and gas
	WHITE COLLAR	QUEST	Level 2	309	10 364	-	Quest is one of South Africa's largest recruitment agencies placing both temporary and permanent staff in white-collar careers	Consumer, Banking and finance, Technology, Telecommunications and Government
		THE KELLY GROUP (incl Innstaff, Kelly Industrial, Anglo African and Torque it)	Level 2	860	18 756	-	The Kelly Group supplies innovative, flexible and responsible workforce management solutions across multiple industries, geographies and skill sets	Operates across all industries and sectors
		DAV	Level 2	125	-	-	DAV focuses on permanent recruitment and operates with specialist divisions and skills in high demand. It has a niche of placing German and foreign language candidates. Specialising in executive search, mid to top-level management, information and communication technology, engineering, financial markets, office support and German/foreign language speakers	Operates across all industries and sectors
		PREMIER	Level 3	7	-	-	Premier Personnel focuses on providing specialist recruitment solutions in select areas of expertise, particularly the financial services sector, both on a temporary contract and permanent basis	Operates across all industries and sectors, predominantly banking and finance
		THE PERSONNEL CONCEPT	Level 1	7	-	-	The Personnel Concept offers specialised permanent recruitment, placing skilled financial candidates	Operates across all industries and sectors
		PARACON SA (including Nihilent 34,6% shareholding)	Level 2	238	435	796	Paracon is a specialised ICT consulting, resourcing and solution business	Operates across all industries and sectors
		MONDIAL	Level 2	10	60	98	Mondial provides ICT resourcing and solutions, specialising in SAP	Oil and gas, Telecommunications, Banking and finance, IT and technology
Traditional resourcing business	PROFESSIONAL SERVICES	ALLABOUTXPERT	Level 2	73	18	199	allaboutXpert provides project management-related solutions, including services, resourcing, project office, facilitations and training	Consumer, Banking and finance, Healthcare, General industry, Oil and gas, IT and technology, Telecommunications, and Government
		PAXUS	Australian based	100	-	1 603	Paxus is a specialised IT contracting and recruitment business	Operates across all industries and sectors
		PMI (including Adcorp Technical Training)	Level 2	516	-	-	PMI is a training and education company registered as a Private Higher Education, Further Education and General Education Training provider	Operates across all industries and sectors
		FMS	Level 2	57	-	-	FMS provides a wide range of 'life-coping' services to the employees of various companies when faced with challenges such as illness, funerals and legal disputes	Healthcare, Transport, Insurance and assurance, and Support services
	BPO, TRAINING AND FINANCIAL SERVICES	RIGHTSOURCE	Level 2	0	-	-	Designs, builds, sources and operates the right solution for our clients, specific to their unique environment, market and industry, and based on their required business outcomes, whether those business outcomes are met by in-source, co-source or full outsource solutions	Telecommunications, Government, Banking and finance, Insurance and assurance, Support services, and IT and technology
		ADCorp SUPPORT SERVICES	Level 2	19	-	-	Adcorp Support Services sources employee and value-added benefit products to the Group's temporary and permanent workforce	Operates across all industries and sectors
		ADFUSION	Level 1	79	-	-	Adfusion offers a range of sophisticated and innovative technology solutions to facilitate all aspects of recruitment across organisations	Operates across all industries and sectors
	EMERGENT BUSINESS	ENVISIONME	n/a	4	-	-	www.envisionme.co.za is Adcorp's entrance into the online virtual recruitment space. A social media online job portal giving employers the opportunity to advertise their jobs directly to the Adcorp talent pool, targeting the SME market that is more and more moving towards a self-service model with recruitment, www.envisionme.co.za offers leading-edge search and matching capabilities enabling employers to match their jobs to candidates in seconds	Operates across all industries and sectors
		APBA	n/a	n/a	n/a	n/a	Invested across a number of Asian countries, including Singapore, Hong Kong, China, Taiwan and Japan, APBA offers comprehensive services in recruitment, human resource consulting, payroll outsourcing, as well as various outsourced human resource functions	-
	PARTNERS							

Footprint	Service offerings	Differentiators	Key drivers for growth
Gauteng – Head office Bryanston, Johannesburg	Stakeholder engagement, leadership management, Group reporting, treasury and financial management, internal audit and risk management, custodians of corporate governance, Group IT/Payroll/Finance, Group marketing, Group human resources and corporate social investment initiatives, BBBEE strategy, administration of employee share trust, succession planning	Pan African provider of substance, strategic focus on BBBEE across the Group in South Africa, value-adding enterprise – level 2 contributor procurement recognition level of 125% reliability, consistency and standardisation of service delivery with regard to Group services, thought leaders	Complexity of managing risk and governance of decentralised operations, sustainability, understanding of emerging market growth potential
Victoria, Western Australia, New South Wales and Queensland	Market leaders in differentiated recruitment practices, including temporary, contract and permanent placements, workforce optimisation, productivity-enhancing service offerings	Talent pool in excess of 250 000 candidates over all levels, skill sets and various industries, measurable performance against defined service level agreements, South African value-adding enterprise – level 2 contributor procurement recognition level of 125%, employment equity in excess of 70% PDI (previously disadvantaged individuals) placements, sophisticated workforce optimisation technology to unlock optimum client benefits	Growth in outsourcing non-core functions by clients, desire by organisation to match labour input costs to variable market demand, growth in leaderships established in terms of the Skills Development Act, access to new industry sectors, opportunities in other African countries and emerging markets
Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga, Limpopo, Free State			
Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga, Limpopo, Free State, North West			
Rest of Africa – Excludes South Africa			
Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga, Limpopo, Free State			
Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga, Limpopo, Free State, North West			
Australia, New Zealand	Market leaders in differentiated recruitment practices, including temporary, contract and permanent placements, comprehensive solution offerings across niche competencies, contingent database selection, talent search, executive search	Unique broad range of recruitment and solution offerings, intimate client relationships facilitating the development of unique human capital strategies and resource planning, candidate sourcing spanning numerous leading, branded consultancies combining unrivalled knowledge experience, databases and advertising reach, ability to customise offerings, sustainability of benefits for clients	Growth in outsourcing non-core functions by clients growth in the South African economy and business process outsourcing environment, critical shortage of key skills categories, access to new industry sectors, desire by organisations to match labour input costs to variable market demand
Gauteng, Western Cape, Northern Cape, KwaZulu-Natal, Mpumalanga, Limpopo, Free State			
Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Free State			
Gauteng, Western Cape			
Gauteng, Western Cape			
Gauteng			
Gauteng, Western Cape, KwaZulu-Natal	Market leaders in differentiated recruitment practices, including temporary, contract and permanent placements, comprehensive solution offerings across niche competencies, contingent database selection, talent search, executive search	Unique broad range of recruitment and solution offerings, intimate client relationships facilitating the development of unique human capital strategies and resource planning, candidate sourcing spanning numerous leading, branded consultancies combining unrivalled knowledge experience, databases and advertising reach, ability to customise offerings, sustainability of benefits for clients	Growth in outsourcing non-core functions by clients growth in the South African economy and business process outsourcing environment, critical shortage of key skills categories, access to new industry sectors, desire by organisations to match labour input costs to variable market demand
Gauteng, Western Cape			
Gauteng, Western Cape, Brisbane	Customised, strategically aligned corporate training solutions in the field of project management, project office technology solutions, human skills development, temporary and permanent staffing, and consulting services	Learning as an integrated part of workforce management	Continued demand for scarce technical skills, learnership tax breaks
Victoria, South Australia, Western Australia, New South Wales, Australian Capital Territory and Queensland	Market leaders in differentiated recruitment practices, including temporary, contract and permanent placements, comprehensive solution offerings across niche competencies, contingent database selection, talent search, executive search	Unique broad range of recruitment and solution offerings, intimate client relationships facilitating the development of unique human capital strategies and resource planning, candidate sourcing spanning numerous leading, branded consultancies combining unrivalled knowledge experience, databases and advertising reach, ability to customise offerings, sustainability of benefits for clients	Growth in outsourcing non-core functions by clients growth in the South African economy and business process outsourcing environment, critical shortage of key skills categories, access to new industry sectors, desire by organisations to match labour input costs to variable market demand
Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal	Customised, strategically aligned corporate training solutions, comprehensive offering of business-relevant accredited education and training programmes	Learning as an integrated part of workforce management	Continued demand for scarce technical skills, learnership tax breaks
Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal	Value-added employee, financial, wellness and lifestyle products and services	Reliability and consistency of service delivery with regard to value-added services, unique subcontracted provider network	Product innovation with regard to specific financial service offerings, growth in the employee benefit industry, rollout of new products and services
Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal	Intelligent BPO solutions. Design, build, source and operate the right solution for clients, with a specific reference to their market and industry met by in-source, co-source or full outsource solutions	Solutions are designed and built to drive additional value throughout the client's business. A key component of BPO solutions is the establishment of business intelligence that is converted into value drivers and serves as a guide for strategic decision-making beyond the specific BPO solution to the rest of the client's organisation	The ultimate objective is to create value that surpasses the cost of the BPO solution. This model contrasts traditional outsource models where outsourcers are not incentivised to drive efficiencies and add value beyond the BPO solution – this is reflected in the innovative contracting and engagement models
Gauteng	Adcorp Support Services sources employee and value-added benefit products to the Group's temporary and permanent workforce	The internal business has been set up to provide financial services and benefits to Adcorp employees (predominantly temporary contract workers), Adcorp Support Services' core business consists of various financial service products that are offered to Adcorp employees. These products are administered and managed by various third-party service providers	Internal Group growth
Gauteng, Brisbane, Victoria	ADfusion's specialised offerings reflect leading-edge global innovations for the South African market, such as Recruitment Process Outsourcing (RPO), Hosted Recruitment, Managed Service Provider (MSP), Vendor Management Systems (VMS) and Recruitment Management Systems (RMS)	Talent is a fast-moving commodity and the market for acquiring it is ever-changing. Companies need strategies and tools that assist them in finding better talent faster, with efficiency and precision. ADfusion does just that. We have extensive experience in delivering RPO and MSP solutions and are the largest provider of these services in South Africa. Our alignment to international companies and partnerships ensures best practice	
Global – web based	Virtual recruitment using leading-edge search and matching technology	Recruiters get the opportunity to advertise their jobs to the Adcorp talent pool and then use leading-edge search and matching technologies to find the right candidate	Establishing a definitive talent pool to utilise the strength of the Adcorp brands
Shanghai, Tokyo, Singapore, Taipei	Comprehensive services in recruitment, human resource consulting, payroll outsourcing, as well as various outsourced human resource functions	n/a	n/a

Revenue (R' 000)	%	Normalised EBITDA (R' 000)	%
4 090	-	(81 386)	(12.2%)
(210)	-	(6 551)	(1.0%)
7 230 582	54.3%	455 478	68.1%
-	-	-	-
1 723 567	12.9%	99 430	14.9%
4 026 745	30.2%	150 493	22.5%
307 674	2.3%	59 324	8.9%
29 950	0.3%	(8 320)	(1.2%)
n/a	n/a	n/a	n/a
Operating activities	100%	668 468	100%

Refer to segment analysis on page 124.



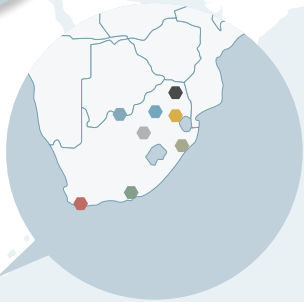
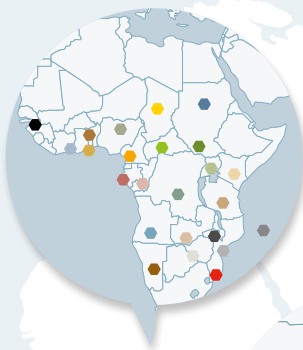
Our global presence

AFRICA

ANGOLA	• Capital Africa
BENIN	• Capital Africa
BOTSWANA	• Staff U Need
CAMEROON	• Capital Africa
CENTRAL AFRICAN REPUBLIC	• Capital Africa
CHAD	• Capital Africa
CONGO	• Capital Africa
DRC	• Capital Africa
GABON	• Capital Africa
GHANA	• Capital Africa
GUINEA CONAKRY	• Capital Africa
IVORY COAST	• Capital Africa
KENYA	• Capital Africa
MALAWI	• Capital Africa
MAURITIUS	• Capital Africa
MOZAMBIQUE	• PMI • Capital Africa
NAMIBIA	• PMI • Capital Africa
NIGERIA	• PMI • Capital Africa
NORTH SUDAN	• Capital Africa
SIERRA LEONE	• PMI • Capital Africa
SOUTH SUDAN	• Capital Africa
SWAZILAND	• Capital Africa • The Kelly Group
TANZANIA	• Capital • Nihilent
UGANDA	• Capital Africa
ZAMBIA	• Capital Africa

ASIA

SINGAPORE	• Adcorp Holdings Singapore • APBA**
INDIA	• Nihilent*
CHINA	• APBA**
JAPAN	• APBA**
HONG KONG	• APBA**
TAIWAN	• APBA**



SOUTH AFRICA

GAUTENG • Adcorp head office, Shared services centre, Support services
• ADfusion • allaboutXpert • Capacity • Capital • Charisma • DAV • FMS
• Mondial • Paracon SA • Paxus • PMI • Premier • Quest • Rightsource
• Staff U Need • The Kelly Group • The Personnel Concept

WESTERN CAPE • allaboutXpert • Capacity • Capital • Charisma
• DAV • FMS • Mondial • Paracon SA • PMI • Premier • Quest • Rightsource
• Staff U Need • The Kelly Group

EASTERN CAPE • Capacity • Capital • Charisma • DAV • FMS • PMI
• Quest • Rightsource • The Kelly Group

KWAZULU-NATAL • Capacity • Capital • Charisma • FMS
• Paracon SA • PMI • Quest • Rightsource • Staff U Need • The Kelly Group

MPUMALANGA • Capacity • Capital • Quest • Staff U Need
• The Kelly Group

LIMPOPO • Capacity • Capital • Staff U Need • Quest

FREE STATE • Capacity • Capital • Charisma • Quest • Staff U Need

NORTH WEST • Capital

AUSTRALIA

ADELAIDE	• Paxus
BRISBANE	• Paxus/LSA
CANBERRA	• Paxus/LSA
MELBOURNE	• Paxus/LSA
PERTH	• Paxus/LSA/Dare
SYDNEY	• Paxus/LSA
TASMANIA	• Paxus

NEW ZEALAND

NEW PLYMOUTH • Dare

* Nihilent – associate company representation in other countries not reflected above

** APBA – strategic partner

Board of directors



1. Mfundiso Johnson Ntabankulu ("JJ") Njeke (57)

Independent Non-executive Chairman

BCom, BCompt (Honours), CA(SA)

Appointment: 1 July 2010

2. Sindisiwe ("Sindi") Mabaso-Koyana (45)

Independent Non-executive Director

BCom, CTA, CA(SA)

Appointment: 14 September 2012

3. Michael Wolseley Spicer (62)

Independent Non-executive Director

BA and MA degree in History

Appointment: 21 August 2013

4. Timothy Dacre Aird ("Tim") Ross (70)

Independent Non-executive Director

CTA, CA(SA)

Appointment: 1 September 2009

5. Mncane Esau Mthunzi (43)

Independent Non-executive Director

BCom, PMD, AMP (Harvard)

Appointment: 28 February 2010

6. Nontobeko Sanelisiwe Ndhlaizi (40)

Non-executive Director

BCom (Hons) (Accounting)

Appointment: 16 August 2011

7. Gugulethu Patricia ("Gugu") Dinga (39)

Non-executive Director

BCom, CA(SA) and Executive Development Program Certificate (USB-Ed: Stellenbosch Business School)

Appointment: 18 August 2010

8. Muthanyi Robinson Ramaite (46)

Non-executive Director

BJuris, Master's Degree in Public and Development Management

Appointment: 1 September 2009



9



10



11



12



13

14

9. Richard Linden Pike (53)

Executive Director – Chief Executive Officer

BCom (Hons), CA(SA)

Appointment: 18 October 2000

10. Petrus Cornelis ("Nelis") Swart (53)

Executive Director – Chief Operations Officer

MCom

Appointment: 9 September 2002

11. Anthony Mark Sher (45)

Executive Director – Chief Financial Officer

BCom, BAcc, CA(SA), CFA

Appointment: 2 December 2009

12. Bhabhalazi Enock Bulunga (59)

Executive Director – Business Development and Corporate Affairs

BA Social Science

Appointment: 27 February 2014

13. Cecil Maswanganyi (49)

Non-executive Director (alternate to RM Ramaite)

BCompt, MBL (Unisa), Postgraduate diploma in taxation

Appointment: 11 July 2012

14. Nompumelelo Sihlangu (32)

Non-executive Director (alternate to NS Ndhlaizi and GP Dingaan)

CA(SA)

Appointment: 11 May 2015

Board of directors **continued**

Mfundiso Johnson Ntabankulu ("JJ") Njeke (57)

JJ is currently the Executive Chairman of Silver Unicorn Trading 33 Proprietary Limited. He was previously Managing Director of Kagiso Trust Investments from 1994 to 2010, a partner of PricewaterhouseCoopers, Chairman of the Institute of Chartered Accountants and its Education Committee. He served as a member of the Katz Commission of Inquiry into Taxation in South Africa, the General Committee of the JSE Limited, the Audit Commission – Supervisory Body of the Office of the Auditor General, the Audit Committee of National Treasury and the Editorial Board of the Journal of Accounting Research. JJ currently serves on the boards of MMI Holdings, Resilient Property Fund, MTN, Sasol and the Council of the University of Johannesburg.

Sindisiwe ("Sindi") Mabaso-Koyana (45)

Sindi is the Executive Chairperson of Advanced Capital, an investment holding company in the mining and industrial sectors. Sindi is the founder member of African Women Chartered Accountants and was instrumental in the creation of its investment arm AWCA Investment Holdings. Sindi is currently the Non-executive Chairperson of AWCA Investment Holdings and serves on the board of Toyota SA. Previously she was Group Chief Financial Officer of Transnet and the Passenger Rail Agency of South Africa, which she joined from Ernst & Young where she was an executive partner heading up the government and public sector division across Africa.

Michael Wolseley Spicer (62)

Michael is currently the Deputy Chairman of Wesgro and a director of Accelerate Cape Town. In addition, he is the Chairman of the Presidential International Advisory Board of Mozambique, the Chairman of the Board of Governors of Rhodes University and a trustee of the Birdlife National Trust. Michael spent 20 years at Anglo American plc ending in the capacity as an Executive Vice President and a Non-executive director and Chairman of Anglo American South Africa. He brings a wealth of business experience to the Adcorp board. He previously was the Vice President of Business Leadership South Africa from 2011 to 2014 having previously been its Chief Executive Officer for six and a half years. He was also Non-executive Chairman of BDFM from March 2011 to June 2013.

Timothy Dacre Aird ("Tim") Ross (70)

Tim currently serves on the boards of Easra Holdings, Mpact and PPC. Tim retired from Deloitte & Touche in

May 2008, where he had been a partner since 1972. In 1988, he was appointed to the board of Deloitte Haskins and Sells, and after the merger in 1989/90 with Pim Goldby, he served on the joint board. He was partner in charge of the Johannesburg audit practice and a lead client service and advisory partner for several of Deloitte's large corporate clients. He also served on the Deloitte remuneration committee between 1994 and 1997 and was National Client Service Director and a member of the Deloitte management committee. He also headed up the Deloitte World Cup initiative before retiring from Deloitte in 2008. Tim served as a Non-executive director of Liberty Group until his retirement in 2015.

Mncane Esau Mthunzi (43)

Mncane is the Massbuild Executive responsible for Builders Superstore format since October 2014. He also currently serves on the board of the Black Management Forum. He was previously the Group Africa Food Retail and Supplier Development Executive for Massmart, a subsidiary of Wal-Mart. He joined Massmart from the Consumer Goods Council of South Africa, where he was Chief Executive Officer. Before joining the Council he was the Managing Director of the Black Management Forum for three years, Sales Executive at Microsoft, a senior manager at PricewaterhouseCoopers and a management consultant at Accenture for seven years.

Nontobeko Sanelisiwe Ndhrazi (40)

Nontobeko is the Group Chief Financial Officer of Women Investment Portfolio Holdings Limited (WIPHOLD) which she joined in 2011. She is also a Non-executive director of some of WIPHOLD's investee companies. Prior to joining WIPHOLD she worked for the Special Services Group (SSG) at Deloitte where she was a director. She was also a member of Deloitte's Transformation Board and its Women's Leadership Initiative. Before being appointed a director, Nontobeko was a manager at Deloitte and also completed her articles there.

Gugulethu Patricia ("Gugu") Dingaan (39)

Gugu is the Investment Executive at WIPHOLD where she is responsible for growing WIPHOLD's investment portfolio. Gugu is a non-executive director of the Distell Group, SA Corporate Real Estate Fund Managers (SAC), Landis+Gyr. and an audit committee member of Distell, (SAC) and Landis+Gyr and Remuneration Committee member of SAC. She is also the chairman of the Distell Social and Ethics Committee and Khulisani Foundation. Since joining WIPHOLD in 2001, she has been involved in mergers and

acquisitions, transaction structuring and valuations. Before WIPHOLD, she completed her articles with audit and assurance services group PwC.

Muthanyi Robinson Ramaite (46)

Robinson is active in a number of investment initiatives in the mining, property, aviation and ICT sectors, and has also been influential in a number of transformation and empowerment initiatives. He is currently the Chairman of Wescoal Holdings and Vusani Properties and serves on the board of Europ Assistance. During his term of office as Director-General for the Department of Public Service and Administration from 1999 to 2003 he served as Chairman of the Directors General Governance and Administration cluster of Government and as a board member of the State Information Technology Agency (SITA).

Richard Linden Pike (53)

Richard is the Chief Executive Officer of Adcorp since his appointment in April 2001 after joining the Group as Deputy Chief Executive Officer in 2000 when Adcorp acquired Acumen Holdings Limited. He is an experienced public speaker, is the author of two published books, has written widely on business and current affairs and is a former fellow of the University of Warwick. Richard is a member of Business Leadership South Africa as well as the Millennium Labour Council. In 1999 he listed Acumen Holdings on the JSE Limited having co-founded that company in 1995. Before starting this venture, he served as Financial Director of HL&H Mining Timber, having been the Group Financial Manager of the Hunt Leuchars & Hepburn Group and serving his articles at Deloitte Haskins & Sells.

Petrus Cornelis ("Nelis") Swart (53)

Nelis is Adcorp's Chief Operating Officer who was appointed in 2007 after having joined the Group in 1999. He was previously Divisional Director for Flexible Staffing and Managing Director of Quest Flexible Staffing Solutions. Before joining Adcorp, Nelis was the Commercial Director of Beier Industries Proprietary Limited. He also worked with Deloitte & Touche and Byrne Fleming during his seven years in the management consulting industry, lectured at the University of Pretoria and was a co-founder of the marketing research business Konsulta.

Anthony Mark Sher (45)

Anthony is Adcorp's Chief Financial Officer who was appointed in 2009. Previously he was an internal investment professional at Ellerin Bros Proprietary Limited. Prior to Ellerin Bros, he was an equity analyst and Fund Manager of small cap investments at Stanlib Asset Management.

He also gained experience as a banking and insurance analyst at Standard Bank Corporate Merchant Bank and was the Financial Director of a private financial services company that he was instrumental in co-founding.

Bhabhalazi Enock Bulunga (59)

Bhabhalazi is Adcorp's Executive Director of Group services. He brings a deep understanding of business development and transformation to the board of Adcorp, which he joined from Eskom where he was Group Executive responsible for human resources from 2010 to 2014, having previously been General Manager: Human Resources at South African Airways. While working at BHP Billiton between 2001 and 2007 Bhabhalazi's role as Human Resources Manager included managing CSI projects in KwaZulu-Natal and Mozambique and stakeholder relationships, in particular with communities and government. He assumed the role of General Manager: Business Transformation for the South African Revenue Service after being deeply involved in transformation during the nine years he worked for Gillette, first as Human Resources Manager, then as Human Resources Director responsible for the company's human resource functions in India, the Middle East and Eastern Europe.

Cecil Maswanganyi (49)

Cecil is an executive director at Simeka where he fulfils the role of the Group Financial Director for the Simeka Group of Companies. He has worked in various managerial roles of some of the leading organisations in the private and public sector, including the Gauteng Provincial Government Treasury where he was involved in various transformation initiatives. Cecil also spent time at Transnet as Group GM Strategy as well as having worked for Accenture focusing on the public sector both in SA and Australia.

Nompumelelo Sihlangu (32)

Nompumelelo is an assistant financial manager at Wipcapital after joining the company in 2011. Nompumelelo currently serves as an alternate director on Wiphold Equipment and Wiphold Agriculture as well as a trustee of the Mutual & Federal Community Trust. Prior to joining Wipcapital, she did her articles with KPMG – financial services unit.





LEADERSHIP OVERVIEW

CHAIRMAN'S STATEMENT

JJ NJEKE





This year marks an important milestone for the Adcorp Group as it celebrates its fortieth year since coming into existence in 1975.

During that time, the Group has grown from strength to strength, even in the face of global market shocks and many domestic challenges.

It is fitting, therefore, that in our fortieth anniversary, the Group has produced a stellar set of financial results and is able to report major progress against the ambitious and bold strategic path it embarked upon some three years ago.

In terms of financial performance, the Group has generally performed well against all of its financial metrics, reflecting double-digit revenue and profit growth, improved margins, returns well in excess of its cost of capital and strong cash flow generation.

Strategically, the Group embarked on a programme of internationalisation of its operations in 2011. The focus has been on expanding the reach of the Group to the rest of Africa, the Asia-Pacific region and the Middle East.

To date, much has been achieved with approximately one-third of the Group's normalised profits now generated from its international operations with a target to extend that to 45% in the 2016 financial year.

Accordingly, the Group is now respected as a global player of consequence in the staffing industry with an international footprint focused in typically high-growth markets. It has the capacity and capability to offer multinational clients global solutions in important industries across a number of extended geographies.

So too, there has been good news in Adcorp's core South African market.

Not only has the Group performed particularly well in this market, but finality has eventually been achieved with regard to significant amendments to South Africa's labour law. Until recently finalised, debate with regard to possible,

Chairman's statement *continued*

sweeping changes to labour laws held the potential at that time to severely disrupt the Group's business model in South Africa.

While these new labour laws will require a fresh and innovative look at some of the Group's South African service offerings and operating structures, Adcorp has weathered this storm exceptionally well over a protracted period and has emerged far stronger, better positioned, appropriately diversified and with the potential to unlock greater value for its shareholders.

The Group has also been active on the acquisition front.

In this regard, during the year, Adcorp acquired the Kelly Group in South Africa which is an important strategic acquisition for the Group given the strong market position this business commands, the strength of its brand and the depth of its operations.

Subsequent to the reporting period, Adcorp also announced the acquisition of Australian oil and gas recruiter, Dare.

Dare represents an important strategic acquisition given the Group's already strong position in this important industry vertical, particularly in Africa.

A strategic partnership has also been established with Singaporean staffing company, APBA, which provides the Group with entrée into a number of important Asian countries such as China, Japan, Hong Kong, Taiwan and Singapore.

The global staffing industry is in a particularly interesting space with many shifts taking place, new entrants emerging and accelerated change enforced mainly by a number of technological advances.

In this regard, there has been a significant evolution in the way that multinational companies procure talent, coupled with a heightened adoption rate of appropriate technologies and increased levels of corporate activity in the sector.

The next few years are likely to present an interesting and exciting time for the industry as fresh models evolve, new global entrants emerge, major multinational staffing companies transform and many providers look east for growth.

In this context, I am confident that Adcorp has chosen the right strategic path. The strategy has been well considered by the board of directors, is exciting, offers significant potential for the Group and is certainly achievable.

In my view, the Group's strategic path represents a great opportunity for both existing and prospective shareholders alike who are in a unique position to benefit from the potential value uplift these initiatives offer.

Our board is responsible for effective communication with our shareholders with whom we interact at our annual general meetings and at presentations our executive management team make when we release our half-year and annual results. The board has delegated the responsibility for engagement with our shareholders and potential investors to the Chief Executive Officer and Chief Financial Officer.

I would like to express my appreciation and gratitude to the management team ably led by Richard Pike and fellow board members for their hard work and dedication to ensure that we continue delivering value to our shareholders.



MJN Njeke
Chairman

14 July 2015

"...the Group's strategic path represents a great opportunity for both existing and prospective shareholders alike who are in a unique position to benefit from the potential value uplift these initiatives offer."



CHIEF EXECUTIVE OFFICER'S REPORT

RICHARD PIKE





Overview

The financial year ended February 2015 has been an extremely positive and rewarding one for the Adcorp Group, both in terms of financial performance and strategic achievement.

Group revenues increased by 13% to R13,3 billion, while normalised earnings before interest, tax, depreciation and amortisation (EBITDA) of R668,5 million were 23% ahead of the prior year's comparable figure. Normalised earnings per share of 436,8 cents were 14% ahead of the prior year's figure, while headline earnings per share of 298,5 cents were up 58%.

The Group's cash performance has been outstanding and substantially better than in the previous year. In this regard, the Group's cash conversion ratio increased to a creditable 91% compared to the disappointing conversion ratio of 48% achieved in the prior financial year.

This has had the impact of significantly decreasing gearing from a prior level of 37% to a more comfortable level of 28%, despite using cash resources in the funding of certain acquisitions.

Also encouraging is the margin performance whereby the Group's normalised EBITDA margin increased to 5,0% (2014: 4,6%). This improved margin is in part reflective of the enhanced backoffice efficiencies achieved by the Group's shared service centre which is starting to deliver cost-efficiency and scale advantage.

South Africa

South Africa's long-anticipated, revised labour law, which seek to regulate the Temporary Employment Services (TES) industry and which have been the source of much speculation for many years, have finally been enacted providing the much-needed certainty the industry has sought.

These new laws have, however, created an element of ambiguity in the labour market as employers grapple with their interpretation and develop appropriate responses to dealing with their requirements.

Chief Executive Officer's report **continued**

In some instances, this has advantaged the Group in that we have been able to assist clients and gain volumes accordingly, while, in others, particularly in the white-collar contracting space, volumes have been negatively impacted as clients have opted to take contract workers on permanently.

Despite the uncertain environment and generally slow response of clients to these legislative changes, the Group's contracting businesses continued to perform particularly well in the financial year under review, delivering strong earnings and margin growth.

As has been the trend for some years, the blue-collar businesses turned in a strong result as did white-collar.

The performance of the professional services businesses was largely in line with management's expectations.

The contribution from BPO, training and financial services was higher than in the prior year due largely to an improvement in training, which was partially offset by a decline in profitability in FMS as a result of the significant downward price revision of a major contract as reported last year.

International

The Group's international operations now contribute a significant one-third of normalised profit with a target to increase to 45% in the new financial year.

The Group's African operations, which focus predominantly in the areas of mining, oil, gas, exploration and related infrastructure development, continued to show good operational growth.

Australian independent IT contracting business, Paxus, performed in line with expectations and is currently benefiting from an improved IT employment market.

Indian associate IT solutions business, Nihilent, in which the Group owns a 35% stake, performed exceptionally well although year-on-year profit growth was negatively affected due to the reversal of a provision in the prior year that was no longer required. Excluding the effect of this one-off provision reversal which favoured prior year profits, the business achieved strong earnings growth at an operational level.

The management of Nihilent has indicated that they intend pursuing an initial public offer (IPO) of the company's stock within the broad timeframe of a year.

If successful, this has the potential to unlock significant value for investors including Adcorp.

Included in the results for the year are the results of Labour Solutions Australia (LSA) which was acquired by Adcorp in December 2013.

The business has integrated well into the Group, is performing in line with expectations and has achieved good growth for the year. LSA is an important component of the Group's Asia-Pacific portfolio and is positioned as the launch pad for the Group's blue-collar ambitions in Australia.

Macro trends

Global trends

The staffing industry has seen heightened corporate activity over the past year.

Japan's biggest provider of temporary staff, Recruit Holdings, had an extremely successful debut on the Tokyo stock exchange in October 2014 raising US\$1.9 billion in an initial public offer (IPO).

Subsequent to this, Recruit acquired two sizeable Australian staffing businesses, namely Chandler Macleod, which is Australia's second biggest staffing company, as well as Peoplebank which is one of Australia's largest, specialist ICT recruiters.

Also in Australia, labour hire business, Programmed, recently made a bid for Skilled, that country's biggest staffing company.

A number of other global firms have been active in their hunt for suitable acquisitions worldwide but mainly in Asia. Rumours also abound with regard to possible corporate action involving some of the leading international staffing companies.

This heightened corporate activity in the global staffing industry has had the effect of driving up prices and values of businesses in this sector.

As previously identified by Adcorp, the markets that hold much promise for the staffing sector are Africa, the Asia-Pacific region and the Middle East, which are particularly attractive and are the regions that the Group is currently focused on expanding into.

A number of the world's largest American and European staffing companies have also tapped into the opportunity that emerging markets have to offer, but none dominate to the extent that they do in their home markets.

This provides the opportunity for Adcorp to compete on an equal footing in emerging markets, whereas it would be far more difficult to gain any meaningful foothold in the United States or Europe.

Another major advantage that Adcorp has is that it is the only international staffing company with a truly pan-African footprint which is the key, missing ingredient in the strategic positioning of other global staffing companies.

As procurement trends evolve in the sector, many sizeable employers have tended to rationalise the number of suppliers they use by contracting a limited number of large, sophisticated staffing providers as the 'gatekeepers' to all their staffing requirements.

In this regard, there has been significant adoption by large employers of vendor management systems (VMSs) to manage the procurement of staff as well as various other procurement models, most notably the Master Service Provider (MSP) model with regard to the procurement of contract staff and the Recruitment Process Outsourcing (RPO) model with regard to procuring permanent staff.

"...the markets that hold much promise for the staffing sector are Africa, the Asia-Pacific region and the Middle East, which are particularly attractive and are the regions that the Group is currently focused on expanding into."



Chief Executive Officer's report **continued**

This has tended to favour the larger staffing providers who are generally better equipped to service clients across the geographies they span, with the strength of balance sheet to manage sizeable payroll runs, the technology platforms to manage big volumes and the innovation, governance structures and compliance standards necessary to respond to the often onerous tender requirements set by procurement departments.

Consequently, in developed markets, a small number of big players have clearly emerged as the beneficiaries of these trends and, accordingly, have tended to dominate these markets.

This trend is also starting to gain significant traction in emerging markets including Adcorp's home base, South Africa.

Given the Group's significant focus and investment in this know-how over the past years, Adcorp has developed a world-class capability in this area and is in a strong position to benefit from this trend.

Coupled with this has been a high adoption rate of technology as an enabler. In this regard Adcorp has aligned itself with some of the world's leading technology solutions in this space.

As a consequence of these highlighted changes to global procurement patterns and the awarding of global and national staffing contracts to large suppliers has been the trade-off of margin in exchange for volume.

Over the past years, the industry has come under major pricing pressure and has also seen an overall lengthening of credit terms.

This has forced providers to focus on cost and operational efficiencies. Adcorp is no exception and, as described later, has made significant strides in designing and successfully implementing a world-class backoffice shared service centre.

In the South African market, employment trends in general remain under pressure. This is largely the consequence of relatively low economic growth, heightened workplace militancy and confusion over the implementation of the new labour laws.

Largely as a result, there has been much consolidation in the industry in South Africa, a trend that is expected to continue and which should ultimately favour Adcorp.

Changes to South African labour legislation

The revised South African Labour Relations Act (LRA) was passed into law and came into effect on 1 January 2015.

In addition, other fundamental changes to South Africa's labour laws have also been enacted with respect to the Basic Conditions of Employment Act, the Employment Equity Act and the Employment Services Act.

The single biggest change to impact the Temporary Employment Services (TES) industry and, accordingly, Adcorp's labour hire business, is section 198 of the Labour Relations Act.

In terms of this section, a joint employment relationship is deemed to come into effect in respect of a contract employee after an initial contracting period of three months. This joint and several employment responsibility is shared equally between the TES provider and the client of the TES.

This 'deemed' employment relationship clause has been the subject of much ambiguity and legal debate with some legal opinion suggesting that the employment relationship automatically changes from a contract employment relationship to a permanent employment relationship with the client after three months.

This appears to be a lesser-held legal view but, nonetheless, has caused much confusion in the employment market and will ultimately have to be clarified by the courts.

Also in terms of this section, contract workers are required to be 'equalised' after an initial three-month employment period such that, to the extent that their remuneration and conditions of employment differ from those of their permanently employed colleagues essentially performing the same job, the remuneration and conditions of employment of the contractor need to be adjusted to match those of the permanent employee.

In this regard, there are certain categories of worker that are exempt from these provisions.

Automatically exempted are those contract workers earning in excess of a low threshold which is currently set at a level of R205 433 per annum. Also exempted are those contract workers replacing permanent employees who are absent from work and those contractors registered on accredited learnerships.

Conditional exemption may also be granted to contract employees employed in terms of genuine fixed-term contracts as well as certain other justifiable grounds for

exemption, such as seniority, length of service, experience, merit, quality of work, quantity of work or any other justifiable reason.

Strategic overview

Given the macro trends as identified above, Adcorp has embarked on an ambitious and bold strategic path over the past three years in its quest to become a global business focused primarily on Africa, the Asia-Pacific region and the Middle East.

Accordingly, much focus has been placed on growing the business across these important regions, supported by winning technologies, cutting-edge know-how and a world-class cost-effective and efficient backoffice infrastructure.

In this regard, the Group's strategic initiatives are well on track.

Our investment in a world-class backoffice architecture is far advanced as described further below.

Recently, the Group has concluded two strategically important acquisitions, namely Kelly Group and Dare and has also entered into a strategic partnership with Singapore-based APBA.

Significant wins have been concluded in the MSP and RPO space with Adcorp being recognised as having a globally competitive offering in this important area.

In addition, the Group has not only survived a prolonged and sustained legislative and regulatory attack on our industry in South Africa, but has emerged far stronger, better positioned, more profitable, better diversified and far more valuable.

As evidence of this are the financial metrics achieved in respect of the 2015 financial year, which are most encouraging. Earnings have grown, margins have improved and significant cash has been generated.

Much traction has also been achieved with regard to the Group's international strategy. In this regard, the Group created an Asia-Pacific hub in Singapore in October 2014.

Singapore was selected due to its importance as a global capital market, whereby it is ranked fourth in terms of the Global Financial Centre Index. It is also an important staffing market, being the preferred destination for Asia-Pacific regional head offices with 54 of the Fortune Top 100 Companies choosing Singapore which has nearly 6 000 multinational company offices of which 3 000 are international or regional headquarters.

Singapore is also regarded as one of the easiest countries in the world to do business and, in this regard, is currently ranked first in terms of the World Economic Forum's Global Competitiveness Report.

Singapore also boasts sound governance, legislative and regulatory frameworks, offers attractive incentives and has an abundance of highly skilled resources.

Currently, a project is under way to streamline the Group's holding structure, the objective of which is to move the holding of all of Adcorp's non-South African assets under the Singaporean entity which will serve as the vehicle for all future international merger, acquisition and international capital raising activities with a view to potentially listing these international assets in Singapore or such other suitable international exchange in 2018 to the benefit of all Adcorp shareholders.

The intention is for this listed international entity to remain a majority-owned subsidiary of JSE listed Adcorp Holdings Limited, providing the potential for a value uplift for the benefit of all existing and future Adcorp shareholders.

Raising capital in these international markets is considered far more cost-effective and efficient than tapping into traditional South African sources of funding and has the added advantage of providing a natural currency hedge.

In this regard, certain potential funding partners have been identified who could assist with building the international portfolio.

Although early in the process, this may involve taking on minority equity partners in the Singaporean entity who could assist in facilitating these expansion plans.

Accordingly, at this stage, Adcorp does not envisage any further equity raises by the South African holding company which are considered expensive at the current rating, have the impact of diluting existing shareholders and are potentially uncertain.

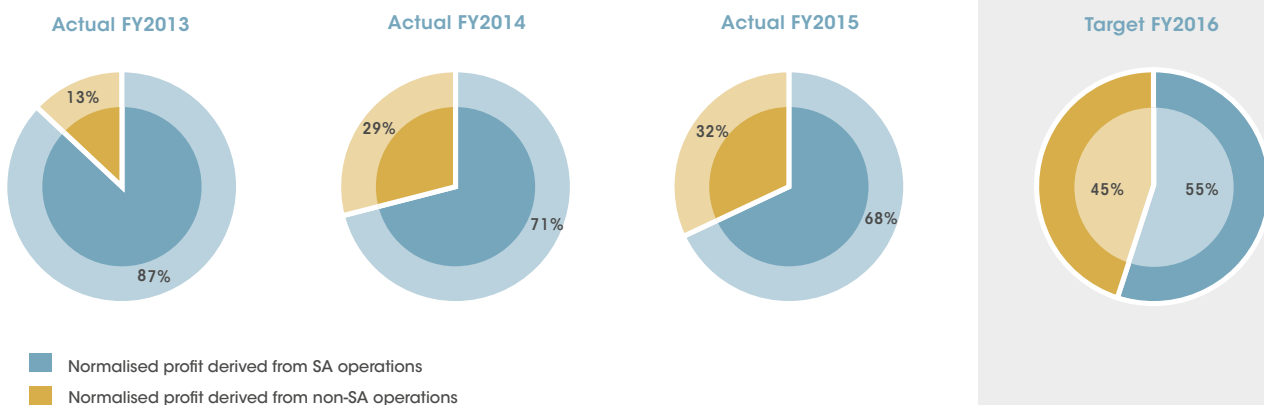
Changing profile

Adcorp's international expansion and extension of product and service lines in accordance with the strategy described above have resulted in a substantial change to the earnings profile of the Group in terms of where it derives its earnings from, as well as from the perspective of the Group's overall exposure to the South African labour broking market as defined.

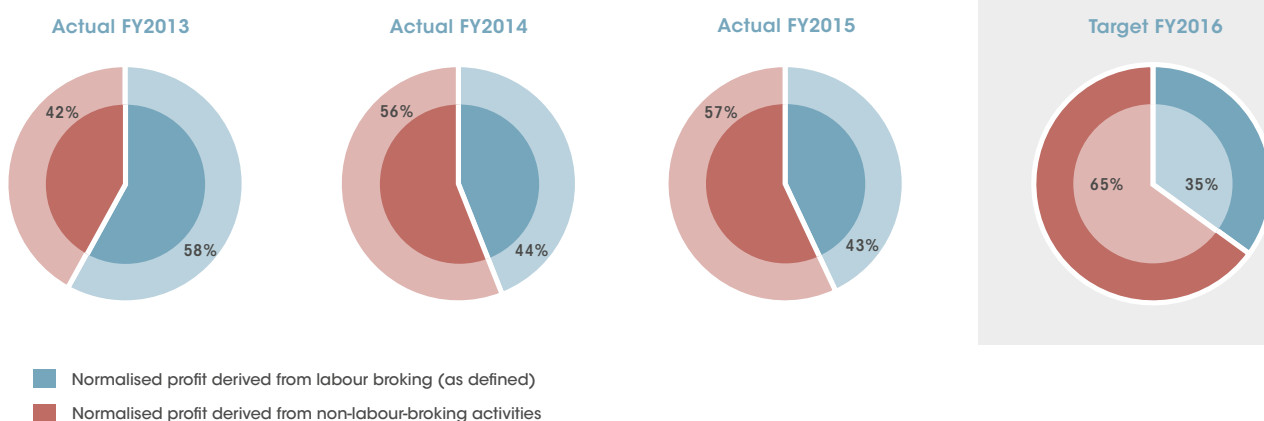
Chief Executive Officer's report continued

This changing profile of the Group is depicted in the graphs below:

Group's geographic mix



Labour-broking mix



As can be seen, the Group is now far better positioned and diversified than ever in the past.

Corporate activity

Kelly Group

During the year and as previously reported to shareholders, Adcorp acquired Kelly Group Limited for a total purchase consideration of R248 million.

The company was subsequently delisted from the JSE Limited and was consolidated with the Group's results with effect from 1 December 2014.

Management's focus is now on the integration of the operations of Kelly with those of Adcorp. In this regard, a project team has been established to ensure that this

integration happens systematically, professionally and delivers the best possible business outcome.

It is anticipated that this integration project will be completed by the end of August 2015.

Kelly is a long-established and recognised brand in the South African staffing industry, has a prestigious client base and an extensive candidate database. In addition, it is well-positioned in certain important market sectors complementary to those of the rest of the Adcorp Group and, as such, is a strategically important addition to the Group.

APBA

As recently announced, Adcorp has entered into a strategic partnership with Singapore-based APBA Pte Limited (APBA).

Invested across a number of Asian countries, including Singapore, Hong Kong, China, Taiwan and Japan, APBA offers comprehensive services in recruitment, human resource consulting, payroll outsourcing, as well as various outsourced human resource functions.

In terms of this strategic partnership, Adcorp will have a financial involvement with APBA that will assist in accelerating the growth of its business in the region and also includes the possible future participation by Adcorp in the equity of that business.

The strategic tie-up with APBA provides cross-selling and information-sharing opportunities and, importantly, also enables Adcorp to offer clients unique solutions across Africa, the Asia-Pacific region and the Middle East in a number of important industry sectors, such as oil and gas, healthcare, infrastructure, hospitality, ICT, telecoms and manufacturing.

Dare

Subsequent to the financial year-end and, as recently announced, Adcorp has acquired specialist Australian oil and gas recruiter, Dare Holdings Proprietary Limited (Dare), for an estimated AU\$30 million dependent on the future earnings achieved by that business.

Established in 1988, the business is a provider of qualified and experienced engineering and technical skills on a contract and permanent basis to local and international clients in the oil and gas sector, based in Perth and focusing primarily on the Western Australian market.

Dare is extremely well positioned in the Australian market, has exposure to a fundamental industry sector of the Australian economy, has a well-established and experienced management team, long-standing global customer relationships, a stable track record of financial growth and strong cash-generative characteristics.

The acquisition has been funded out of increased debt facilities extended by the Group's Asia-Pacific banking partners, Westpac Banking Corporation, as well as by the Group's existing and future cash flows generated in Australia.

The acquisition provides a platform for expansion of Dare into Africa, the Asia-Pacific region and the Middle East on the back of its established global customer relationships as well as in collaboration with Adcorp's existing African operations and recently established Asian presence. There are also opportunities to expand the business to the Australian East Coast market as well as into the blue-collar oil and gas skills space in conjunction with fellow subsidiary, LSA.

The inclusion of Dare as part of the greater Adcorp Group is another big step forward in realising the strategic objective of becoming a player of consequence focused primarily on Africa, the Asia-Pacific region and the Middle East.

General

As previously reported, the Group has invested in creating a cost-effective and efficient shared service capability with the ability to service the Group's operations on the same backoffice platform anywhere in the world.

To this end, where practical, transactional processes and procedures have been optimised in line with global best practices, have been standardised across the Group and have been automated in conjunction with an upgrade of the Group's ERP system to the latest version of Microsoft Dynamics AX.

In addition, the Group has established a shared service centre, much of which has been outsourced and off-shored to Indian service provider, Genpact.

After some initial teething challenges, this backoffice architecture has settled down well and is starting to deliver with regard to economies of scale, cost control, operational efficiencies, cash management, procurement, enhanced corporate governance, better accounting and internal controls and now offers the Group a compelling strategic advantage.

Human resources

Being a people-intensive business, the need for sound human resource policies and procedures is of paramount importance.

The key focus of this function is around the attraction and retention of top talent in the Group.

In this regard, the Adcorp Group remains committed to upholding a best-practice human resource management approach ensuring that the management of human resources is effective, efficient and that there is fair treatment of all employees.

In terms of this best-practice approach, particular emphasis is given to the following areas:

- Recruitment practices.
- Retention policies and programmes.
- Succession planning.
- Performance management.
- Training and development.
- Employment equity and affirmative action.
- Labour relations.

Chief Executive Officer's report **continued**

In addition, the Group human resources function is the custodian of the Group's social investment activities which are primarily focused on the development of human potential by way of extending a bursary scheme to disadvantaged individuals and communities as well as on the support of vegetable garden projects in disadvantaged communities. Additionally, the Group actively supports various charitable organisations.

Outlook and prospects

Generally, employment prospects in South Africa remain relatively stagnant in line with sluggish economic growth.

Against this background, the recently revised South African labour laws appear to have resulted in ambiguity as employers grapple with their interpretation of these laws as well as with appropriately compliant staffing models.

Despite this, volume gains are possible due to the likely prospect of market share gains for the bigger, more established and reputable providers, such as Adcorp, in what is now a far more complex labour environment.

Also favouring the Group is the accelerated adoption by clients of more sophisticated procurement models which strongly favours a business such as Adcorp.

Overall, however, it is likely that the new laws will impact volumes negatively in South Africa in the short term, particularly with regard to the white-collar contracting business where certain clients have indicated their preference away from contract workers in favour of permanent hires.

Accordingly, management is focused on minimising the profit effect of these anticipated volume declines by reducing related operating costs in order to rightsize those operations likely to be affected by reduced volumes.

With some exceptions, the Group's South African blue-collar, professional services, BPO, training and financial services businesses are generally expected to be relatively unaffected by the recent changes to labour laws and are well positioned for growth.

The Australian operations of LSA, Paxus and recently acquired Dare, are all positioned to perform well, as are the Group's African operations and Indian associate company, Nihilent.

The cross-selling opportunities that exist in the Group, present tangible opportunities for growth and position the Group uniquely to service multinational clients across

Africa, the Asia-Pacific regions and the Middle East. In this regard, management has established Group-wide centres of excellence focused in key industry verticals, including oil and gas, healthcare, infrastructure, hospitality, ICT, telecoms and manufacturing, in order to explore these multinational selling opportunities.

The Group's backoffice architecture provides a solid platform from which to reap cost and operational efficiencies and also offers a unique opportunity to extract efficiencies from future acquisitions.

The international strategy, as described, holds significant promise. Much traction has been gained in a relatively short time frame. This includes the establishment of a Singapore office, the acquisition of Dare, the funding of this acquisition purely from external sources of capital raised in that jurisdiction, the entering into of a strategic partnership with Singapore-based APBA as well as the progress made to date in simplifying the holding structure of the Group's non-South African assets.

These initiatives and the traction gained to date all bode well for the prospect of listing the Group's non-South African assets possibly in Singapore in 2018, which would remain a subsidiary of the existing Adcorp Group. This has the potential for a value uplift in line with international market ratings of similar such assets and, as such, has the flow-through potential to benefit existing Adcorp shareholders accordingly.

Management's attention remains focused on progressing the Group's international strategy, integrating the operations of Kelly, bedding down the Dare acquisition, promoting inter-Group cross-selling opportunities, further enhancing cost and operational efficiencies, minimising the negative volume impact of the revised South African labour laws, ensuring compliance with the new South African BBBEE Codes of Good Practice, further enhancing cash collections and optimising margin management.

While the Group certainly faces some challenges in the South African market related mainly to the recent changes to labour legislation, a stagnant labour market and sluggish economic growth, the bold strategic initiatives put in place by management over the past years in response to these impending challenges and in an effort to mitigate any associated downside and to capitalise on related opportunities are now paying off as are the benefits associated with the Group's now well-diversified geographic spread and service offerings.

This year, the Adcorp Group celebrates 40 years since coming into existence. The next few years should prove equally as exciting, eventful and rewarding for the Group as it works towards achieving its ambitious yet eminently attainable strategic goals.

Appreciation

As Adcorp's strength has always been its outstanding people, I would like to thank our loyal stakeholders, the directors, management and staff of the Adcorp Group for their valued contribution over the past financial period and look forward to their continued support in the future.



Richard Pike

Chief Executive Officer

14 July 2015

"...the Adcorp Group celebrates 40 years since coming into existence. The next few years should prove equally as exciting, eventful and rewarding for the Group as it works towards achieving its ambitious yet eminently attainable strategic goals."







OUR PERFORMANCE

Performance

Introduction

All organisations depend on various forms of capital (sometimes referred to as resources and relationships) for their success. These capitals are stores of value that, in one form or another, become inputs to an organisation's business model. They are increased, decreased or transformed through the activities and outputs of the organisation. For example, our financial capital increases when we make a profit and the quality of our human capital improves when we train our employees.

In this section of our report we provide you with information on our performance in terms of our financial, intellectual, human, social and natural capitals.

This is the second year that we have begun using the International Integrated Reporting Committee's (IIRC) Framework, which was released in its final form in December 2013, to guide the structuring of the content of our report.



Financial capital – page 43

- Chief Financial Officer's report – page 44
- Wealth creation – page 53



Intellectual capital – page 55



Human capital – page 59



Social capital – page 69



Natural capital – page 73

FINANCIAL CAPITAL

CELEBRATING 40 YEARS IN BUSINESS - SINCE 1975



ACHIEVEMENTS

- Revenue increase
- EBITDA margin increase
- Profit growth
- Annual dividend of 148 cps
- Successful issuance of debt instruments in challenged credit market
- Kelly acquisition executed



IMPROVEMENTS

- Debtors days
- Cash conversion ratio
- Shared service centre delivery
- Expense ratio
- Gearing ratio



CHALLENGES

- Collection environment
- Pricing pressure



DISAPPOINTMENTS

- Lower learnership volumes
- Debtors collections in Rest of Africa portfolio

CHIEF FINANCIAL OFFICER'S REPORT

ANTHONY SHER



Financial capital

Statement of consolidated normalised earnings*

for the year ended 28 February 2015

	Pro forma Year to 28 Feb 2015 R'000	Pro forma Year to 28 Feb 2014 R'000	% change
Revenue	13 322 398	11 802 415	13
Cost of sales	(11 126 945)	(9 891 844)	(12)
Gross profit	2 195 453	1 910 571	15
Other income	101 895	81 603	25
Administrative marketing, selling and operating expenses	(1 842 361)	(1 690 301)	(9)
Operating profit	454 987	301 873	51
Adjusted for:			
Depreciation	32 815	28 596	15
Amortisation of intangible assets	80 815	65 630	8
Amortisation of intangible assets – acquired in a business combination	61 083	47 795	28
Amortisation of intangible assets – other than those acquired in a business combination	19 732	17 835	11
Share-based payments	80 724	143 945	(44)
Share-based payment expense	64 801	57 140	13
2013 BBBEE deal – IFRS 2 one-off, non-cash flow, share-based payment expense	-	86 805	-
Revaluation of share-based liability	15 923	-	-
Lease-smoothing	322	561	(42)
Establishment and transaction costs**	18 805	3 776	-
Normalised EBITDA (excluding share-based payments, lease-smoothing, establishment and transaction costs)	668 468	544 381	23
Adjusted for:			
Depreciation	(32 815)	(28 596)	(15)
Amortisation of intangibles other than those acquired in a business combination	(19 732)	(17 835)	(11)
Normalised operating profit	615 921	497 950	24
Net interest paid	(90 816)	(68 443)	(33)
Normalised profit before taxation	525 105	429 507	22
Normalised taxation	(103 471)	(107 168)	(3)
Normalised profit for the year	421 634	322 339	31
Share of profits from associates	29 778	33 718	(12)
Non-controlling interest	342	2 515	-
Total normalised profit for the year	451 754	358 572	26
Normalised earnings per share – cents	436.8	384.3	14
Diluted normalised earnings per share – cents	411.5	359.9	14
Weighted average number of shares – 000's	103 415	93 299	11
Diluted weighted average number of shares – 000's	109 788	99 723	10

* The pro forma financial information, as shown in the statement of normalised earnings, should be read in conjunction with the unqualified Deloitte & Touche independent reporting accountants' report thereon, issued on 26 May 2015, which is available for inspection at Adcorp's registered office.

** Normalised earnings is defined as operating profit adjusted for depreciation, amortisation of intangibles, share-based payments, lease-smoothing, business establishment and one-off transaction costs relating to acquisitions. Establishment and transaction costs relate to the formation of the Singapore office and the acquisition of Kelly Group Limited.

Adcorp Holdings Limited is listed in the business training and employment agencies sector of the JSE Limited. The consolidated figures in this report include the results produced by the operating units in the statutory entities within the Group, as described on page 115 (directors' report).

Basis of preparation

The annual financial statements relate to the Adcorp Group of companies. In order to provide a better understanding of the Group's results they have been provided on a segmental basis.

The segments into which the Group has been divided are:

- I. GROUP CENTRAL – Those segments that have not been aggregated with the other identified reportable segments. These include the items of income and expenditure related to Adcorp Holdings Limited, Group marketing, Group services, shared services and the central head office and treasury activities.
- II. TRADITIONAL STAFFING and CONTRACTING BUSINESS (incorporating flexible and permanent staffing and professional services) – Includes blue-collar flexible-staffing services (including nursing), white-collar flexible-staffing services, permanent recruitment services and professional services.
- III. NEW GENERATION BUSINESS (incorporating business process outsourcing (BPO), training, financial services and emergent business) – This segment includes value-added services within the BPO segment, training, the provision of financial service products and technology-enabling products and services.

The segmental analysis described above is not necessarily based on the results per statutory entity, but rather on a functional split of the activities within Adcorp. The detailed segment report appears on page 124.

Accounting policies applied

The accounting policies applied are in accordance with International Financial Reporting Standards (IFRS), as well as the South African Companies Act, No 71 of 2008, and are consistent with the accounting policies applied in the previous year.

Review of Group results

The Group's primary measure of performance is normalised profit. This is represented by operating profit adjusted for the IFRS adjustments of amortisation of intangibles arising on business combinations, share-based payments, lease-smoothing, business establishment and one-off transaction costs relating to acquisitions. In addition to infrastructure establishment

costs, the specific non-recurring transaction costs incurred pursuant to the acquisition of Kelly Group Limited (Kelly) have been, like that of the acquisition of Labour Solutions Australia (LSA) in the prior year, separately identified in the determination of the current and previous year's normalised profits. The statement referred to on page 45 sets out the normalised profit for the year ended 28 February 2015, as well as the comparative year.

Normalised earnings for the year of 436,8 cents per share (FY2014: 384,3 cents per share) were 14% ahead of the comparative period as a result of increased contributions from the blue- and white-collar businesses, the first full-year inclusion of the Australian business LSA and the three-month inclusion of Kelly. Gross profit margins improved to 16,5% from 16,2% due mainly to changes in the business mix. Normalised EBITDA margins improved to 5,0% (FY2014: 4,6%). The Group's organic normalised EBITDA margin, exclusive of the contribution from Kelly and LSA, was 5,5% (2014: 5,1%). Operating cost control remained robust as evidenced by an improvement in the expense ratio (operating cost to revenue) to 13,9% (FY2014: 14,3%).

Our blue-collar flexible-staffing businesses, Capacity, Capital Outsourcing Group and Staff U Need, performed particularly well with normalised EBITDA attributable to these businesses being 16% higher year-on-year.

The blue-collar growth was a combination of strong organic market share growth, coupled with the first-time inclusion of the LSA acquisition. Like-for-like year-on-year EBITDA growth for the blue-collar segment totalled 17%.

The core white-collar flexible-staffing and permanent recruiting businesses performed excellently despite very challenging operating conditions coupled to being boosted by the first-time inclusion of Kelly.

Our professional services (formerly referred to as independent contracting) segment's performance was satisfactory and in line with management's expectations.

The operating performance by FMS Marketing Solutions (FMS), the Group's main exposure to the BPO sector, was admirable given the continuing pricing challenges within its niche area of activities. Our training business, Production Management Institute of SA (PMI), delivered a credible improved contribution despite ongoing difficulties in its industry. Our financial services division continued to deliver a sound performance.

Our emergent business segment's performance improved significantly year-on-year. While still loss-making, progress was achieved in establishing the various business models. The rollout of the MSP solution across several clients is gratifying and augurs well for future periods.

Statement of financial position

In a continuous complex and challenging operating environment, the Group's financial position continued to trend stronger as a result of growth in the level of business activity and good working capital management. As a direct consequence of its financial strength, the Group was able to implement its debt restructure in South Africa (refer to section on page 49 headed "Capital structure and gearing"). Building on a sound two-year credit rating history, the Group was able to successfully raise additional debt funding despite severe disturbances to credit markets and widening credit spreads. Following from a successful book-build exercise, the Group was able to execute the acquisition of Kelly using a combination of an issue of 6,7 million new ordinary shares and the utilisation of its own cash resources. The net interest expense of R90,8 million increased by 33% compared to the prior year, due to the higher levels of gross interest-bearing liabilities attributable to higher level of business and the inclusion of the debt structure of Kelly. A more detailed discussion of the Group's debt instruments appears under "Capital structure and gearing" on page 49.

"In a continuous complex and challenging operating environment, the Group's financial position continued to trend stronger as a result of growth in the level of business activity and good working capital management."



Acquisition of Kelly

The acquisition of Kelly followed the successful acquisition of LSA in the prior year. The R248 million transaction was undertaken to diversify the Group's revenue streams and to achieve greater scale within the MSP product offering. The transaction was closed in November 2014 and the normalised earnings performance for the three-month period, 1 December 2014 to February 2015, was in line with management's expectations. Management's attention is focused on achieving a successful integration of Kelly within the broader Group platform.

Other less significant transactions were also undertaken during the period under review and these are disclosed on page 171.

Accounts receivable management

Accounts receivable collection remains a critical part of the business and an ongoing daily focus area for management. The level of cash collections underpins the ability of the Group to meet payroll obligations and service debt obligations. Cash management is a high priority and, in this regard, days settlement outstanding (DSO) totalled 47 days (FY2014: 48 days). The year-on-year improvement, while still in excess of the Group's targeted level, is in the context a continuous challenging collections environment. Excluding Kelly, the Group DSO would have totalled 46 days. The ageing of the accounts receivable book remains very well managed with 88% (2014: 91%) of total trade receivables outstanding not exceeding 60 days outstanding. The older than 90 days aged bucket excluding Kelly averaged 8,4% (2014: 6,9%) of total receivables book over the year under review. Provision for bad debts remains at appropriate levels and the incurrence of bad debts written off is within management's expectations.

Cash generation

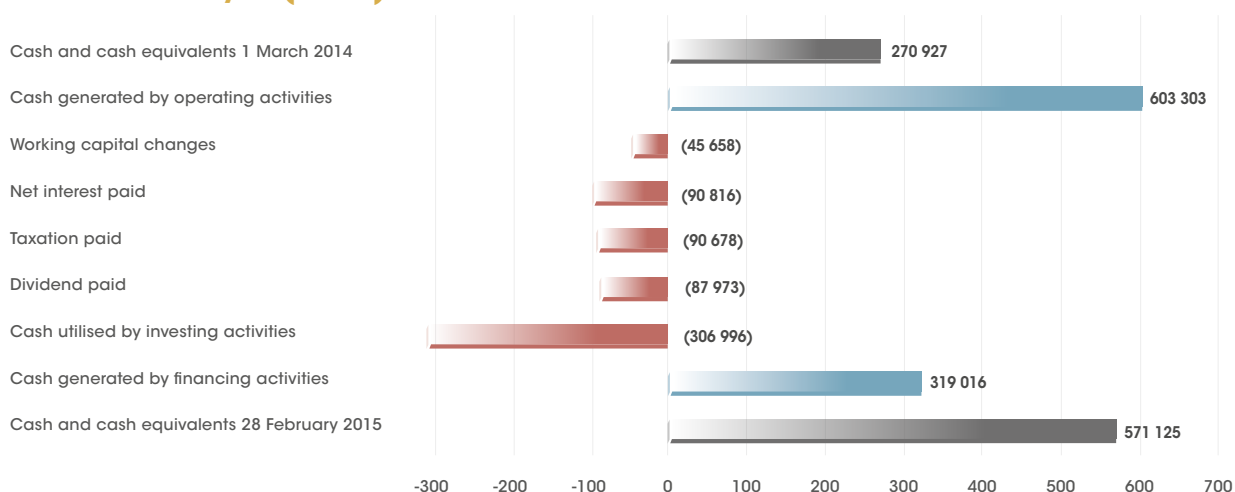
The mantra of the Group continues to be predicated on the cash-generating potential of the underlying operating entities. As such, a cash conversion target of 80% is the stated management objective. In this regard, albeit that the prior year was disappointingly low, the Group outperformed its target whereby 91% (FY2014: 48%) of normalised operating profit was converted into cash.

Cash generated from operations before working capital increased by 13% (2014: 32%) to R603 million due to the higher level of pre-tax profitability year-on-year and higher aggregate non-cash flow and other adjustments. Management of working capital resulted in R46 million being consumed compared to the R298 million consumed in the previous year. This improvement was achieved through our credit team's excellent management of the collections cycle especially in the second half of the year, despite the effect of the inclusion of Kelly, which negatively impacted working capital for the first three-month period of recognition. Subsequent to the year-end, the working capital position remained at good levels, while the Kelly position has begun to improve.

Overall cash generated by operations totalled R558 million when compared to R238 million of the prior year. During the current year, the Group incurred a 33% increase in net finance charges, mainly as a result of higher levels of business activity coupled to higher prevailing interest rates. A detailed cash flow statement appears on page 126.

In light of the improved cash generation and strengthened financial position, the board declared a final cash dividend as described in detail below.

Cash flow analysis (R'000)



Capital structure and gearing

The Group's capital structure utilises a combination of equity and debt to achieve financial stability and flexibility. When measured against the long-term gearing target of 30%, the Group was able to achieve a gearing ratio of 28%. This was as a result of the normalisation from the high base of 37% in the prior year as well as the improved management of the cash-to-cash cycle. Management believes that the Group's operations can support a level of gearing without introducing excessive financial risk. Consistent with what was previously reported and as shown in the table below, the directors believe that an optimal mix between committed long-term and short-term borrowing facilities remains at least two-thirds as to one-third.

During the year under review, the Group undertook a South Africa debt restructure whereby inefficient preference share debt was early redeemed from internally generated cash resources. Additionally, the Group successfully issued several secured and unsecured notes under its registered domestic medium-term note (DMTN) programme. The Group continues to utilise several debt instruments with varying loan denominations and

durations to fund its ongoing operations. Both in South Africa and Australia, debt covenant reporting is formally done on a monthly basis. In this regard, over each such measurement months and in both geographies, the Group remained fully compliant with all covenants. The Group has adequate headroom in all its covenants.

The strong financial position of the Group resulted in the ability to execute the Kelly acquisition using a combination of equity issued and own cash resources. Consistent with Group treasury strategy, the Australian operations are funded in Australia by a major Australian bank and this has resulted in a favourable credit history being earned. In this regard, increased Australian Dollar-denominated facilities have been extended to the Group to fund additional activities in the Asia-Pacific region.

As a consequence of the multijurisdictional intricate working capital cycle, the period-end statement of financial position tends to result in a fluctuating level of the Group's average net cash or overdraft position during the year. As at 28 February 2015, there was R571 million net cash on hand (2014: R271 million), which is deemed necessary to fund the cash-to-cash cycle requirements of the Group.

A summary of the consolidated interest-bearing liabilities in respect of the year under review is as follows:

	Notes to financial statements	Year ended 28 Feb 2015 R'000	Year ended 28 Feb 2014 R'000
Net gearing (%)		28	37
Net bank balances	50	(571 125)	(270 927)
Other non-current liabilities	21	1 210	2 106
Long-term loan	22	859 417	723 754
Redeemable preference shares	23	-	40 000
Obligations under finance lease	24	2 448	1 709
Current portion of other non-current liabilities	24	12 077	10 635
Current portion of redeemable preference shares	23	-	30 403
Short-term loans	22	398 463	239 922
Total interest-bearing liabilities (gross of net cash set off)		1 273 615	1 048 529
Total long-term debt (%)		68	73
Total short-term debt (%)		32	27
Total*		100	100

* Aggregate of all long-term and short-term interest-bearing liabilities gross of net bank balances as a percentage of total interest-bearing liabilities.

Financial capital continued

Six-year review

The six-year review of key financial indicators is set out on page 108.

Financial targeting

Strategically, the Group adopted a philosophy of financial targeting in the 2002 financial year. Management has continually and consistently applied these metrics when assessing the overall performance of the Group.

The key financial return criterion is return on assets managed (ROAM), which is benchmarked against a target to ensure the achievement of superior financial returns to shareholders well in excess of the firm's weighted average cost of capital (WACC). The WACC, in turn, is

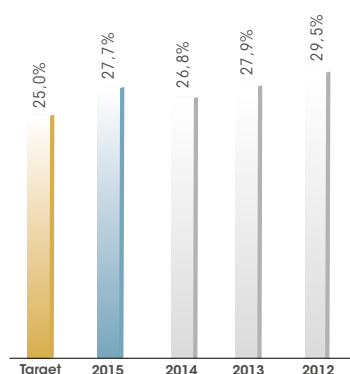
calculated with reference to an optimal capital structure introducing an ideal mix of debt and equity, as reflected by the Group's gearing target.

In regard to the above, the Group produced a ROAM of 27,7% versus a target of 25%. In achieving this result, the return on sales (ROS) or operating margin achieved was 4,8% versus a target of 4,5%, while the asset turnover (ATO) ratio was 5,8 times compared to the target of 5,6 times.

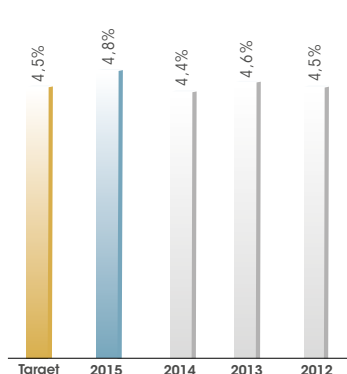
In terms of gearing, the Group's year-end gearing level was 28% versus a long-term target gearing level of 30%.

The performance of the Group against stated financial targets for the current and prior financial years appears in the graphs below:

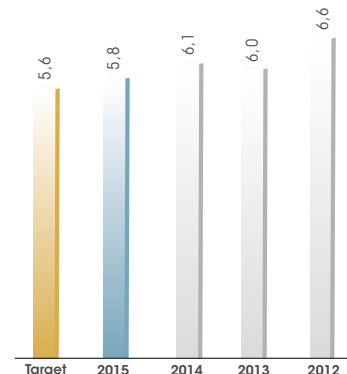
Return on assets managed (ROAM) (%)



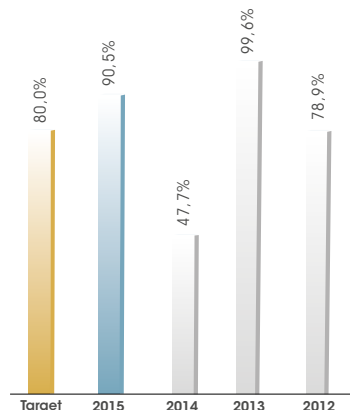
Return on sales (ROS) (%)



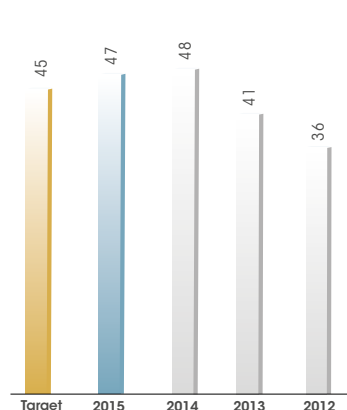
Asset turnover (ATO) (times)



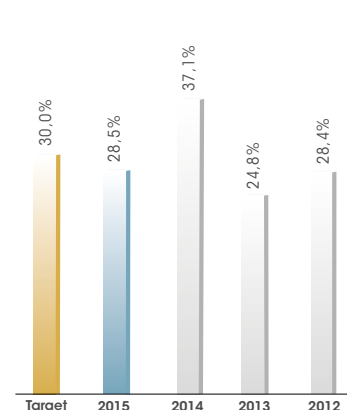
Cash conversion ratio (%)



Day settlement outstanding (DSO) (days)



Gearing level (%)



Dividend payment

The Group has declared a final dividend of 88 cents per share (2014 final dividend: scrip distribution with cash election of 80 cents per share).

When considered with the interim dividend declared of 60 cents per share (2014: 60 cents per share) the total dividends for the year under review totalled 148 cents per share (2014: 140 cents per share). The total dividend payout has remained relatively consistent over the past three financial years, which supports the Group strategic intent of exceeding shareholder return requirements.

In determining the appropriate level of aggregate dividend, the directors have considered the requirement to be compliant with debt covenants in South Africa and Australia and what would sustainably allow the Group to fund its working capital in its various operational geographies. After careful consideration of the cash-generative characteristics of the Group and the current debt levels, the directors believe it to be prudent that the dividend payout ratio is 3,0 (2013: 2,7) times relative to normalised earnings.

A summary of dividends declared in respect of the current and prior years is as follows:

	Year to Feb 2015	Year to Feb 2014	Year to Feb 2013
Total dividends (cents per share)	148	140	140
Interim dividend (cents per share)	60	60	60
Final dividend (cents per share)	88	80*	80

* Based on cash election alternative in respect of 2014 financial year.

Corporate activity

During the period under review, the Group undertook the acquisitions of Kelly and other minor transactions, inter alia the acquisition of the balance 47,5% share in Klatrade 2007 Proprietary Limited and the balance 55% in Sizano Staffing Services Proprietary Limited. Save for Kelly, all other transactions were funded out of working capital and their contribution to Group performance is considered immaterial.

Further disclosure of these transactions appears on page 167.

Taxation

South African corporate income tax has been provided for at 28% (2014: 28%).

The Group's overall normalised effective tax rate decreased to 20% (FY2014: 25%). This is as a result of a reversal of a tax provision no longer required in Australia coupled to tax deductions claimed in respect of registered learnerships in compliance with the Income Tax Act, albeit at lower levels than the previous year.

The Group continues to apply a conservative approach with regard to our tax. We are unconcerned about any specific item of historical tax, but there remains the uncertainty that material adjustments arising from potentially unfavourable tax assessments of previous years, some of which have not yet been assessed by

SARS and other tax authorities in Africa and Australia, could impact future tax charges.

A detailed reconciliation of the actual tax for the year appears on page 156.

Going-concern assertion

The board has formally considered the going-concern assertion for Adcorp and its subsidiaries and believes that it is appropriate for the forthcoming financial year. The going-concern assertion can be found in the directors' report on page 119.

Subsequent events

Subsequent to the closure of the financial year ending 28 February 2015 and prior to the approval of this report, namely 14 July 2015, the following transactions took place.

As announced on SENS on 7 May 2015, the Group unconditionally acquired 100% of the issued shares in Dare Holdings Proprietary Limited (Dare), a company registered in Australia, for an estimated consideration of AUD30,0 million dependent on future earnings.

Effective 1 March 2015, the Group increased its investment in Funds 3000 Proprietary Limited to 100% by acquiring the 70% it did not already own.

Further disclosure of these transactions appear on page 171.

Financial capital continued

The year ahead

The new year is proving to be exciting and full of opportunities as we continue to take steps to implement our strategic priorities and tackle our challenges. Our focus is on, inter alia: integrating Kelly, reducing the operating cost burden, achieving efficiencies from our share service centre, managing the cash-to-cash cycle, optimising our capital structure and expanding our footprint in the Asia-Pacific and Africa regions.

Our goal is to remain a client service, solution-orientated and rightsized organisation. We will strive to optimise the performance of our portfolio of businesses, while continually being on the lookout for new acquisitive opportunities.

We believe that we have all the necessary attributes and credentials to achieve our strategic goals. We remain optimistic about the year ahead notwithstanding the challenges we may face.

Appreciation

The contribution and efforts of the broader finance teams at operating level, shared service level and the corporate office was outstanding. I salute the dedication and sacrifice made by my colleagues at all levels. Each individual contribution is not capable of specific mention, but in aggregate the performances of the respective teams were superlative. On behalf of the board, I express deep appreciation for their continued commitment to their own high standards and work ethic.



Anthony Sher
Chief Financial Officer

14 July 2015



CELEBRATING 40 YEARS IN BUSINESS – SINCE 1975

WEALTH CREATION



ACHIEVEMENTS

- Increased value distributed to both temporary and permanent employees
- Successful integration of Australian business LSA
- Empowering people with jobs



IMPROVEMENTS

- Increased year-on-year value creation
- Growth in revenue from operations



CHALLENGES

- Backlog in education and training in South Africa
- Stagnant economic growth in IT contracting in Australia



DISAPPOINTMENTS

- Ongoing unemployment levels in South Africa
- Repatriation of funds from Rest of Africa

Wealth creation

Adcorp plays an active role in the South African labour market. Through our thought leadership in the media and other forums, we encourage debate around initiatives that will ensure the long-term growth of employment, such as judicious legislative and regulatory reform.

Through our close relationships with official labour market institutions, such as the National Economic Development and Labour Council (NEDLAC), the Commission for Conciliation, Mediation and Arbitration (CCMA) and the Employment Conditions Commission (ECC), we support labour market restructuring that will bring about job creation on a scale that will address South Africa's formal sector unemployment problems.

Adcorp supports its clients in achieving fair labour practices, with initiatives ranging from industry-leading labour relations training for our on-site account managers to supporting our clients in bargaining councils, the CCMA and the Labour Court. Adcorp also supports those candidates who apply for work but who are not successful in being placed, such as career planning, curriculum vitae design and interview methods.

At Adcorp we take our role as a leading workforce management provider very seriously, and we only

undertake initiatives that enhance our brand with candidates, clients and our own employees.

Economic value-add

In FY2015, Adcorp's activities generated R12,7 billion in economic value-add. Adcorp contributes to the socio-economic environment in a variety of ways, including the payment of salaries and wages to a vast workforce, both permanent and temporary. Taxes paid by the Group accrue to the State and are distributed into the greater socio-economic environment. We are a significant procurer of goods and services given our scale of activities and we aim to procure from local sources wherever possible.

As Africa's leading provider of workforce management, Adcorp contributes directly to the economy by assisting and empowering people with jobs and the ability to earn salaries and wages. Through skills development programmes Adcorp has benefited broader society by providing individuals with an ability to make an entrance into the world of work. We aim to uplift communities by hiring locally and we maintain a diversity of cultures within our organisation, so strengthening our competitive positioning. Thus the Group makes an important contribution to the economic wellbeing of individuals, and ultimately the economy as a whole.

Value added statement*

for the year ended 28 February 2015

The measure of the value created by the Group is the amount of value added by its diverse activities to the costs of sales, products and services purchased.

The statement below shows the total economic value created and how it was distributed:

	2015		2014	
	R'000	%	R'000	%
Revenue from operations	13 322 398		11 802 415	
Paid to suppliers**	(646 379)		(618 942)	
Value added	12 676 019		11 183 473	
Income from investments	42 314		43 599	
Interest received	12 536		9 881	
Share of associate income	29 778		33 718	
Total value created	12 718 333		11 227 072	
Value distribution				
Employees	12 035 368	94,6	10 610 251	94,5
– Temporary staff	6 677 273		5 946 902	
– Independent contractors	4 190 355		3 603 053	
– Permanent staff (including directors)	1 167 740		1 060 296	
Capital providers	191 323	1,5	211 192	1,9
Interest paid	103 352		78 324	
Dividends to shareholders	87 971		132 868	
Central and local government	102 908	0,8	137 848	1,2
Company taxation	90 678		125 790	
Rates, taxes, licences and levies	3 415		3 943	
Skills development levy	8 815		8 115	
Corporate Social Investment	6 102	0,1	3 430	0,0
Education and training	11 317	0,1	8 205	0,1
Re-invested in the Group to maintain and develop operations	371 315	2,9	256 145	2,3
Depreciation and amortisation	113 630		94 226	
Income retained (profit for year)	244 202		162 504	
Deferred taxation	13 483		(585)	
	12 718 333	100	11 227 072	100
Value-added ratios				
Number of employees	4 222		2 936	
Revenue per employee (Rand)	3 155		4 020	
Value created per employee (Rand)	3 012		3 824	
Corporate Social Investment – % of profit after tax (Group basis)	2,5		2,1	

* Assured by Gilden Assurance.

** Amounts attributable to foreign temporary staff and independent contractors have been reflected under value distributed to enhance disclosure.



INTELLECTUAL CAPITAL

CELEBRATING 40 YEARS IN BUSINESS – SINCE 1975



ACHIEVEMENTS

- Certainty of labour law legislation in South Africa
- Organic and inorganic growth in headcount placements
- New training and development programmes introduced
- Advanced workforce analytics



IMPROVEMENTS

- Sophistication and size becoming a competitive advantage
- Continuous innovation and diversification



CHALLENGES

- Client response to labour law legislation in South Africa



DISAPPOINTMENTS

- Depressed economic conditions
- Lack of skills to fill vacancies

Intellectual capital

In a knowledge economy, a growing proportion of a company's market value comes from its intellectual capital – or what might better be termed 'organisational uniqueness'.



Adcorp, as a **THOUGHT LEADER** in the employment services industry, is recognised as an authority whose expertise is often sought out as pre-eminent in its field.



As an **INNOVATOR** in the human capital domain, Adcorp continually introduces new ideas, methods and services to advance the acquisition, development, productivity and retention of scarce and valuable talent.



As an **EARLY ADOPTER**, Adcorp is on the cutting edge of adoption and diffusion of human capital innovations around the world.



Adcorp's most sizeable intellectual capital relates to the cumulative **65 MILLION WORKER-HOURS OF HUMAN CAPITAL EXPERTISE** developed in the Group's home market, **SOUTH AFRICA**.

The global economy is experiencing its seventh consecutive year of depressed economic conditions, with the result that operating margins have come under pressure around the world. Countering this trend requires constant innovation throughout the human capital value chain.

In the review period, 4,7 million South Africans could not find work in the formal economy, while the economy had nearly 1 million vacancies that could be filled immediately if only the skills were available. By placing 174 000 people into jobs a year, and by screening more than 1,5 million job applicants a year, Adcorp is by far the country's leading source of job opportunities.

Without the Group's innovative and highly specialised technology platforms and shared service infrastructure, operating effectively and profitably on such a scale would be impossible. The unique ability to conduct business efficiently at scale is behind Adcorp's effective integration of strategic acquisitions in South Africa and around the world. To give just one example, management of debtors where there are in excess of 1 400 clients would be impossible if systems and processes were not in place to keep a hawk's eye on payment terms.

Solving client problems with a solution-oriented approach is part of the reason for Adcorp's rapid growth across the

African continent, in countries ranging from Mozambique to Angola and Ghana. African countries' economic growth is expected to exceed that of other countries for the foreseeable future, related to improved political governance and rolling back economic restrictions. Many of Adcorp's clients have industry and country-specific custom skills development needs due to their highly specialised operating environments, acute continent-wide skills shortages and complex country-level regulations.

With 40 years' experience in supplying a range of resources to industries ranging from power generation to construction, and from financial services to nursing, our dedicated specialists are able to develop **TRAINING AND DEVELOPMENT PROGRAMMES** to accredit our clients as subject matter experts in such diverse fields as safety awareness, technical evaluations, pre-placement training, on-site training and continuous professional development, not only for our own workforce, but also for our clients and their subcontractors.

In one environment, Adcorp set up a six-week "live well, work well" training programme in northern Mozambique. We recruited fisherman and farmers and established mobile training centres in remote areas, bringing training to the individual and preparing them for their first work experience. In the past year, we trained 1 200 people with 99,4% attendance and 75% going on to obtain employment.



Doing the basics consistently well is a significant barrier to entry in an otherwise highly competitive landscape, with the result that payroll accuracy, on-site supervision, insightful client and management information, and legal and regulatory compliance are a source of ongoing innovation. Adcorp offers the most comprehensive systems to navigate the complex environment of people development, employment equity and black economic empowerment.



Intellectual capital **continued**

In order to assist companies who are facing immediate crippling skills shortages, Adcorp has some of the industry's leading subject matter experts in the field of **IMMIGRATION LAW** and has over the years developed effective working relationships with various governments. Adcorp's unique position in this area allows us to process in excess of 1 000 visa applications per year for expatriates seeking employment from source countries that include Thailand, South Korea, Australia, Trinidad and Tobago, the Netherlands, the Philippines, India and South Africa.

In a global context and part of the Group's commitment to '**DISRUPTIVE INNOVATIONS**', Adcorp is one of the world's leading developers of video interviewing software, whereby prospective employers can post job specifications online and the system matches candidates against the specification and invites candidates to apply. Employers review candidates and can shortlist them online, and the prospective employer can then create a questionnaire for shortlisted candidates to respond to on webcam.

Candidates can track their profiles to ascertain the skills and experience needed for them to progress from one job to another.

Adcorp has one of the most **ADVANCED WORKFORCE ANALYTICS** practices in the world. Cumulatively Adcorp has saved its clients R1,2 billion in staff costs through better workforce optimisation, including shifting, scheduling, productivity improvements, compensation design and data mining to predict client and candidate attrition. In an environment where clients are increasingly asking for objective rather than subjective measures of our performance, quantitative analytics have become vitally important in demonstrating the value added by the Group.

In terms of **ADVOCACY** for industry advancement, Adcorp is a founding member and leading participant

in local and international industry groups. Through participation in the global agency work group, Ciett, the International Confederation of Private Employment Sectors, and various national industry groups, such as the Confederation of Associations in the Private Employment Sector (CAPES), Adcorp is a leading proponent of fair and equitable legislation and regulations that promote decent work in the sector. Agency work is a topical item in South Africa, but it is also the best way for young people to enter the global workforce, and a balance needs to be struck between protections for vulnerable workers and the availability of jobs that can lead to better paying and meaningful long-term careers. Advances in client compliance, including audits done on clients' behalf to assess their compliance with labour laws and regulations, is a key part of Adcorp's commitment to **DECENT WORK**.

Because agency workers face severe difficulties in obtaining finance to build homes, buy cars and educate their children, Adcorp designed a world-leading set of financial products for staff on a 'pay-as-you-go' basis. Because of the itinerant and periodic nature of temporary work, with occasional gaps in service, our candidates are covered and in some months where they do not work they remain covered with no interruption of benefits. These **FINANCIAL PRODUCTS ARE A FIRST** in the global temporary work industry.

Intellectual capital is a real and bankable asset. It leads to higher profit margins, client retention, a strong value proposition for candidates and freedom of Adcorp's internal staff from trivial administrative work – allowing the Group to focus on what is valuable for its clients. In a knowledge economy, investments in intellectual capital are a business imperative.



CELEBRATING 40 YEARS IN BUSINESS – SINCE 1975

HUMAN CAPITAL



ACHIEVEMENTS

- Provider of decent work
- United in our diversity – balanced race and gender workforce
- Establishment of 11 disability academies
- Facilitator in the provision of specialist skills
- BBBEE level II rating maintained



IMPROVEMENTS

- Financial and wellness products extended across the Group



CHALLENGES

- Continent-wide skills shortages
- Compliance with far reaching amended labour legislation



DISAPPOINTMENTS

- Unfortunate administrative issues within the Services SETA impacting learnerships in SA

Human capital

Position the Group as a global provider of workforce management and business process outsourcing services, focused on emerging markets

Adcorp's EEA 10 Summary of Employment Equity Report for Public Companies

Adcorp's South African workforce is broken down as follows:

Occupational levels	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	6	0	1	27	7	0	2	10	0	2	55
Senior management	5	0	6	49	5	4	6	55	0	2	132
Professionally qualified and experienced specialists and mid-management	34	17	26	138	20	25	34	180	4	6	484
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	180	86	70	224	206	153	104	420	14	19	1 476
Semi-skilled and discretionary decision-making	475	85	32	75	476	169	48	170	9	6	1 545
Unskilled and defined decision-making	64	5	1	3	170	16	4	1	0	1	265
TOTAL PERMANENT	764	193	136	516	884	367	198	836	27	36	3 957
Temporary employees employed for less than three months	18 191	3 395	517	443	12 535	3 180	444	1 083	240	134	40 162
TOTAL	18 955	3 588	653	959	13 419	3 547	642	1 919	267	170	44 119
Note: With regard to temporary employees, in terms of equity regulations we are required to report on the number of temporary employees who have worked for a period of more than 24 hours but less than three months and this is indicated in the table above. For the interest of the reader, below please find a breakdown of all temporary employees, regardless of length of service.											
Temporary employees employed for less than three months	18 191	3 395	517	443	12 535	3 180	444	1 083	240	134	40 162
Temporary employees employed for more than three months	32 515	3 293	1 061	966	17 511	3 049	642	847	884	183	60 951
Total number of temporary employees as at 31 March 2015	50 706	6 688	1 578	1 409	30 046	6 229	1 086	1 930	1 124	317	101 113

Adcorp Group total managed workforce

Temporary contract workforce South Africa	101 113
Temporary contract workforce Rest of Africa	3 495
Temporary contract workforce Australia	1 685
Independent contract workforce South Africa	1 093
Independent contract workforce Australia	1 603
Adcorp Group total managed contract/temporary workforce	108 989
Permanent workforce South Africa	3 957
Permanent workforce Rest of Africa	127
Permanent workforce Australia	138
Adcorp Group total permanent workforce	4 222
Total workforce	113 211

Employment equity – South Africa

Permanent staff

for the 12 months ended 31 March 2015*

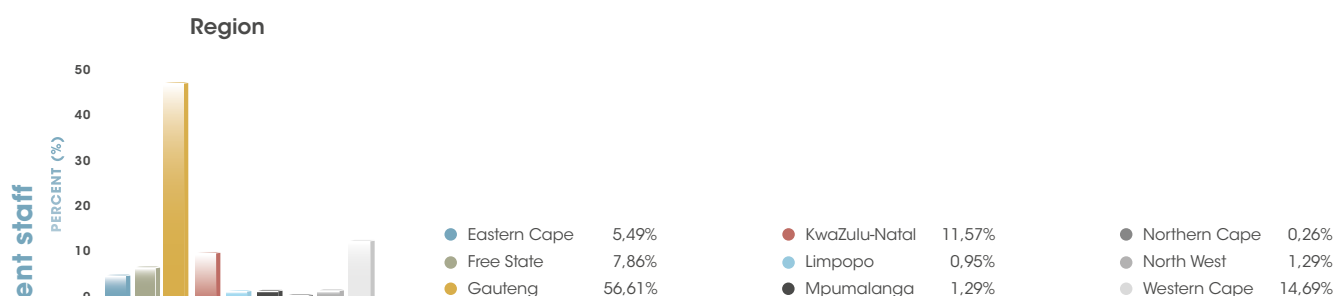
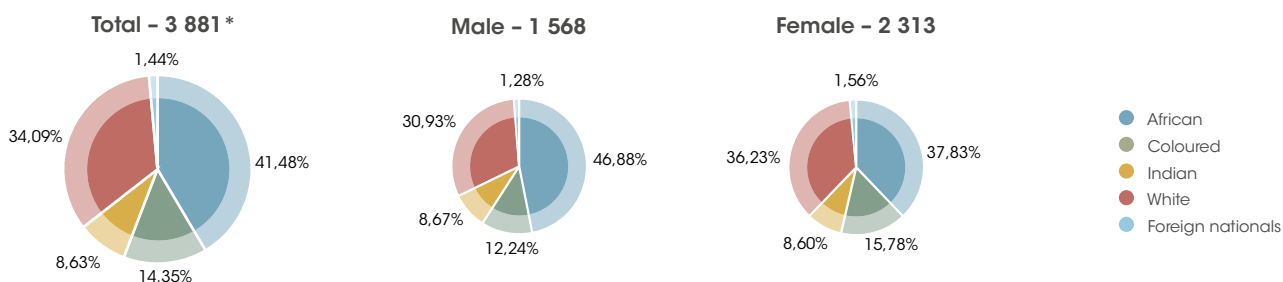
	2015	2014	2013	2012
Total workforce	3 957	2 936	2 832	2 740
Total employees with disabilities	170	150	223	67
Workforce profile				
Race and gender profile				
Non-designated group (includes foreign nationals)	579	438	441	396
White females	836	635	676	741
Black males	1 093	810	750	702
Black females	1 449	1 053	965	901
Occupational level profile				
Management (top, senior, middle and junior)	2 147	1 446	1 452	1 459
Non-management	1 810	1 490	1 380	1 281
Management profile by gender (top management, senior management, middle management, junior management)				
Females	1 260	869	861	955
Males	887	577	591	504
Management profile by race				
Black	997	658	632	627
White (includes foreign nationals)	1 150	788	820	832
Non-management profile by gender				
Females	1 061	856	812	713
Males	749	634	568	568
Non-management profile by race				
Black	1 545	1 205	1 083	976
White (includes foreign nationals)	265	285	297	305
Disability profile				
Management	20	13	11	10
Non-management	150	137	212	57
People with disabilities by gender				
Females	97	108	146	40
Males	73	42	77	27
Total employees before reporting cycle	2 936	2 832	2 740	2 282
Add: Recruits	2 318	1 292	1 313	1 549
Less: Resignations	679	650	619	804
Project staff				
Non-renewal of contracts (contract employees)	471	358	344	128
Dismissals (misconduct and incapacity)	69	85	63	91
Retirements	9	8	3	5
Deaths	12	4	7	5
Retrenchments	57	83	185	58
	3 957	2 936	2 832	2 740

* The skills development-reporting period runs from 1 April 2014 to 31 March 2015 and the equity-reporting period has been aligned to this. The presentation of this table is consistent with prior years.

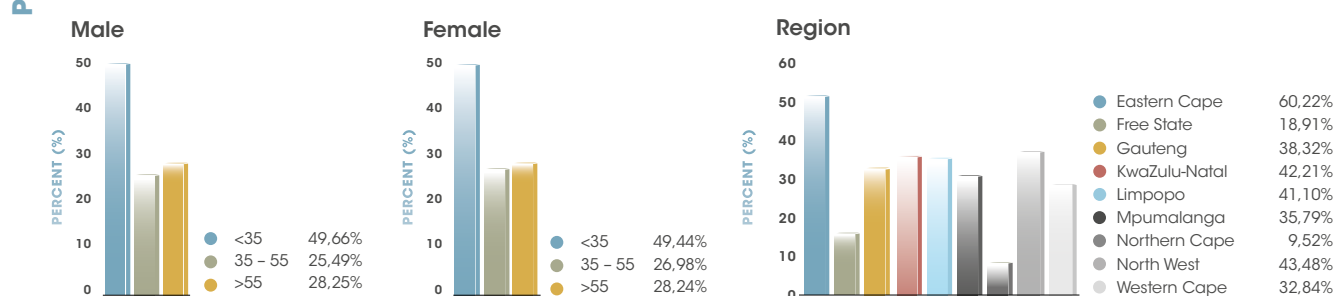
Human capital continued

Adcorp has made significant strides in improving the quality of the information we provide in our reporting since our journey began a few years ago. Sustainability indicators were incorporated as part of the internal audit programme and training workshops were conducted. Specific steps were taken to ensure that as a major provider of human capital our personnel files contain all relevant documentation to support the labour-related indicators.

Total workforce – South African employees



Labour turnover By region, gender and age for the period 1 April 2014 to 31 March 2015



Bargaining council

Bargaining council	Permanent staff	
	Number	% of total
Cleaning	0	0
MEIBC	0	0
MIBCO	0	0
NBCS	0	0
NRFBC	0	0
No bargaining council	3 881	100
Grand total	3 881	100

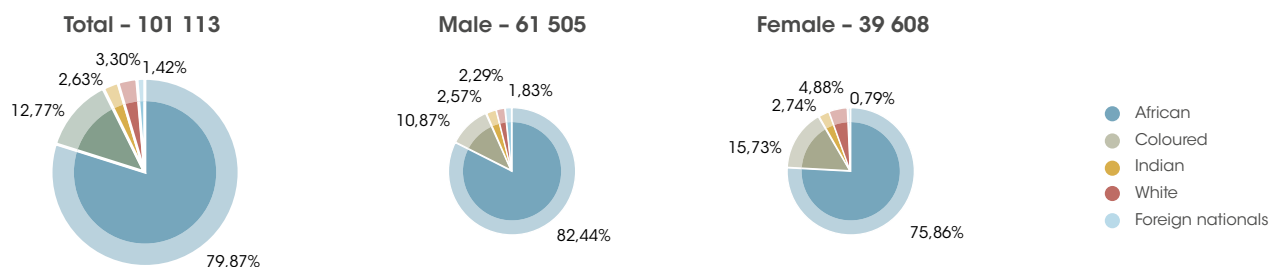
No incidents of discrimination, child or forced labour were reported.

* A small difference between the figures shown for sustainability purposes and those reported for equity is due to the legislative requirement that any temporary staff who are employed for more than three months, must be reported as "permanent" for the purposes of equity. This is not the case for sustainability where only those persons actually employed by the company and on the payroll can be audited and assured.

The diversity of the Group's operations and their associated industries influenced how the materiality of sustainable aspects was determined.

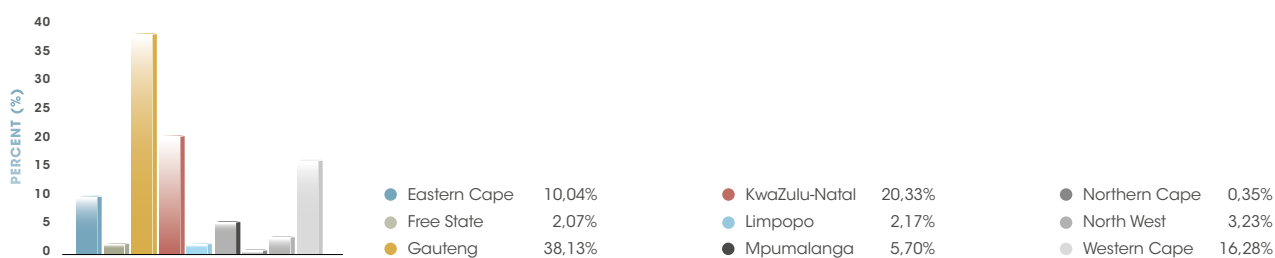
The data reflected below of the Group's total workforce includes all permanent, temporary and independent contract workers for the period 1 April 2014 to 31 March 2015.

Total workforce – South African employees

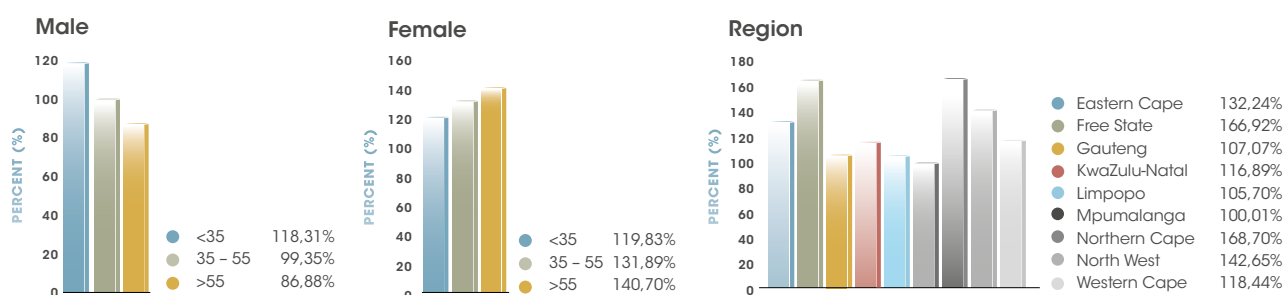


Temporary staff

Region



Labour turnover By region, gender and age for the period 1 April 2014 to 31 March 2015



Bargaining council

Bargaining council	Temporary staff	
	Number	% of total
Cleaning	7	0
MEIBC	3 420	3
MIBCO	3 543	4
NBCRFI	4 417	4
Furniture	3	0
Leather	74	0
Civil Engineering BC	71	0
No bargaining council	89 578	89
Grand total	101 113	

No incidents of discrimination, child or forced labour were reported.

Human capital continued

Adcorp constitutional commitment

Adcorp has committed itself to contributing in a meaningful way to the ideals enshrined in the constitution of the Republic of South Africa.

"FRAMING OUR REFLECTION: *We, the people of South Africa, Recognise the injustices of our past; Honour those who suffered for justice and freedom in our land; Respect those who have worked to build and develop our country; and believe that South Africa belongs to all who live in it, united in our diversity. We therefore, through our freely elected representatives, adopt this Constitution as the supreme law of the Republic so as to – Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights; Lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law; Improve the quality of life of all citizens and free the potential of each person – Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations. May God protect our people."*

Transformation commitment framework

"to free the potential of each person."

This clause aims to remove restrictions that prevent people from developing their abilities.

- Last year, Adcorp distributed in excess of R9 billion in the form of salaries and wages to its internal and external workforces, or 94,9% of its revenues – the highest proportion of any company listed on the Johannesburg Stock Exchange.
- Over the past 40 years, Adcorp paid R1,1 billion in direct and indirect taxes – the highest of any company in the employment services sector.
- Adcorp is the country's largest single contributor to the National Skills Fund, having contributed R968 million to the Fund since its inception.
- Adcorp has facilitated learnerships and apprenticeships for 26 145 individuals – the highest of any company in the country.

"to build and develop our country ..."

This clause aims to establish a market-oriented liberal democratic society and a growing economy in which everyone can participate.

- Around 47% of Adcorp's placements occur in the rapidly growing services sector, which includes finance, retail and wholesale trade, transport and distribution and communications.
- Around 28% of Adcorp's placements occur in mid-level scarce-skill occupations, which include clerks, sales and service workers, plant and machine operators, and technicians.

"united in our diversity ..."

This clause aims to develop a multiracial and multicultural society where differences are the basis of peaceful coexistence and mutual tolerance rather than discrimination or domination by a particular race or group.

- Adcorp's internal workforce is race- and gender-balanced, with a 61%/39% balance of blacks/whites and a 42%/58% balance of males/females.
- Adcorp's internal workforce is age-balanced, with a 52%/48% balance of youth/experience.

MY CONSTITUTIONAL COMMITMENT:

"WE, THE PEOPLE OF SOUTH AFRICA"

"South Africa belongs to all who live in it ..."

This clause of the Preamble to the Constitution aims to maximise every person's participation in the country's political, social, cultural and economic life.

- Last year, Adcorp introduced 178 500 job-seekers to the world of work.
- Since its founding in 1975, Adcorp introduced 3,6 million job-seekers into the world of work.
- Adcorp alone facilitated 14,7% of all jobs created since 1994. The employment services sector, in which Adcorp is the leading member, facilitated 48% of all jobs created since 1994.
- Without Adcorp's contribution to job creation, the unemployment rate would be 3,7 percentage points higher, ie 28,8% rather than the current 25,1%.

"based on social justice and fundamental human rights ..."

This clause aims to ensure that everyone enjoys certain inalienable rights, including the right to justice in terms of the distribution of wealth, opportunities and privileges within society.

- The overwhelming majority of Adcorp's placements are black (81%), youth under the age of 35 (72%) who have never worked in their lives before (51%).
- A substantial proportion of Adcorp's placements are made up of socio-economically vulnerable individuals including recent matriculants (79,7%), retrenched people (18,3%), discouraged job-seekers (12,1%), labour market re-entrants such as working mothers (9,4%), retired people (6,4%) and the disabled (2,1%).
- A significant proportion of Adcorp job-seekers go on to secure permanent jobs (43% within a year, 58% within three years).

"and equal protection under law ..."

This clause establishes the primacy of the rule of law.

- Adcorp advocates exceptional compliance in its workplace policies and practices, with an overall legal and regulatory compliance rate of 99,2%, compared to 87,2% for employers as a whole.
- Adcorp is consistently rated as one of the country's most empowered companies by the *Financial Mail*.
- As a leading corporate citizen, Adcorp makes extensive contributions around job creation for the National Development Plan, the Millennium Labour Council, the National Economic Development and Labour Council (NEDLAC), the Human Resources Development Strategy, the Joint Initiative on Priority Skills Acquisition, the Accelerated and Shared Growth Initiative, and other programmes.
- Adcorp is a founding member of the Confederation of Associations in the Private Employment Sector (CAPES), through which it influences labour laws and regulations at the International Labour Organisation and NEDLAC.

Adcorp is committed to the creation of an inclusive, diverse national labour market that provides equal opportunities to all South Africans. This extends beyond the essential verification requirements and legislative compliance. Rather, Adcorp is creating a culture in which its employees are personal enablers and ambassadors for transformation, holding each other and the business accountable and challenging each other in their behaviours. The unit standard of transformation is each individual and the desired outcome is to inculcate a conscious culture of inclusion, valuing diversity, behavioural alignment and attitudes that promote sustainable transformation both within and outside the organisation.

Adcorp's company ethos is framed by the excerpt on page 64 from the preamble to the South African Constitution.

From a labour perspective, this suggests that opportunities belong to all South Africans, from the future workforce in the form of learners currently in the education system and actual work seekers, to those already employed. It also extends to those who are unemployed, underemployed, discouraged, displaced, disabled or who have retired.

A commitment to broad-based black economic empowerment (BBBEE)

In South Africa we recognise that transformation begins with our own staff. Over the years we have maintained our BBBEE level 2 rating and we are rated as one of the JSE Limited's most transformed companies.

We believe in the socio-economic upliftment of the previously disadvantaged, and the empowerment of all our stakeholders. We are committed to the ethical codes and business practices we have set in place, as well as our core brand values, and strive to continually raise the bar with transformation in mind.

We believe in sustaining a healthy society and working environment, and recognise our responsibility in contributing towards the creation of an equitable business sector and a better future for all South Africans.

We acknowledge the necessity of a BBBEE framework that is fair, broad-based and inclusive, as well as the importance of initiatives that are measurable in determining the achievement of our objectives.

We support and comply with the Employment Equity guidelines set out by the South African Department of Labour, and believe our BBBEE framework should enhance business practices without compromising on standards of quality we have become recognised for.

Current BBBEE rating operates on seven levels:

1. Ownership
2. Management control
3. Employment equity
4. Skills development spend
5. Preferential procurement
6. Enterprise development
7. Socio-economic development

EMPOWERDEX
Economic Empowerment Rating Agency

Generic BBBEE Verification Certificate

Adcorp Holdings Limited
Including subsidiaries listed in Annexure "A"

Registration Number: 1914/200/804/09
Address: Adcorp Office Bldg, Nicolaiwyl Swankhof, Civ. Willem Rood Dfne S. Wedgewood, Bryanston, 2194

Level Two Contributor				
Assessed Element	Actual Score	Target Score	Notes	Points
Ownership	25.00	25.00	Preferential Shareholding Limit	12.00%
Management & Control	5.00	10.00	Black Ownership	01.00%
Enterprise Development	1.00	10.00	Black Women Ownership	01.00%
Skills Development	10.00	10.00	uKf Funding	0001.00%
Preferential Procurement	20.00	20.00	Value Added Elements	Nil
Socio-Economic Development	10.00	10.00	Mean Date	25 September 2014
Socio-Economic Development	5.00	5.00	Mean Date	25 September 2014
Total Score	66.00	100.00	Preferential Share	Nil

For EMPOWERDEX (Pty) Ltd

Date: 25 September 2014

This verification certificate and the verification report are based on information provided to Empowerdex and released on the condition that the applicant and its subsidiaries will not disclose the information to any third party. The verification of this report has been conducted in accordance with the Department of Trade and Industry's Code of Good Practice on Broad Based Black Economic Empowerment as published on 9 February 2007.

Empowerdex (Pty) Ltd, Reg. 2009/000460/07
Company No. 2009/000460/07, 1 Swankhof

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Certificate

Human capital continued

Summary of dti Code scores for the Group – South Africa

Element	Indicator	2015	2014	2013	2012
1. Ownership	Voting rights of black people (%)	41,45	50,36	45,90	33,04
	Voting rights of black women (%)	13,04	16,33	20,14	15,66
	Economic interests of black people (%)	41,45	50,36	45,90	33,04
	Economic interests of black women (%)	13,04	16,33	20,14	15,66
	Black participants in employee ownership schemes (%)	29,87	9,21	14,84	10,00
2. Management control	Board (%)	50,00	56,82	56,82	50,00
	Top black executives (%)	12,50	12,50	12,50	12,50
3. Employment equity	% black representation at:				
	• Senior management	25,63	27,03	23,98	32,45
	• Middle management	21,26	30,65	30,99	25,85
	• Junior management	59,12	59,26	47,76	48,99
4. Skills development spend	Skills spend on black staff as a percentage (%) of leviable amount	3,86	2,89	2,79	1,63
5. Preferential procurement	Total BEE procurement spend as a percentage (%) of total measured procurement spend	96,73	85,14	70,05	99,92
6. Enterprise development	Enterprise development as a percentage (%) of NPAT	4,64	14,57	3,59	2,91
7. Socio-economic development	Socio-economic development as a percentage (%) of NPAT	1,14	1,37	2,16	1,05

Sound human resource policies and best-practice approach

The Group's aim as an employer is to offer decent work, stimulating careers and career progression to its employees, in line with the strategic mandate of the business to retain key staff and comply with the relevant legislation.

Adcorp's workforce is provided with the opportunity to earn competitive rewards and develop their talents in a healthy and productive work environment where an emphasis is placed on the Group's values.

We have a demanding work ethic across various sectors and geographies. Our employees are aware of the level of performance required for their own and the Group's continued success.

Adcorp focuses on developing strong leaders in a corporate culture founded on our core values, by effectively managing our large talent pool and nurturing constructive relationships with both our employees and organised labour.

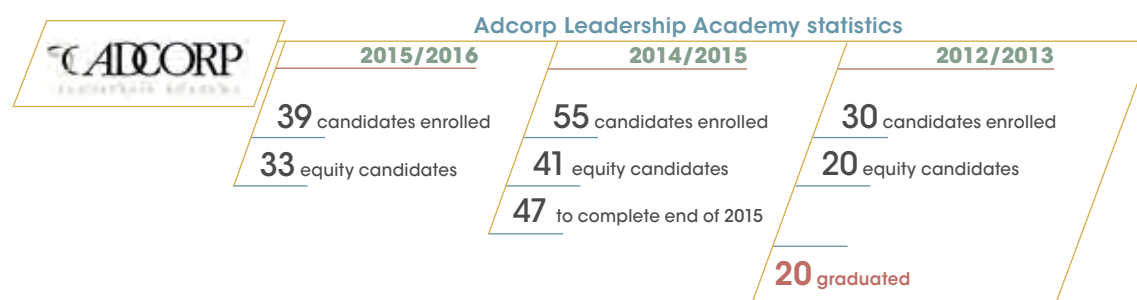
The Group's policies and practices are developed and monitored at a corporate level. Specialists oversee remuneration, transformation, stakeholder engagement, labour relations and training, while managing people is a designated line function.

Performance of management and supervisory employees is evaluated against predetermined targets, and performance appraisals determine annual performance-based incentives and career development opportunities.

Leadership Academy

The Adcorp Leadership Academy was developed to create a leadership pipeline to further enhance the existing talent pool and recognising excellence within the Group in order to meet increasingly complex business demands, facilitate succession planning and internal promotion opportunities.

This centralised development programme consists of a formal education, NQF-aligned and on-the-job skills transfer with the objective of increasing internal promotions as opposed to external recruitment.



Skills development and training

Extended development reach into Africa

The Group has extended its reach into Africa. Two significant projects within Mozambique commenced in the past year. Our technical training company was awarded a contract to conduct a feasibility study on the establishment of an artisan training centre in Maputo.

This contract was then extended to include the commissioning of the training centre and finally to capacitate and manage the running of the centre. The centre has the capacity to train in excess of 250 artisans a year. The second significant project is with an American oil and gas company in Northern Mozambique in which we have been contracted to train their employees in work preparedness skills programmes every year. Significantly, the Group is in discussions with the Mozambican Government toward a partnership aimed at building and capacitating a number of artisan training centres throughout Mozambique.

Within South Africa, challenges in establishing a consistent model across sector education and training authorities (SETAs) for the training of artisans, together with a shift to building training capacity within further education and training (FET) colleges, has seen the availability of funding for training through private providers diminish.

The Group is in further discussions with a number of FET colleges with a view to partnering with them in the establishment of artisan training infrastructure and in capacitating their delivery.

Learnerships

The ability of the Adcorp Group operating companies to upskill their employees through a learnership model has been severely restricted by the ongoing administrative challenges being faced by the Services SETA. The Adcorp Group was unable to access any learnership agreements for either funded or unfunded learnership participation during the past financial year.

Agriculture

The entry into the agricultural sector through our sheep-shearing project provided the traction for the establishment of an agriculture division which specialises in meeting developmental needs within a sector that has not traditionally invested in structured and accredited training. One of the Adcorp Group company's is now accredited to train across three agricultural qualifications and a number of skills programmes in both animal and plant production, as well as positioning the Group's technical courses within the sector. We have successfully entered into training contracts with a number of significant agriculture businesses.

Disability

The training of people with a disability is one of the most humbling success stories within the Group. With a vision of impacting positively on the lives of the most disadvantaged and impoverished grouping in South Africa we, in partnership with I CAN, a disability specialist consultancy, established its first disability academy with 15 learners in 2011. By 2014 we had 11 academies nationally, impacting the lives of over 600 people with a disability on an annual basis.

Number of learnerships across the Group

Company	Rollover	New	Total number of learnerships	Across how many qualifications (including trades)	Across how many NQF levels	Across how many industry types	Specifically trained as an artisan	Learners below the age of 35	Total number successfully completed in FY 2013/14	In progress
Capacity	820	0	820	7	3	4	0	613	333	168
Capital	520	0	520	10	3	5	11	402	232	154
SUN	151	0	151	6	4	5	0	104	111	16
Quest	325	0	325	8	3	5	0	278	83	162
ATS	1	0	1	1	1	1		1	1	0
ATT	62	37	99	7	1	3	99	93	16	83
Charisma	1	0	1	1	1	1	0	1	1	0
DAV	23	0	23	1	1	1	0	17	23	0
PMI	20	95	115	5	3	4	0	106	19	92
	1 923	132	2 055				110	1 615	819	675

Human capital **continued**

Wellbeing, health and safety

Adcorp is committed to ensuring the wellbeing, health and safety of its employees. During the financial year under review, no major safety incidents or fatalities were reported among the Group's employees, and Adcorp Technical Training and Staff U Need passed their ISO 9001 surveillance audits with non-conformances.

Adcorp provides a comprehensive range of employee wellness benefits aimed at promoting both physical and psychological health, with the end result being reduced absenteeism rates.

A Group-wide assistance programme is provided to all permanent employees. This value-added benefit entitles employees, their immediate families and domestic workers to a broad range of services from emergency medical assistance, personal health advisory services, trauma and assault assistance, legal assistance, HIV protection services and funeral repatriation services. It is supported by a state-of-the-art 24-hour call centre.

Fundamental to Adcorp's business success is the Group's ability to attract and retain quality people, emphasising affirmative action practices to ensure equality.

With a temporary managed workforce of approximately 113 000 people, it has become key that this workforce has the opportunity to receive life-enhancing benefits. In this regard, through a centralised function, the Group now offers its temporary employees:

- core benefits including a funeral plan;
- electronic payroll card – ADvantage payroll card;
- mobile handset and airtime solution – contract rates but no contract;
- micro finance;
- debt counselling; and
- healthcare and retirement funding.

Safety and health at Adcorp is managed per operating entity and is a function of line management. Over and above strict adherence to the Occupational Health and Safety Act for permanent employees, the Group's temporary workforce, which spans various industry sectors and geographies, is well trained, ensuring that safety becomes a way of life.

Adcorp encourages a safety-conscious workforce that adheres to rigorous safety standards through constant education and training, particularly those employed within the blue-collar environment across all continents in which it operates.

The Group's operations are committed to:

- occupational safety, health and environmental (OSHE) issues;
- a safe and healthy working environment;

- supporting safety, health and environmental programmes of our clients;
- awareness of health, safety and environmental issues;
- training and developing an understanding of safety, health and environmental obligations;
- continuous development of OSHE management systems;
- integrating safety, health and environmental issues in all our business aspects;
- conforming to client's occupational health and safety standards;
- regularly evaluating OSHE performance through audits to enhance improvement; and
- reviewing OSHE policy on an ongoing basis to ensure continuous alignment with the business ethics.

HIV/Aids remains a major social issue around the world

The Group's approach to this pandemic is based on the view that HIV can be managed with appropriate education. We have awareness campaigns in place, having first consulted with clients to ensure that their needs are met with regard to awareness and education for employees Adcorp places on assignment. Employees are:

- encouraged to know their status through HIV counselling and testing initiatives;
- advised on how to stay negative and ways in which to manage a healthy lifestyle should they test positive;
- made aware of their rights around HIV and Aids;
- taught coping mechanisms for dealing with HIV and Aids and how to receive further treatment; and
- briefed on the risk of HIV transmission, traditional and cultural beliefs, socio-economic factors, gender issues, mother-to-child transmission and the prevention of transmission of HIV.

Recognition and reward

Adcorp prides itself on the performance and sustained growth it has experienced over the past years, none of which would have been possible without the outstanding performance of both our employees and the Group companies.

We celebrate our achievements at a prestigious annual event where our individual and collective 'heroes' are honoured and rewarded.

Adcorp's premier event of the year is the Chairman's Awards. This event is dedicated to those employees that deserve to be recognised and honoured for their hard work and commitment. Individual Adcorp Group employees and companies are rewarded for their exceptional achievements and contributions.



CELEBRATING 40 YEARS IN BUSINESS – SINCE 1975

SOCIAL CAPITAL



ACHIEVEMENTS

- Uncompromising compliance and governance



IMPROVEMENTS

- Stakeholder communication
- Adopted sustainable business practices
- Sustaining momentum of transformation within the Group



CHALLENGES

- Maintaining Groups' reputation
- Changes in labour legislation
- Non-compliance with applicable laws and regulations
- Fraud



DISAPPOINTMENTS

- Stagnant South African labour market

Social capital

Key stakeholder engagement

Our relationships and reputation with external stakeholders are fundamental to the sustainability of our business. We rely on and have responsibilities towards a wide range of external stakeholder groups, from clients and suppliers to communities and broader society. This includes our responsibility for protection of the environment. These relationships, the issues they raise and how we address these issues are described in detail on pages 10 to 11.

Reputation management

In difficult economic circumstances, such as those experienced in much of the world for nearly eight consecutive years, labour markets inevitably become contested terrain. Settled political matters are newly challenged and opposed. Regulatory agencies enforce policies with renewed vigour.

As unemployment spreads beyond the initial effects on employers and employees, stakeholders ranging from universities to trade unions take a fresh look at economic realities. Labour market intermediaries providing recruitment, temporary work and other services that are so valued in booming labour markets, face political suspicion and regulatory scrutiny in difficult economic times.

Job-seekers and employers make increasing use of technologies, particularly social media, to apply for jobs and find suitable applicants. Worldwide, 57% of prospective employers search for additional information about candidates on the internet. Altogether 83% of job-seekers search for information about employers. Overall, the number of job applications per job vacancy has exploded from 8 to 23, and the proportion of applications that bear no relationship to the job advertised has risen to 14%. Costs of selecting candidates are growing with a consequent need for smart selection tools.

The increasing use of personal blogs, complaint sites, forums, comment sections, and web scraping and web harvesting sites (where software programs simulate human exploration of the internet) has made it almost impossible for a company to manage its reputation in traditional or subtle ways. An organisation's good name and standing are subject to a random walk that is impossible to influence, particularly negative individual reports. Consistent high quality of organisational performance is now more important than ever.

With the availability of deep information in real time, a broad range of stakeholders, including governments, oversight bodies, regulatory agencies, trade unions and even professional bodies, are involved in tracking organisational and industry performance online.

Given the politicisation, intensive regulation and unevenness of labour markets, reputation management is central to doing business. A total of 86% of online adults have used a search engine to find more information about

another person. Altogether 75% of adults have searched for themselves, and of these, 48% have found information that is unfavourable. A total of 31% of adults have looked up a recruitment agency, and more than half said the search influenced their job search decisions. Altogether 42% of internet users have searched for a firm before doing business with them, and of those, 45% found something that made them decide not to do business. After romantic searches, job searches are the biggest segment of internet searches.

In this rapidly evolving and potentially dangerous environment, Adcorp ranks exceptionally high. In the past year alone, there were 3 577 000 searches for "Adcorp" and "Adcorp Holdings". There were 104 600 000 searches for the Group's various spokespeople, including CEO Richard Pike. Compared to just four years ago in the thick of the troubles facing "labour brokers", 91% of search results for the Group, its subsidiaries and spokespeople today are positive or very positive. Some additional work needs to be done for the South African temporary employment industry, with 28% of online comments being negative or very negative, but the industry body, the Confederation of Associations in the Private Employment Sector (CAPES), is making good progress in traditional media, online media, academic reports and Government position papers to promote the advantages of temporary work.

Specifically, trade unions' and the Department of Labour's grievances related to some extent to wages and working conditions of temporary workers, but also to low union membership rates among "temps", and have receded as a new programme of activism has emerged relating to a national minimum wage and wage subsidies for young job-seekers. As the difference between trade union members (mostly older, experienced and better paid workers) and temporary workers (mostly younger, inexperienced and lower paid workers) has become clearer, union activism has correspondingly declined. As public opinion has swung, primarily through Adcorp's advocacy, in favour of the job creation benefits of temporary work in a country with the highest unemployment rate among middle-income countries, the Government's public opposition has accordingly receded.

Adcorp will continue to promote temporary work as a viable job creation alternative for its candidate profile of youth under the age of 24, of whom the majority are black South Africans and half of whom have never worked in their lives before. Adcorp's value proposition in the labour market is strong and its public reputation is stronger than ever.

Sound corporate governance

Adcorp is committed to its code of ethical conduct promoting healthy business practices and managing daily transactions with honesty and integrity. We believe that this approach not only ensures a stable employment

environment for all, but also ensures the continued future success of the Group.

In addition to the requirements and obligations of formal governance codes and legal requirements, as set out in the King III report on Corporate Governance Principles and the Companies Act, the Group, as a member of Business Leadership South Africa (BLSA), abides by the BLSA's stated values and Code of Good Corporate Citizenship which reinforces the importance of ethics and integrity encouraging innovation, healthy competition, a safe and healthy work environment, a well-trained workforce and adherence to legislative and regulatory requirements.

The Group recognises that fraud, abuse of power or the acceptance of bribes is an increasing problem in South Africa. Too often it goes undetected and unreported, resulting in financial losses to companies, which are to the detriment of all its stakeholders.

For this reason, Adcorp subscribes to a service that will enable all stakeholders, but most specifically its employees, clients and suppliers, to report anonymously on dishonesty. This facility involves the professional services of an audit firm and is therefore a totally independent, anonymous ethics line which is managed by the Audit and Risk Committee and controlled by the board.

There were eight material issues reported for the year. All matters were investigated and adequate corrective remedial action was taken.

Client engagement

Adcorp continues to be a thought leader and meaningful strategic partner to its clients, immersing itself in their

human resource and labour relations plans. Our client engagements have therefore now largely moved into the realities of our clients' businesses where the merits of each are analysed to find the best solution possible. Public client engagements in respect of labour law, hosted by Adcorp, are attended by a significant number of people as we are seen to be implementing proactive and innovative solutions in a complex statutory and trading environment.

Corporate Social Investment

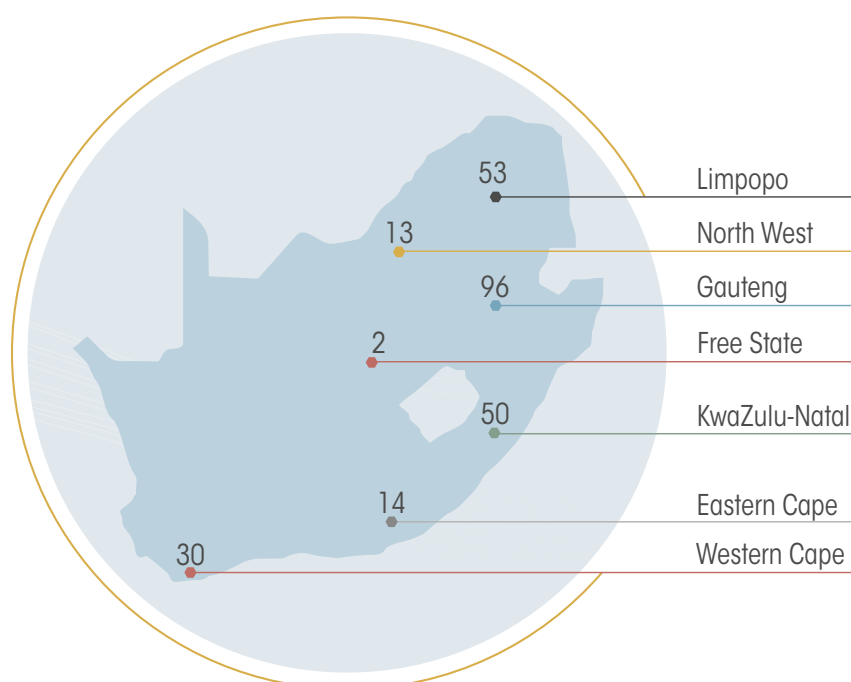
Corporate Social Investment (CSI) is a vital part of Adcorp's identity and it is with a great sense of pride that the Group so positively influences the lives of many. It is our intention to address the very urgent need in this country to assist in the fight against poverty and unemployment. Community upliftment goes hand-in-hand with focused skills development and the provision of opportunities for those looking to enter the employment market.

Our history of creating, maintaining and supporting developmental, social and environmental projects distinguishes who we are today. We find ourselves on the journey towards sustainability because of these initiatives we have consistently supported over the years. Even during tough economic times our philosophy is to be financially generous in order to play our part in improving the impoverished facets of South Africa's society. To this end, 1,14% of our annual profits (net profit after tax as verified by Empowerdex) are committed to sustainable projects.

In order to align these projects with our core business – human capital – Adcorp has refocused its efforts to focus on high school educational assistance and bursary schemes. We believe that the success of an individual

SOCIAL PRIORITIES

Bursaries for 2015
175 female/83 male



Social capital continued

is the success of a community, and the focus of our ongoing community initiatives is aimed at the upliftment of disadvantaged black communities through education and life skills training.

While the bursary component spearheads our CSI efforts, various socio-economic development initiatives close to our heart have been established. As a Group, our main aim is not only to enrich and empower the lives of many by placing first-time job seekers into the formal economy on a daily basis, but to use our CSI initiatives as a supporting mechanism to further assist in reducing poverty and to make a positive impact on the lives of those less fortunate.

In addition to the 258 bursaries identified and administered by Adcorp, we also committed to a sponsorship of the MAD (Make a Difference) charity non-profit organisation (NPO) over the last three years. This is an organisation that provides educational and leadership development opportunities for academically talented and economically disadvantaged youth in South Africa, and has designed a tailor-made leadership programme. This sponsorship has produced some pleasing results with a 100% pass rate since inception.

CSI initiatives	Description	Progress/outcome
ADCORP BURSARIES FUND	At Adcorp we believe education is at the heart of skills development. In this regard, we financially support a number of disadvantaged school children in rural areas countrywide. Many of these rural schools have little or no access to metropolitan areas, which provide better opportunities for further tertiary education. By giving school children in rural areas the means to focus on their tuition, we believe that we are playing a vital role in academic development in South Africa.	The scheme was launched in 2008. Successful candidates from grades 7 to 10 are individually sponsored, with monies deposited into the schools' bank accounts for tuition, sports, academic costs and accommodation expenses. Learners from families who earn less than R14 000 per month and who achieve a minimum overall academic average of 55%, qualify for the bursaries and scholarships. Academic progress is monitored by Adcorp, as is responsible use of the monies by the schools.
LIFE COLLEGE BURSARIES	A replicable social enterprise which develops and provides development and empowerment programmes for South African youth.	To help youth and adults from disadvantaged communities gain skills to improve their academic, entrepreneurial and life performance, enabling them to tackle life with a 'Champion Mentality'.
QUEST FOR KNOWLEDGE	It is a FREE-TO-USE online learning centre to upskill users on Microsoft Office Suite programs.	By completing the online tutorials, ambitious but financially or otherwise disadvantaged members of society are able to take control of their futures and career paths, obtaining knowledge which is crucial in most business arenas.
PARTNERS FOR POSSIBILITY	A support for school leaders, principals and their teams who are the gatekeepers and custodians of the country's greatest resource – our youth.	The programme results in a win-win situation as business leaders also gain greater understanding of the social and economic challenges faced by the school leadership.
MAD CHARITY™ MAKING A DIFFERENCE FUND	MAD CHARITY provides academically talented, but economically disadvantaged, South African youth an opportunity to reach their full potential by providing them with educational and life-skill development opportunities through mentorship.	Mentoring financially disadvantaged students with the aim of opening doors to a future of opportunity and success.



NATURAL CAPITAL

CELEBRATING 40 YEARS IN BUSINESS – SINCE 1975



ACHIEVEMENTS

- Assurance obtained on “green” indicators
- Reduced paper, electricity and diesel consumption



IMPROVEMENTS

- Continued consolidation of suppliers
- Carbon-neutral initiatives



CHALLENGES

- Extent of accurate and reliable data available
- Slow progress in centralised procurement



DISAPPOINTMENTS

- Increased fuel consumption

"Green" corporate citizen

Most of our businesses do not have a large environmental footprint and therefore do not pose significant threats to the environment. We are, however, committed to reducing whatever environmental impact we have as this approach is aligned with our commitment to good corporate citizenship. Acting in an environmentally responsible manner is also directly linked to our ability to derive cost savings, which is an important focus across all areas of our business.

While we have not quantified the full financial impact that climate change could have on our business, we are aware of the multiple ways in which it could negatively impact our operations.

Implementing a Group-wide environmental programme has not been without challenges, but there is definitely opportunity for innovative product development, particularly relating to technology offerings, enhancing existing procurement methods and introducing a data collation strategy for environmental measurement.

Our aim is to embed a culture of social and environmental responsibility among our employees through training and awareness campaigns.

This year marks the first year that we have obtained external assurance on environmental indicators. Now that we have a stable baseline benchmark to work from we will look at implementing reduction targets across the Group. These targets will focus on a "reduce, reuse, recycle" approach which encourages commitment and a focus on reducing the Group's carbon footprint.

Lead industry initiator in carbon offsetting innovative technology products

Adcorp is the most innovative provider of employment services in South Africa, having invested millions to stay abreast of local and international trends. Adcorp is at the cutting edge of technology adoption, both introducing key technologies from abroad and developing its own in-house emergent technologies.

The world of work is changing fast, and information technologies are increasingly being used to introduce efficiencies in the workforce management process. Labour costs, being the biggest expense for most employers, are declining as the use of technology in human resource procurement and management, as well as productivity enhancement, gathers momentum.

The ecological footprint's primary imbalance is brought about by the need for paper. Paper still accounts for the primary means of communicating and processing of timesheets and CVs. Automation through technology has brought about a significant change and we are starting to see a reduction in the amount of copies printed across the Group due to the introduction of electronic payslips.

It is Adcorp's ambition to become a leading initiator in carbon offsetting by offering diverse logical solutions enterprise-wide that facilitate workforce optimisation and unlock optimum client benefits to promote greater environmental responsibility.

The Group has previously been unable to measure its direct impact and the exact paper consumption for the period under review; substantial progress has been made in monitoring the Group's carbon footprint for the current reporting period due to the consolidation of its suppliers driven by our procurement and shared services department. The consolidation of these suppliers was implemented mid-year so we look forward to measuring the results of this consolidation in the 2016 reporting period.

Carbon-neutral initiatives

Our joint partnership with one of our office automation suppliers has been ongoing since 2011 and has offered Adcorp a programme that assists in neutralising our environmental impact caused by the Group's printers and copiers in a simple, auditable and sustainable manner.

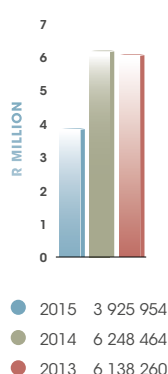
It allows the Group the ability to promote a carbon-neutral footprint on all its in-house printing. Due to the success of this initiative, the decision has been made to implement it across the Group's operations and automation supply chain. This further entrenches Adcorp's commitment to implement a Group-wide environmental policy that will boost the Group's 'green credentials', support environmental sustainability and add value to our clients by being an environmentally responsible supplier.

An amount of R0,01 (one cent) per page consumed has been donated to the Kariba REDD+ Project. Through a 100% guaranteed verification process offered by a recognised and accredited provider, certified offset monthly certificates will be issued endorsing the offset amount or CO₂ equivalent.

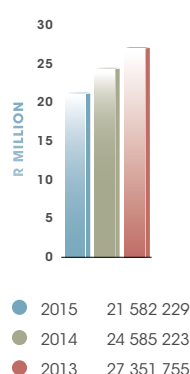
Carbon footprint

	Unit	2015 Total Group	2014 Total Group	2013 Total Group
Electricity	kWh	3 925 954	6 248 464	6 138 260
Paper	Copies printed	21 582 229	24 585 223	27 351 755
Fuel – petrol	Litre	376 164	230 037	309 560
Fuel – diesel	Litre	295 405	328 425	303 828
Water	Kilolitre	35 311	22 883	Not reported

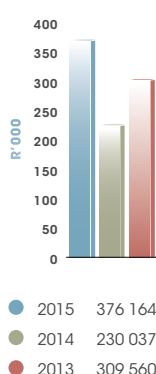
Electricity



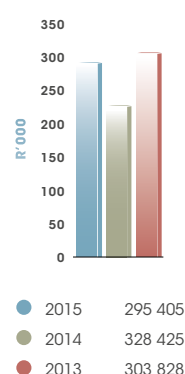
Paper



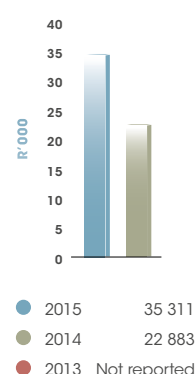
Fuel – petrol



Fuel – diesel



Water



The information reported above has been calculated in line with the following inclusions and exclusions:

Area	Inclusions	Exclusions
Electricity – kilowatt	Estimated electricity consumption associated with building rented by Adcorp. The Group's electricity costs are factored into our building rental rate with some buildings (including common facilities) shared with other tenants. Due to the fact that there is often insufficient data to accurately capture the exact electricity consumption per site, only data from Adcorp's head office was used to establish a baseline of kWh usage for FY15 per employee. Given that all the Group's offices are very similar in activities, equipment and office layout/configuration, the electricity usage figure per employee for head office was used to calculate estimated consumption for the remainder of the Group's operations in South Africa.	n/a
Paper – copies printed	Actual number of printed copies as reported by third-party suppliers.	Preprinted stationery, envelopes and paper bought not used in printers monitored by third-party suppliers.*
Fuel – petrol/diesel	Actual consumption of all vehicles owned by Adcorp.	Actual consumption for vehicles used for business purposes, owned by employees.*
Water	Estimated water consumption associated with buildings rented by Adcorp.	n/a

* The Group is in the process of making the necessary amendments to the current systems and processes that will enable the inclusion of some of the areas excluded in this report, in future years.





TRANSPARENCY AND ACCOUNTABILITY



Chairman's corporate governance review

The board of directors ("the board") is committed to good corporate governance and understands its role and responsibilities contained in the Companies Act; conduct recommended by King III and the additional governance requirements of the JSE. In addition, the board places strong emphasis on achieving the highest standards of reporting as well as financial and operational risk management.

We have strong independent non-executive directors and our board benefits from their expertise and the different perspectives and thinking they bring to our deliberations.

The board will be engaging the Institute of Directors ("the IOD") to perform an independent evaluation of the board and its committees in order to determine if improvements need to be implemented to enhance the corporate governance structures within Adcorp.

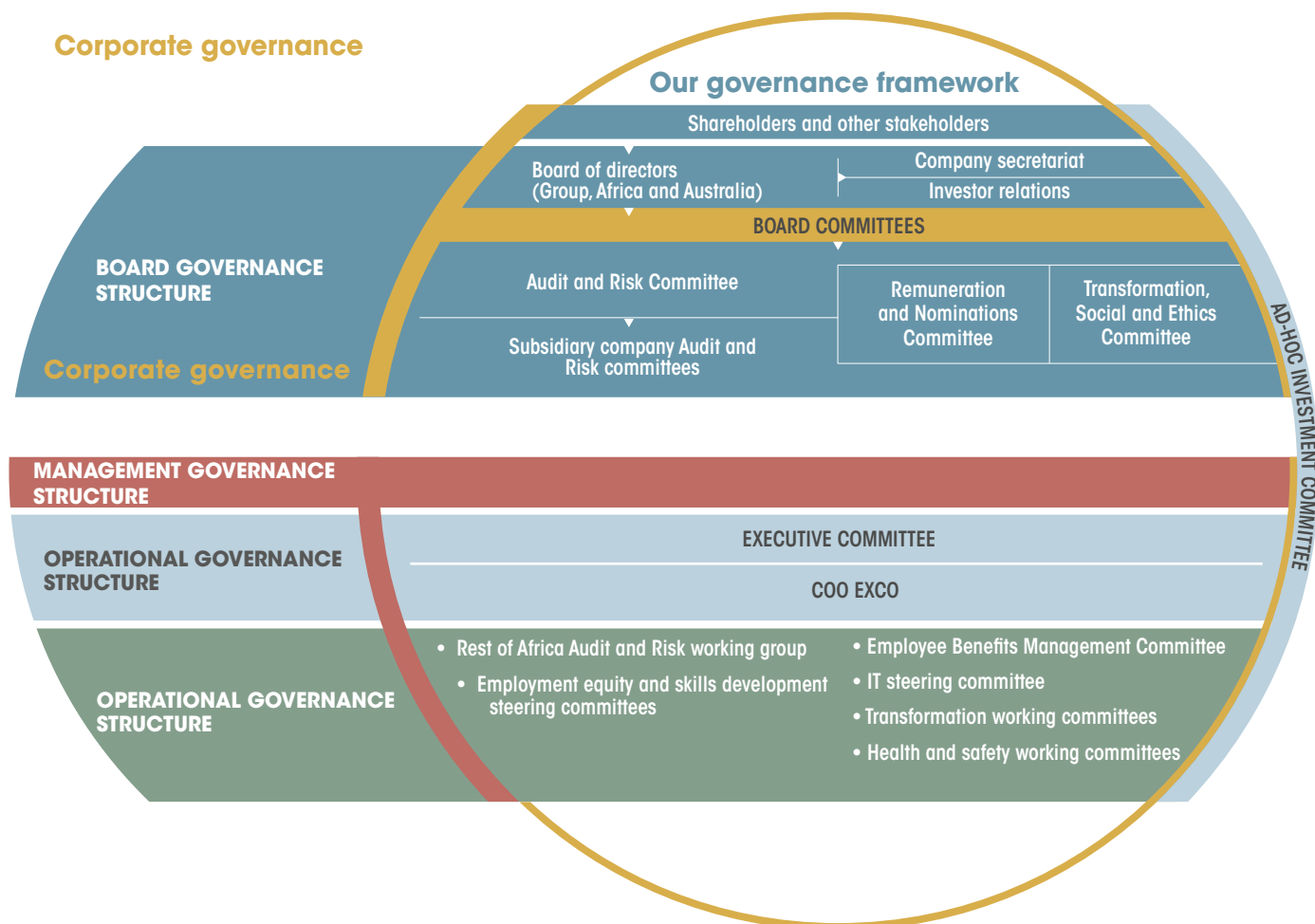
Mr Kevin Fihrer, the Company Secretary, was appointed on 1 February 2015 and brings with him seven years of experience as a company secretary of a listed entity. This appointment will further bolster the governance role within the organisation. The board wishes to thank Mr Anthony Sher, the CFO, for fulfilling the role of acting Company Secretary until a suitable replacement was found.

As Chairman of Adcorp, I am satisfied that the board continues to lead the Adcorp Group to achieve high standards of business integrity, ethics and corporate governance in the pursuit of its business objectives.

A handwritten signature in dark ink, appearing to read 'MJN Njeke'.

MJN Njeke
Chairman

14 July 2015



Our approach to corporate governance

Adcorp understands that sound and robust governance practices are fundamental to earning the trust of stakeholders. The approach to governance standards throughout our organisation requires continuous focus as it is critical to sustaining performance and preserving shareholder value. We also recognise that strategy, performance, sustainability and risk are inseparable.

Our value-driven culture and code of ethics underpin Adcorp's governance structures and processes, committing the company to high standards of business integrity and ethics in all its activities.

Application of King III principles

To ensure that we consistently practise effective corporate governance throughout the Group, our board applies the principles of King III. In terms of the King III principles the board must consider the concerns and priorities of its wider stakeholder environment in its strategic guidance and decision-making processes. A comprehensive assessment of our application of these principles is provided in our corporate governance King III compliance register which appears on our website www.adcorp.co.za, and a summary thereof appears on pages 102 to 105.

We review our governance structures and processes regularly and adapt them to accommodate internal

developments and reflect national and international best practice. In some areas the board is of the view that, while recommended practice is being applied, further enhancements can and will be made over time, in line with our objectives to continuously improve Adcorp's corporate governance practices.

Adcorp is committed to entrenching the highest levels of corporate governance by:

- continuing to make progress in implementing structures, policies and procedures aimed at strengthening governance;
- recognising the principle of transparency as a critical element of effective sustainability reporting; and
- successfully entrenching King III principles throughout the Group.

Establishing materiality

Adcorp follows the Global Reporting Initiative's principle of materiality, which encourages companies to establish and report on their most relevant and important issues, which we define as our key priorities. We define our key priorities as those which have the potential to substantially impact our ability to create and sustain value for our stakeholders.

Transparency and accountability **continued**

The board

Role of the board

The overriding role of the board is strategic leadership that results in long-term sustainability and success for the mutual benefit of all stakeholders. This includes the setting, monitoring and review of strategic targets and objectives, the approval of capital expenditure, acquisitions and disposals, oversight of governance, internal controls and risk management.

The board's responsibilities are outlined in the company's Memorandum of Incorporation and the board charter which is reviewed and adopted by the board annually. All the board committees operate under board-approved terms of reference which are updated annually to keep them aligned with current best practice. All our board committees are chaired by independent non-executive directors. The chairpersons of these committees attend our annual general meeting to respond to any shareholder queries. The charters and terms of reference governing the board and its committees are available from the Adcorp secretariat. The Audit and Risk Committee and the Transformation, Social and Ethics Committee are statutory committees in terms of the Companies Act. Shareholders are required to elect the members of the Audit and Risk Committee at the company's annual general meeting. The members of other committees are appointed by the board.

Board members have unrestricted access to all company information and property and may seek independent advice in connection with their duties.

The board performs its duties within a framework of policies and controls which provide for effective risk assessment and management of our economic, environmental and social performance. It also plays an important role in setting ethical standards of conduct. Adcorp has several wholly owned subsidiaries. The Group's operating business units operate as divisions of these unlisted legal entities. Each of the Group's subsidiary companies has a separate board of directors, however, the main board and its committees oversee all significant aspects and transactions of the subsidiaries. The subsidiaries are also governed by the thresholds set by the board, which are set out in our limits of authority.

Board proceedings

The board meets at least four times a year, with additional meetings when necessary. The strategies of Adcorp are discussed and agreed on with executive management in an annual strategy session.

Board composition

The Group has a unitary board, the composition of which promotes the balance of authority and precludes any one director from dominating decision-making. Our board membership at year-end comprised five independent non-executive directors, three non-executive directors and

four executive directors. Seven of our board members are black, of which three are women.

Appointment and rotation of directors

New directors are appointed pursuant to the recommendations of the Remuneration and Nominations Committee, which conducts a rigorous assessment of the credentials of each candidate. Newly appointed directors are elected at the next annual general meeting following their appointment and stand for approval by shareholders. Newly appointed directors are given formal induction by means of a presentation detailing the Group's business, board matters, their duties and governance responsibilities as directors. This process is overseen by the Company Secretary. Directors are briefed on legal developments and changes in risk and the general business environment.

Each year, in terms of the company's Memorandum of Incorporation, one-third of Adcorp's directors retire at each annual general meeting and their re-election is subject to the approval of the shareholders. The reappointment of non-executive directors is subject to eligibility and performance. The board has determined that the directors to stand for re-election at this annual general meeting are MJN Njeke, GP Dingaan, ME Mthunzi and AM Sher. The alternate director N Sihlangu appointed during the year stands for election.

Board evaluation

In addition to the Remuneration and Nominations Committee's evaluation of the performance of the board, its committees and the individual directors, the various board committees completed formal evaluations of their effectiveness during the year under review. The board's evaluation assessed the appropriateness of the board structure and its effectiveness, as well as its professional development. The evaluation also assessed the effectiveness of the board and its committees.

Some of the matters for attention arising out of the board evaluation include:

- Additional emphasis to be placed on succession planning by the Remuneration and Nominations Committee.
- A more formal induction programme to take place for new directors. This has been assigned to the Company Secretary.
- The various stakeholder requirements should be assessed and, where appropriate, complied with. This matter has been overseen by the Transformation, Social and Ethics Committee.

In addition, the board has engaged with the Institute of Directors to obtain an independent evaluation of the board and its committees.

The Chairman evaluates the independence of the directors classified as independent non-executive

directors annually. The board has delegated certain functions to committees without abdicating any of its own responsibilities. This process of formal delegation involves approved and documented terms of reference which are reviewed annually.

Remuneration of directors

Non-executive directors receive fees for their services as directors, including fees for their membership of committees. These fees are approved by shareholders at the annual general meeting.

Further details of the executive and non-executive directors' remuneration and fees are included in note 43 to the annual financial statements.

Directors' interests

At each meeting directors are required to declare their interests and to disclose any conflicts of interests when and if they arise. Once a conflict has been disclosed, it is managed appropriately by the board as required by the Companies Act. The declaration of interests register is maintained and updated by the Company Secretary.

Dealings in shares and closed periods

The board, senior management and any persons that may be privileged to sensitive information are made aware of closed periods and periods not to trade. Closed and prohibited periods remain in force until the publication of results on SENS. Any period where the company is trading under cautionary is also classified as a closed period. All directors' dealings require the prior approval of the Chairman or a designated director and the Company Secretary who retains a record of all share dealings.

Company Secretary

The Company Secretary is responsible for the effective processes and procedures to support the board and its committees in the discharge of their duties and responsibilities. Kevin Fihrer was appointed to the role of Company Secretary with effect from 1 February 2015. Kevin is a CA(SA) with seven years' experience as the company secretary of a listed entity. The board is satisfied with the performance, skills, experience and the arm's length nature of the Company Secretary.

Board statement of effectiveness of controls

Based on the formal review and the report by the chief audit executive covering the Group's system of internal controls and risk management and considering the information responses and explanations given by management, together with discussions with the external auditor on the results of their audit, nothing has come to the attention of the board that caused it to believe that the Group's system of internal control and risk management is not effective, or that the internal financial control does not form a sound basis for the preparation of reliable financial statements. The board's opinion is supported by the Audit and Risk Committee.

Ethics

The board's ethical leadership provides the foundation for the values which is central to the way Adcorp does business. Adcorp's decisions and actions are based on these values and they form the basis of Adcorp's Code of Conduct. Directors are guided by five values in performing their stewardship role: conscience, care, competence, commitment and courage.

The company has an independent, confidential and safe ethics tip-off line provided by an independent external service provider, through which employees or other parties can report unethical behaviour. These calls are monitored and progress on their resolution is reported to the Audit and Risk Committee, and where such matters are specifically labour-related they are referred to the Transformation, Social and Ethics Committee for resolution.

Stakeholder engagement

Adcorp subscribes to the stakeholder management principles set out in King III. The board has a clear understanding of its responsibilities to internal and external stakeholders and delegates its governance of stakeholder engagement to the Transformation, Social and Ethics Committee. Adcorp's stakeholders are defined as those entities and individuals significantly affected by the Group's activities and those which have the ability to significantly impact the Group's capacity to achieve its objectives. A table setting out these stakeholders and our stakeholder engagement can be found on pages 10 and 11.

While the board delegates some of its responsibilities for engagement with our stakeholders and potential investors to the Adcorp management team, its members interact with stakeholders at our annual general meetings and at presentations made by Adcorp's executive management team when we release our annual and half-year results.

Sustainability

Sustainability is an integral part of how Adcorp does business. Our commitment to achieving operational excellence in a safe and responsible way benefits all our stakeholders, including our employees, Government and the communities in which we operate. Our efficient use of resources, together with the provision of a safe and healthy working environment, contributes to the sustainability of our business and the environment.

The board ensures at all times that the company is, and is seen to be, a responsible corporate citizen. The board not only considers the financial performance of the company, but also strives to enhance and invest in the economic life of the communities in which it operates, society in general and the environment.

Transparency and accountability continued

The board's Audit and Risk Committee, working in conjunction with the Transformation, Social and Ethics Committee, oversaw the establishment of the relevant management structures and processes to achieve and improve the objectives of Adcorp's sustainability policy. The policy provides a framework for all Adcorp's current and future sustainability activities.

Government and regulatory industry bodies

Adcorp works closely with Government, regulators and lawmakers in order to protect its stakeholders' interests, avoid reputational damage and mitigate any potentially negative impact new statutes, regulations or changes to existing ones may have.

Compliance with all relevant regulations affecting the business activities of the Group is regarded as being of the utmost importance. Certainty with regard to the recent promulgation of the SA labour laws is of particular significance to the Group. It is worthy of noting that certainty has been achieved with the recent promulgation of the SA labour laws which is of particular significance to the Adcorp Group.

The directors have adopted the "apply or explain" principle contained in King III and required in terms of the JSE Listings Requirements. The assessment of the application and implementation of King III, including current levels of compliance in respect of the guidance and oversight of risk, governance and compliance management across the Group, is ongoing. Adcorp is compliant, and complied throughout the year, with all aspects of King III.

Adcorp is a founding member of the Confederation of Associations in the Private Employment Sector (CAPES). Established in 2003, CAPES represents the unified voice of the private employment sector to other stakeholders, which are primarily the South African Government, labour organisations and trade unions. In addition, CAPES is active in addressing matters such as the professionalisation of our industry, union agreements and social security as parallel initiatives to ensure that a decent work agenda is tabled and debated.

CAPES is a full member of Business Unity South Africa (BUSA) and has a number of representatives participating at the National Economic Development and Labour Council (NEDLAC). Adcorp is also a member of Business Leadership South Africa (BLSA) and the Millennium Labour Council (MLC).

Compliance

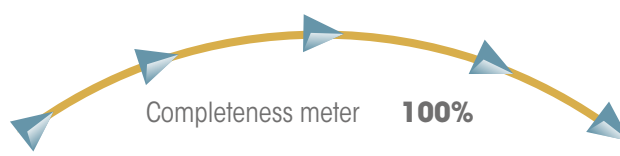
The board, through the Audit and Risk Committee, has satisfied itself with the extent of the company's compliance with the King III report and with the JSE Listings Requirements. Adcorp's Governance Register, as developed by the Institute of Directors of South Africa (IoDSA), was completed. The overall score for Adcorp was AAA – highest application. However, there are still areas where we could improve. The overall score as rated by the IoDSA Governance Assessment Instrument (GAI) is set out below.

Summary governance result – Overall

ADCORP HOLDINGS LIMITED
REGISTRATION NUMBER:
1974/001804/06

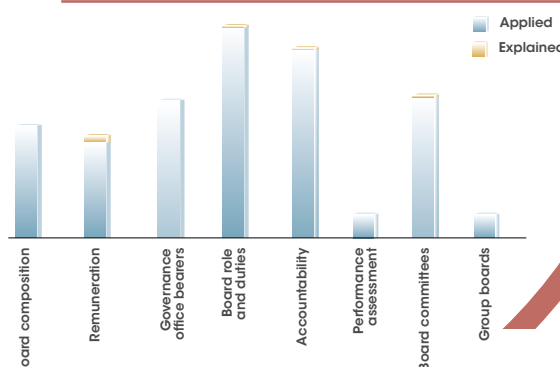
i The assessment criteria of the IoDSA web-based tool, the Governance Assessment Instrument (GAI), have been based on the practice recommendations of the King III report. These criteria are intended to assess quantitative aspects of corporate governance only, and not qualitative governance. Full disclaimer at www.iodsa-gai.co.za

AAA – Highest application
AA – High application
BB – Notable application
B – Moderate application
C – Application to be improved
L – Low application

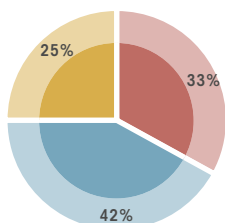


Overall score	AAA
Board composition	AAA
Remuneration	AAA
Governance office bearers	AAA
Board role and duties	AAA
Accountability	AAA
Performance assessment	AAA
Board committees	AAA
Group boards	AAA

Weighting graphic

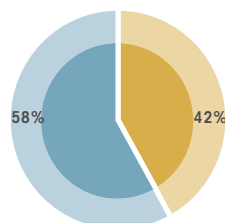


Independence



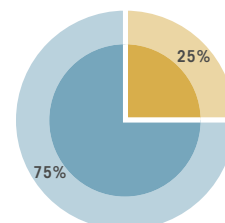
■ Independent non-executive directors
 ■ Non-executive directors
 ■ Executive directors

Board racial composition



■ Black
 ■ White

Board gender composition



■ Male
 ■ Female

Board and committee attendance for the financial year ended 28 February 2015*

Members	Attendance			
	Board	Audit and Risk Committee	Remuneration and Nominations Committee	Transformation, Social and Ethics Committee
MJN Njeke (<i>Chairman of the board and the Nominations Committee</i>)	4/4		2/2	
Independent non-executive directors				
SN Mabaso-Koyana (<i>Chairman of the Remuneration Committee</i>)	3/4	4/4	2/2	
ME Mthunzi (<i>Chairman of the Transformation, Social and Ethics Committee</i>)	4/4	3/4		3/3
TDA Ross (<i>Chairman of the Audit and Risk Committee</i>)	4/4	4/4		
MW Spicer	4/4	4/4	2/2	
Non-executive directors				
GP Dingaan	4/4			
NS Ndhrazi	4/4	+		3/3
MR Ramaite	3/4		+	1/3
Executive directors				
RL Pike (<i>Chief Executive Officer</i>)	4/4	+	+	+
PC Swart (<i>Chief Operations Officer</i>)	3/4			+
AM Sher (<i>Chief Financial Officer</i>)	4/4	+	+	
BE Bulunga (<i>Executive Director: Business Development and Corporate Affairs</i>)	4/4	+		+
C Bomela** (<i>Chief Risk Officer and Executive Director: Group Services</i>)	1/1	+		

* For the period 29 May 2014 to 26 May 2015 (ie when the board approved the year-end results for release on SENS).

** Retired as director 30 June 2014.

+ Invitee.

Summary of the roles and responsibilities of the board and its committees

Adcorp board

Roles and responsibilities of the board

As fiduciaries, the board is accountable to shareholders as a whole and also owe a duty of care and diligence to the Group. It acts in the best interests of the company and its shareholders.

The board responsibilities and duties include the following:

- Exercises effective leadership underpinned on an ethical foundation based on fairness, accountability, responsibility and transparency and ensuring that the company's ethics are applied and managed effectively.
- Approves the long-term and short-term strategies and budgets for the business and ensuring that an adequate budgeting and business planning process exists that is aligned with the Group's strategic imperative and that performance is monitored against budgets and plans.
- Being accountable by providing open, prompt and meaningful reporting to shareholders and other stakeholders on financial and non-financial matters and by encouraging attendance at general meetings.
- Oversees the establishment and administration of the Group's system of corporate governance and acting as the focal point for and custodian of corporate governance.
- Ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.
- Ensures the integrity of the company's annual integrated report.
- Establishes a framework for the delegation of authority which will be reviewed on an annual basis. This framework will include all matters reviewed for board approval in addition to those specified in the Act and the MOI.
- Ensures that the company is and is seen to be a responsible corporate citizen by protecting, enhancing and investing in the wellbeing of the economy, society and the natural environment.
- Elects a chairman who should be an independent non-executive director.
- Appoints the chief executive officer and a chief financial officer through a formal process and ensuring a proper process of performance management and succession planning exists in respect of these positions. The board will, via the Remuneration and Nominations Committee, provide input regarding senior management appointments, remuneration and succession plans.
- Conducts the induction and ongoing training and development of directors through formal processes.
- Evaluates the board, its committees, individual directors and the Company Secretary every year.
- Being responsible for information technology (IT) governance, including aligning IT with the performance and sustainability objectives of the company, and monitoring and evaluating significant IT investments and expenditure.
- Uses its best endeavours to familiarise itself with issues of concern to its relevant stakeholders and strives to achieve the appropriate balance between the legitimate interests and expectations of the various stakeholders, in its decision-making in the best interest of the company.
- Appreciates that stakeholders' perceptions affect the company's reputation and therefore ensures proper management of the relationship between the company and all its stakeholders so as to protect and, where possible, enhance the reputation of the company.
- Formulates, implements and monitors the progress of the Company's strategy.
- Being responsible for Adcorp's approach to corporate citizenship, safety, health, the environment, ethics, risk and compliance to applicable legislation.

To fulfil these responsibilities board members participate in rigorous and effective debate and discussion.

Summary of key focus areas for the financial year

ended 28 February 2015

- International business expansion
- Progress transformation within the Group
- Improve skills, knowledge and expertise of the board

ending 29 February 2016

- Continue international business expansion
- Progress transformation further within the Group
- Ensure synergies are unlocked across the Group
- Further improve governance structures in non-South African operations

Audit and Risk Committee

Roles and responsibilities of the Audit and Risk Committee

The Audit and Risk Committee is a statutory committee. Its members are independent non-executive directors.

The Audit and Risk Committee:

- reviews the Group's integrated reporting and financial statements;
- oversees risk management and IT governance;
- appoints, approves the planning, monitors the reasonableness of the fees and determines the independence in respect of the external audit function;
- assesses the performance of the external auditors and recommends, if deemed appropriate, their re-appointment to the shareholders;
- appoints and assesses the performance of the internal audit function;
- obtains assurance on the financial statements, internal controls and sustainability information included in the integrated annual report;
- oversees the effectiveness of the system of internal controls;
- carries out its statutory duties set out in section 90 of the Companies Act, 2008;
- satisfies itself as to the expertise and experience of the Chief Financial Officer and the financial function; and
- satisfies itself that the external auditor of the Group was independent and the extent of other work undertaken by the auditor was in compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors.

The Audit and Risk Committee report can be found on page 113 of the financial statements in this report. The risk report can be found on page 90.

Summary of key focus areas for the financial year

ended 28 February 2015

- Strengthen internal controls and process improvement of the outsourced model
- Ensure the improved maturity of the IT governance framework

ending 29 February 2016

- Further improve the outsourced backoffice function
- Improve assessment of risk areas and mitigating factors
- Further adherence with legislation and regulation

Summary of the roles and responsibilities of the board and its committees continued

Remuneration and Nominations Committee

Roles and responsibilities of the Remuneration Committee

The Committee is a regulatory committee with a majority of independent non-executive members whose duties are delegated to it by the board of directors. The Committee is chaired by an independent non-executive director of the board, who is not the Chairman of the board.

The Remuneration and Nominations Committee:

- is responsible for appraising and assessing the performance and remuneration of the executive directors annually;
- ensures appropriate, transparent disclosure of remuneration;
- proposes to shareholders the level of remuneration of non-executive directors for approval at the annual general meeting;
- ensures that the mix of fixed and variable pay, in cash, shares and other elements, meets the company's needs and strategic objectives;
- sets performance targets and monitors achievements against specific parameters;
- satisfies itself that the recorded performance measures that govern the vesting of long-term incentives are accurate;
- reviews long-term incentive schemes, by adjudicating on the allocation of performance shares (PFs) to ensure the continued contribution to shareholder value and that administration is in terms of the rules and is on a fair and equitable basis; and
- oversees the preparation of the remuneration report and recommends it to the board for inclusion in the integrated annual report.

The remuneration report can be found on page 92.

Roles and responsibilities of the Nominations Committee

The Committee is composed of a majority of independent non-executive members whose duties are delegated to it by the board of directors. The Committee is chaired by the Chairman of the board and its responsibilities are:

- to ensure that the appointment of directors is formal and makes appropriate recommendations to the board when vacancies arise by considering experience, diversity, skills and demographics;
- to ensure that appropriate consideration is given to succession planning for the Chief Executive Officer, other executive directors, the Chairman of the board and any other key positions within the Group;
- to appraise and/or recommend directors who are retiring by rotation to be put forward for re-election based on past performance, contribution and objectivity and is tasked with identifying new candidates as the need arises;
- to assist the board in its determination and evaluation of the adequacy, efficiency and appropriateness of the corporate governance structure and practices within the Group;
- to establish and maintain a board continuity programme by regularly reviewing the required skills, experience, race, gender and other qualities of directors;
- to ensure, with the assistance of the Company Secretary, that the proper process is followed for the appointment of new directors to the board; and
- to ensure induction and ongoing training of directors.

Summary of key focus areas for the financial year

ended 28 February 2015

- Address succession planning
- Determine incentives against predefined performance criteria
- Ensure the Committee possesses the necessary skills, knowledge and expertise

ending 29 February 2016

- Ensure succession planning is implemented
- Review remuneration structure and ensure that it is relevant, appropriate and market related

Transformation, Social and Ethics Committee

Roles and responsibilities of the Transformation, Social and Ethics Committee

The Committee is comprised of independent and non-executive directors. The non-executive directors include representatives of Adcorp's BEE partners and the Committee is chaired by an independent non-executive director.

The Transformation, Social and Ethics Committee monitors the company's activities with regard to:

- transformation strategies, objectives and targets and advises the board accordingly;
- transformation of procurement spend, enterprise development and socio-economic development;
- identifying stakeholder groups and managing these relationships;
- social and economic development, including the company's standing in terms of goals and purposes of:
 - the 10 principles set out in the United Nations Global Compact Principles;
 - the OECD recommendations regarding corruption; and
 - the Employment Equity Act;
- Broad-Based Black Economic Empowerment Act;
- good corporate citizenship, including the Group's:
 - promotion of equality, prevention of unfair discrimination and reduction of corruption;
 - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
 - record of sponsorship, donations and charitable giving;
- the environment, health and public safety, including the impact of the company's activities and of its products or services;
- stakeholder engagement, including the company's financial, strategic, legislative, reputational, competitive, regulatory and social responsibilities; and
- labour and employment, including:
 - the company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
 - the company's employment relationships, and its contribution toward the educational development of its employees.

The Committee's report can be found on page 99.

Summary of key focus areas for the financial year

ended 28 February 2015

- Alignment of the CSI spend with the Group's objectives
- Enhance stakeholder engagement
- Maintain transformation momentum

ending 29 February 2016

- A working group to be set up to more closely monitor the responsibilities of this committee as governed by the Companies Act and King III
- Maintain transformation momentum
- Oversee compliance with the new labour legislation

Transparency and accountability continued

Summary of the roles and responsibilities of the board and its committees continued

Executive Committee

The Adcorp Executive Committee ("the Committee"), which meets monthly, is the most senior executive decision-making body in the Group. The CEO chairs the Committee, which meets monthly, and its membership consists of:

Membership

RL Pike

Chief Executive Officer (CEO)

AM Sher

Chief Financial Officer (CFO)

PC Swart

Chief Operating Officer (COO)

BE Bulunga

Corporate Affairs and Business Development Director

GJ Tindall

Head of Group Sales and Marketing

FA Gazendam

Chief Information Officer (CIO)

JM Botha

Labour law expert

L Wilson

Chief Risk Officer (CRO) (ex officio by invitation)

H Lamprecht

Chief Audit Executive (CAE) (ex officio by invitation)

Role and responsibilities

Adcorp's Executive Committee is responsible for:

- strategic planning and implementation of Group strategy;
- analysis of market trends, industry developments and competitive activity;
- identifying key risk areas of the Group and assuring compliance with appropriate mitigating policies, procedures and internal controls;
- monitoring the integrity of Group-wide IT governance;
- tracking and managing company performance and taking action in this regard where necessary;
- optimising the Group's capital structure, managing the cash-to-cash (working capital) cycle and margins;
- ensuring Group-wide adherence to the Adcorp Code of Conduct and general corporate governance principles;
- driving BBBEE initiatives, transformation and employment equity; and
- production of transparent Group reporting and stakeholder engagement.

Summary of key focus areas

for the financial year ended 28 February

• Strategy

The Committee deliberates, takes decisions and makes recommendations on all matters regarding strategy, development, implementation and operational stewardship. In certain circumstances and within the parameters described by the board-approved governance structures, certain decisions and recommendations are referred to the board or its relevant subcommittees for final approval, while in other cases the mandate to take strategic and operational decisions is delegated to the Committee.

Summary of key focus areas **continued**

for the financial year ended 28 February

• **Capital structure**

The Committee acts under its mandate from the board to optimise the capital structure of the company and manage its target gearing level. As regards debt, the Committee ensures that the appropriate and cost-effective structuring of various debt instruments is utilised and monitors that adherence to debt covenants is achieved. In the case of equity, the Committee makes recommendations to the board with respect to the appropriateness and requirement to issue further equity.

• **Performance and risk analysis**

The Group's financial performance is monitored per operating entity by the Committee ensuring that set targets are met. The set of targets that encompasses financial performance is explained in more detail in the report of the Chief Financial Officer. Ongoing risk mitigation strategies are put in place to ensure that continued shareholder value is generated, optimised and protected.

• **Transformation**

The Group is a level 2 BBBEE contributor and the Committee ensures that BBBEE and transformation remains at the forefront of the company's day-to-day operations. The Committee continuously develops appropriate policies to guide transformation initiatives within the Group.

• **Code of Conduct**

The Committee expects all its employees to maintain high standards of business ethics, morals, honesty and integrity across all the operating entities of the Group.

A Code of Conduct has been published that all directors and employees of the Group must adhere to. All employees sign a declaration agreeing to follow the Adcorp Code of Conduct. The Code of Conduct explains the Group's approach to conducting business ethically with full compliance and in the best interests of all stakeholders. The Code of Conduct is available on the company's intranet site.

• **Supply chain management**

As part of the Adcorp shared service centre and backoffice outsourcing strategy, continued progress is being made in leveraging the Group's strength through the establishment and implementation of a Group-wide procurement policy. The objective is to extract overall procurement efficiencies through effective management of supplier contracts as they relate to pricing and quality of service delivery. Adcorp believes in and abides by fair business practices when dealing with all its suppliers.

• **Stakeholder engagement**

Our executive directors support and facilitate the release of accurate and timely information to all Adcorp's stakeholders. Adcorp's proactive approach to stakeholder engagement is set out on pages 10 to 11 of this report. Adcorp embraces transparent reporting and recognises that effective stakeholder engagement is essential to good corporate governance. A stakeholder steering committee has been established to ensure that the needs of the Group's stakeholders are adequately addressed.

Transparency and accountability continued

RISK REPORT

Risk governance

The board is responsible for the governance of risk and determining levels of risk tolerance and is committed to increasing shareholder value by managing risk and opportunities within a predefined framework. The board has delegated this responsibility to the Adcorp Group Audit and Risk Committee.

Adcorp's Chief Executive Officer (CEO) is accountable to the board for the management of risks facing Adcorp and is supported by the management of these risks by the operating managing executives. The board has adopted the three lines of defence model for managing risk. This model enables the Group to embed risk management in all levels of the organisation.

During the year under review the following specific key risk events occurred:

- The Audit and Risk Committee reviewed and approved the Adcorp Risk Management Framework in October 2014.
- The Adcorp Group strategic risk register was reviewed and updated by MANCO, and approved by the Audit and Risk Committee.
- A strategic risk register for PAXUS was developed and approved by the Audit and Risk Committee, and an Adcorp Holdings Australia risk register is in progress.
- The risk and compliance function for Adcorp Africa was formalised and is monitored by the newly established Adcorp Africa board.
- Following the retirement of C Bomela, L Wilson was subsequently appointed as the Chief Risk Officer.

Risk management framework

The board has reviewed the Adcorp Risk Management Framework (RMF) in the past financial year. The RMF is intended to:

- set risk management objectives;
- define governance structures;
- categorise risks;
- specify risk management process;
- determine risk tolerance and appetite;
- explain tools and technology; and
- provide a framework for combined assurance.

The RMF has been developed in line with the COSO Integrated Control Framework and King III.

Risk management process

The risk management process consists of sections 1 to 4, as depicted in the adjacent diagram. The risk management process is designed and operated to identify, assess, monitor, manage and report on all foreseeable material

risks over a suitable planning period of the business in a timely manner. It takes into account the probability and potential impact of risks. Risks identified are recorded in the risk register. They are then ranked in terms of significance. Their significance is determined by an analysis of the likelihood and impact of each risk. Existing controls and management actions and their effectiveness and efficiency should also be taken into account in determining the residual risk. The ultimate goal is that all the top-ranked risks of the Group are reported to the board and relevant committees. Operational risks with a residual risk rating of medium and high are reported to the Group Executive Committee and the Audit and Risk Committee. Our operating entities undertake to continuously monitor and review risk areas as part of their day-to-day activities.



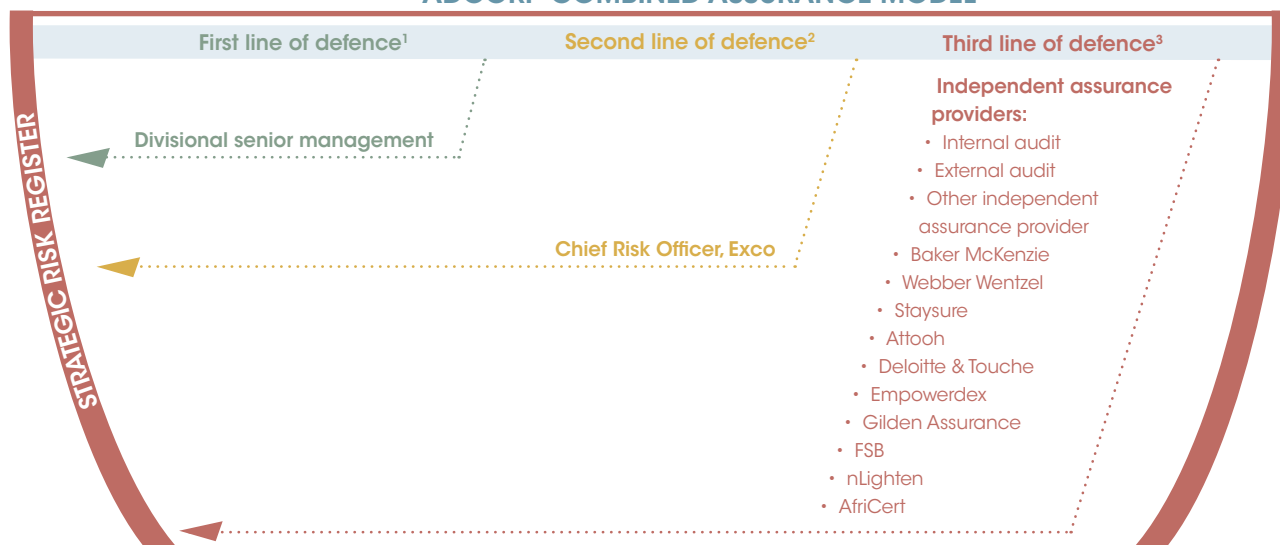
Risk tolerance and appetite

The board has set the risk tolerance levels, as well as the risk appetite in the RMF. Risk appetite is the amount of risk exposure, or potential adverse impact from an event, that the board is willing to accept. If the residual risk exceeds the risk appetite, additional risk responses are required to get the risk level within required tolerances. If the residual risk is below the risk appetite, remove risk response activities until the risk level is within the risk appetite tolerances. The board has evaluated each strategic risk and determined the risk appetite. Depending on the residual risk value, the mitigating activities were reviewed to make sure it falls within the risk tolerance levels.

Combined assurance

The objective of the combined assurance model is to integrate, coordinate and align risk management and assurance processes within Adcorp. The combined assurance process is coordinated by internal audit. Internal audit will review each strategic risk to establish if sufficient assurance was obtained from the three lines of defence, as illustrated on the next page.

ADCORP COMBINED ASSURANCE MODEL



1. Comprises the divisions that operate the business and are directly responsible for the processes that constitute the value chain, ie applying appropriate procedures, internal controls and Group policies and reporting issues to the Chief Risk Officer (CRO), the Audit and Risk Committee (ARC) or other governance bodies.
2. The CRO is a member of Exco and is accountable for the effective and objective functioning of the Group risk management function. The CRO reports to the CEO, and has direct and unrestricted access to the ARC Chairman. Development of Group-wide risk management policies, overseeing their implementation, and reporting on risk issues to Exco, ARC and the board form a key component of this role.
3. Independent assurance functions that are intended to provide an independent and balanced view of all aspects of risk management. Internal audit and the external auditors have unrestricted access to the Chairman of the ARC, Exco and members of the board. Internal audit and the external auditors also meet formally, ensuring optimal alignment.

Internal audit considers the abovementioned model to develop a written assessment on the effectiveness of the Group's system of internal controls and risk management, as required by King III.

Information technology governance

IT governance has been delegated by the board to the Audit and Risk Committee (ARC) and IT governance is a standing item on the ARC agenda. During the year, FA Gazendam was appointed to the role of Chief Information Officer (CIO). Notable events on IT governance in the past year included:

- appointment of a new CIO;
- review and acceptance of IT Risk Register;
- strengthening of IT Governance structure by appointment of two general managers, one of which is responsible for IT risk; and
- establishment of the IT Change Advisory Board (CAB) forum.

The Committee, having fulfilled its oversight role regarding the risk management process, is satisfied that it has met the requirements of its terms of reference.

Signed on behalf of the board

TDA Ross
Chairman, Audit and Risk Committee

14 July 2015

Transparency and accountability **continued**

REMUNERATION REPORT

Adcorp's executive remuneration policy continues to be driven by performance and it rewards executives and senior divisional management for the value they add and the resultant shareholder returns. Financial performance and non-financial measures and scorecards determine the extent of the rewards provided to executives and senior divisional management.

Remuneration review

To ensure that the Group's remuneration levels are fairly benchmarked and in line with market norms Adcorp commissions an independent external specialist survey of remuneration levels every second year. This is in line with the Group's remuneration philosophy and policy. The latest remuneration survey by independent external specialists was commissioned in August 2013. The scope, size and complexity of the executive and senior management roles were addressed and benchmarked against market trends. A non-executive survey was also undertaken. The conclusion was that the company's remuneration was in line with market norms. A further survey was commissioned in June 2015 and will be concluded during August 2015.

The Adcorp team continues to pay special attention to how it balances the company's need for financial performance with achieving its long-term strategic objectives. Our approach to remuneration is, as far as possible, to align the interest of employee and shareholder. Adcorp's remuneration policy seeks to endorse a performance culture so as to retain and attract the correct talent to ensure a sustainable company, while keeping within best practice guidelines and shareholders' expectations.

Taking into account best practice, the following areas have been addressed:

- Benchmarking executive and non-executive directors' remuneration against an appropriate peer group.
- The overall improvement of this remuneration report from a corporate governance and disclosure perspective.

A summary of the remuneration activities/decisions taken during the year under review are as follows:

- Ensured that the remuneration practices and policies supported the delivery of the business strategy.
- Adjudicated the allocation of performance shares (PFs) in terms of the Adcorp Holdings Limited 2006 Share Plan (Adcorp Share Plan).
- Approved the Reward Philosophy Framework (RPF) for 2015/2016.
- Reviewed and approved executive directors' remuneration for 2015/2016.

- Reviewed and approved senior divisional management remuneration for 2015/2016.
- Reviewed non-executive directors' remuneration for 2015/2016 and recommended it to shareholders for approval.
- Distributed communication with regard to the expiry of share appreciation rights (SARs) and PFs.
- Approved the Group's average increase in salary and wages for South Africa operations as well as for the Group's international operations.

Remuneration philosophy and policy

The remuneration function of the Remuneration and Nominations Committee, in compliance with the principles of King III, assists the board of directors in setting and administering remuneration policies. The remuneration policy within the Adcorp Group is reviewed annually by the Committee to ensure it supports the achievement of the company's business objectives, remains in line with best practice and fairly rewards individuals for their contribution to the business. The Committee oversees compliance by the company and its non-listed subsidiary companies with the principles set out in King III and the Companies Act in relation to the remuneration of directors.

Adcorp's key remuneration philosophies and policies:

- are designed to support key business strategies and create a strong performance-orientated environment while aiming to attract, motivate and retain talented employees;
- set remuneration levels for executive directors and senior divisional management, taking cognisance of the remuneration policies and practices of comparable companies;
- gear a significant portion of executive directors' and senior divisional management's remuneration toward company performance, ensuring strong alignment with shareholder interests; and
- adopt the principle that non-executive directors do not receive remuneration or incentive awards related to share price or corporate performance, and that non-executive directors' fees are approved by shareholders each year.

Executive remuneration culture

As a primarily sales-driven organisation, Adcorp values and rewards individual contribution. Financial reward is, therefore, by its nature, individualistic and performance based. While six key financial targets (the "six keys") are applied, as set out on page 95, in addition each executive director and senior divisional manager's remuneration is aligned with distinct targets relevant to his/her business unit. Accordingly, the guaranteed component of

executive remuneration is relatively comparable, with a larger variable component specific to each individual. Consequently, bonuses are characterised by a high degree of negotiation and discussion, in keeping with the Group's collaborative management style, leading to a degree of differentiation in incentives within the broader executive grouping.

Executive directors' and senior divisional management's remuneration consists of a fixed component, comprising basic salary and benefits, a variable annual performance-related reward and participation in the Long-term Incentive Scheme (LTIS).

Our remuneration is structured into the following broad categories:

- An annual total-cost-to-company (TCTC) package, which is reviewed annually and adjusted during March each year.
- A performance-based annual cash incentive bonus awarded under the Short-term Incentive Scheme (STIS).
- A retention-driven Long-term Incentive Scheme (LTIS).

In addition, all permanent employees are members of defined contribution pension/provident fund schemes governed by the relevant legislation. The assets of the pension/provident funds are managed independently and therefore separate from the Group's assets.

All permanent employees are required to belong to a medical aid scheme. The necessary deductions are drawn monthly from the fixed component of remuneration, in accordance with regulations and legislation.

Overview of remuneration

Adcorp's pay scales are benchmarked against Patterson's Modern Ranges, using the following grades:

- Grade 1: CEO.
- Grade 2: Executive directors.
- Grade 3: Prescribed officers and senior divisional managers.
- Grade 4: General managers.
- Grades 5 to 7: Heads of departments, professionals and specialists.

Remuneration structure

The table below summarises the elements of the total remuneration package paid to executive directors and senior divisional management in the 2015 financial year:

Element	Fixed/variable	Policy	Changes made for 2015
TCTC (includes salary, car allowance, retirement, life insurance and medical aid contributions)	Fixed	The company generally pays TCTC in the upper quartile of the market and is targeted to be competitive for comparable roles in companies of similar complexity and size, taking cognisance of the individual.	No changes
Short-term incentive (STI)	Variable	Short-term incentive payments aim to create a pay-for-performance culture by considering personal and company performance targets over a one-year period. The STI is used to determine annual payments.	No changes
Long-term incentive (LTI)	Variable	To create direct alignment between the interests of shareholders and participants, and to act as a retention tool over a three-year period. There is one LTI plan reported on in this report.	• Vesting period three years • A proportionate vesting model based on the following performance criteria: - Vesting period 25% - Profitability 20% - Return on investment 15% - Cash management 15% - Individual performance 25%

Transparency and accountability continued

REMUNERATION REPORT

Salaries are adjusted taking cognisance of the benchmarks depending on individual performance and experience and are reviewed each year. The review considers changes in the scope and roles performed by individuals, changes required to meet the principles of the remuneration policy and market competitiveness of salaries and benefits. Attention is paid to consistent job evaluation and grading of roles throughout the Group to ensure equity of reward, to facilitate transformation objectives and to ensure mobility within the company.

	TCTC % increase from 2014 to 2015
Executive directors	
RL Pike	7
PC Swart	7
B Bulunga*	n/a
AM Sher	7
Prescribed officers	
Prescribed officer A	6
Prescribed officer B	7
Prescribed officer C	6
Prescribed officer D	5
Prescribed officer E	5

* Joined the Group in February 2014.

The increase in TCTC packages for executive directors was 7% for 2015, and within a range of 5 to 7% for prescribed officers. This compared to an average 6% and 7% TCTC increase paid to all Group employees for 2015.

Salary and benefit adjustments for executive directors and senior divisional management were reviewed and approved by the Committee, while the CEO, COO and CFO approve adjustments for all other employees.

Benefits

The table below details benefits provided to employees as part of TCTC:

Benefit	Detail
Retirement/provident fund	Participation in the Adcorp retirement/provident fund is compulsory for all permanent employees. The fund is independently managed and supplies risk cover for death and disability.
Medical aid	All employees are required to belong to either a choice of company-selected external medical aids or to be a member of a spouse's/life partner's medical aid.
Group personal accident cover	All employees (permanent and fixed-term) are covered 24/7 for death, medical and disability expenses as a result of an accident.
Car allowance	Employees who need to use their motor vehicle during the course of their duties can elect to allocate a portion of their TCTC as a car allowance.

Short-term Incentive Scheme (STIS)

Performance-based rewards

The structure of annual performance incentives is primarily determined by Group performance conditions, and more specifically the six key performance areas:

1. Profitability vs budget
2. Return on investment
3. Margin management
4. Cash management
5. Transformation
6. Individual performance

The exact key performance areas are revisited and reset annually by the Remuneration and Nominations Committee. The weighting allocated to each key area will depend on the level of each employee and his/her sphere of influence on that criterion.

The balance of the annual reward is variable, allowing the flexibility to take into account the specific circumstances and contribution of each individual.

STIS bonuses for executive directors and prescribed officers

Each executive director and senior divisional manager received a performance rating on their personal scorecard. The table below details the actual STIS payment to executive directors and prescribed officers:

Name	Base salary* R'000	Maximum STIS %	Maximum STIS payment R'000	Actual STIS** %	Actual STIS payment** 2014 R'000	Actual STIS payment*** 2015 R'000
Executive directors						
RL Pike	4 040	150	6 060	113	4 546	5 044
PC Swart	3 150	150	4 725	100	3 150	3 652
C Bomela****	2 103	150	3 155	58	1 227	-
B Bulunga*****	250	-	-	-	850	1 250
AM Sher	2 609	150	3 914	92	2 392	2 559
Prescribed officers						
Prescribed officer A	1 948	150	2 922	101	1 968	-
Prescribed officer B	1 959	150	2 939	93	1 831	-
Prescribed officer C	1 959	150	2 939	123	2 402	-
Prescribed officer D	4 714	150	7 071	50	-	2 357
Prescribed officer E	2 707	150	4 061	50	-	1 354

* TCTC bases for 2013/2014.

** Bonus amounts were paid on 1 March 2014 in respect of amounts provided for as at 28 February 2014 in respect of the 2014 financial year. Refer to note 43 of the financial statements.

*** Company changed payment date of annual bonus payment. Bonus amounts were paid on 27 February 2015 in respect of amounts provided for as at 27 February 2015 in respect of the 2015 financial year. Refer note 43 of the financial statements.

**** Resignation as director effective 30 June 2014.

***** Commencement of employment 1 February 2014. Bonus payment amount was in form of sign-on bonus.

Transparency and accountability continued

REMUNERATION REPORT

Long-term Incentive Scheme (LTIS)

The Group has in place an incentive share scheme designed to align the objectives of executive directors and senior divisional management with those of stakeholders for a win-win scenario that will generate long-term sustainability.

The allocation of performance shares (PFs) under the Adcorp Share Plan is described below.

In terms of the Group's LTIS, PFs are awarded as long-term incentives to executives and senior divisional managers. PFs vest after a prescribed vesting period and the achievement of various performance criteria.

Details of movements in the Adcorp Share Plan for the year under review appears on page 117.

Current LTIS plan

Purpose	To align employees with shareholders over the long term by providing performance rewards and acting as a retention tool by providing retention awards.																			
Description of the plan	Eligible employees are allocated conditional allocations of PFs. The previously allocated share appreciation rights (SARs) provided employees, at the date the right vests, with the right to receive shares equal to the appreciation in the share price since grant date, while the PFs vest depending on performance. The issue of SARs has been discontinued. Previously both SARs and PFs vest two years after the grant date. For PFs allocated after 2013, the vesting period has been extended to three years. The vesting of the PFs is subject to various non-market-related performance criteria and may vary between participants. All SARs and PFs expire after six years from grant date.																			
Eligibility	Grades 1 to 3 are eligible for participation under the Adcorp Share Plan.																			
Mix between retention and performance awards	The level of seniority determines the mix between performance awards and retention awards as follows: <table><tr><th>Position</th><th>Grade</th><th>Performance awards %</th><th>Vesting %</th></tr><tr><td>CEO</td><td>1</td><td>75</td><td>25</td></tr><tr><td>Executive directors</td><td>2</td><td>75</td><td>25</td></tr><tr><td>Prescribed officers and senior divisional managers</td><td>3</td><td>75</td><td>25</td></tr></table>				Position	Grade	Performance awards %	Vesting %	CEO	1	75	25	Executive directors	2	75	25	Prescribed officers and senior divisional managers	3	75	25
Position	Grade	Performance awards %	Vesting %																	
CEO	1	75	25																	
Executive directors	2	75	25																	
Prescribed officers and senior divisional managers	3	75	25																	
Performance period and conditions	Performance conditions are measured over a three-year performance period. The performance conditions used to determine the extent to which the PFs vest, are as follows: <table><tr><th></th><th>%</th></tr><tr><td>Vesting</td><td>25</td></tr><tr><td>Profitability</td><td>20</td></tr><tr><td>Return on investment</td><td>15</td></tr><tr><td>Cash management</td><td>15</td></tr><tr><td>Individual performance</td><td>25</td></tr><tr><td></td><td>100</td></tr></table>					%	Vesting	25	Profitability	20	Return on investment	15	Cash management	15	Individual performance	25		100		
	%																			
Vesting	25																			
Profitability	20																			
Return on investment	15																			
Cash management	15																			
Individual performance	25																			
	100																			
Vesting period	Vesting period is 3 (three) years.																			
Dilution	The SARs and PFs are dilutive to shareholders as ordinary shares can be issued under the Adcorp Share Plan. The SARs and PFs may be equity- or cash-settled at the discretion of the company. Subject to shareholder approval, it is proposed that the aggregate maximum number of awards that may be made under the Adcorp Share Plan be restricted to 10% (previously 15%) of the issued shares in issue at any time.																			
Individual limited	Save for the provisions of the service contracts of the CEO and COO, as described below, awards under the Adcorp Share Plan to an individual may not exceed 1% of the issued share capital of the company as at 9 July 2012, being the date on which the amendments to the Adcorp Share Plan were approved by shareholders*.																			
Early termination	The rules of the Adcorp Share Plan distinguish between so-called good leavers (death, retrenchment, as determined in accordance with the employer company policy, retirement, ill health, injury or disability, as determined to the satisfaction of the Committee) and bad leavers (resignations or dismissals). Bad leavers will forfeit all unvested awards. Good leavers will receive a proportion of their vested awards, prorated for service and performance to the date of termination of employment.																			
Board policy	Subject to the discretion of the Committee, the Adcorp Share Plan is used for annual long-term incentive awards. The annual awards are based on multiples of the TCTC of the employee. The Committee reviews these multiples regularly to ensure they are in line with market trends, and remain fair and motivating as longer-term rewards.																			

* Allocation of PFs under the Adcorp Share Plan to directors and prescribed officers can be found on page 164.

BBBEE Scheme

In terms of the company's BBBEE transaction as detailed on page 149, no non-executive directors have been granted any SARs or PFs under the Adcorp Share Plan.

Retention payments or severance lump sums

Retention payments or severance lump sums are only considered in exceptional circumstances. Where these payments are made, approval is sought from the Committee.

Employment contracts – executive directors

The Chief Executive Officer and the Chief Operating Officer are contracted for a 5 (five) year period, effective 1 March 2012. They are entitled to standard Group benefits, as well as to participate in the Group's short-term and long-term incentive plans.

Other executive directors and senior divisional management are employed in terms of standard employment contracts.

Total emoluments for the year ended 28 February 2015

Remuneration paid to executive directors and prescribed officers for the current and comparative year is detailed on page 162.

Further details of long-term incentives

Details of long-term incentives awarded to executive directors and prescribed officers can be found on page 164.

Appointment of executive and non-executive directors

Both executive and non-executive directors are subject to ratification by shareholders at the first annual general

meeting following their appointment and are then required to submit their resignation by rotation in accordance with the company's MOI.

The appointment of a non-executive director may be terminated without compensation if that director is not re-elected by shareholders, or otherwise in accordance with the company's MOI.

Non-executive fees

Non-executive directors are appointed to the board based on their ability to contribute competence, insight and experience appropriate to assisting the Group to set and achieve its objectives. Consequently, fees are set at levels to attract and retain the calibre of director necessary to contribute to a highly effective board. Non-executive directors receive fees for their services as directors and for services provided as members of board committees. They do not receive short-term incentives, nor do they participate in long-term incentive schemes.

As suggested by King III, board fees comprise both a retainer fee and an attendance fee. The level of fees paid to non-executive directors is based on current market practice and similar comparators. The total remuneration payable to non-executive directors requires approval of shareholders at the annual general meeting. The last approval by shareholders was obtained at the annual general meeting of shareholders on 6 August 2014.

Total emoluments to non-executive directors were as follows:

R'000	Chairman fees	Board meetings	Audit and Risk Committee meetings	Remuneration and Nominations Committee meetings	Transformation, Social and Ethics Committee meetings	Total
28 February 2015						
MJN Njeke	443 592	-	-	18 612	-	462 204
GP Dingaan	-	112 417	-	-	-	112 417
SN Mabaso-Koyana	-	175 289	132 120	46 530	-	353 939
ME Mthunzi	-	175 289	111 280	-	47 605	334 174
NS Ndhlahi	-	112 417	-	-	35 039	147 456
MR Ramaite	-	112 417	-	18 112	24 173	154 702
TDA Ross	-	175 289	264 237	-	-	439 526
MW Spicer	-	175 289	132 120	35 039	-	342 448
	443 592	1 038 407	639 757	118 293	106 817	2 346 866
28 February 2014						
MJN Njeke	398 304	-	38 953	18 612	-	455 869
GP Dingaan	-	103 844	-	-	-	103 844
SN Mabaso-Koyana	-	152 927	103 156	32 600	-	288 683
ME Mthunzi	-	81 386	103 156	-	55 716	240 258
NS Ndhlahi	-	87 974	35 151	-	39 372	162 497
MR Ramaite	-	103 844	26 451	32 600	49 527	212 422
TDA Ross	-	152 927	254 883	-	-	407 810
MW Spicer	-	38 953	32 462	-	-	71 415
	398 304	721 855	594 212	83 612	144 615	1 942 798

Transparency and accountability continued

REMUNERATION REPORT

Interests of directors and prescribed officers in share capital

The aggregate holdings of directors and prescribed officers of the company and their immediate families (none of which has a holding in excess of 1%) in the issued ordinary shares of the company is detailed in the following table:

	28 February 2015			28 February 2014		
	Number of Adcorp ordinary shares held			Number of Adcorp ordinary shares held		
	Direct beneficial	Indirect beneficial	Total	Direct beneficial	Indirect beneficial	Total
C Bomela*	110 042	-	110 042	39 000	-	39 000
RL Pike	563 080	-	563 080	203 080	-	203 080
MR Ramaite	15 000	-	15 000	15 000	-	15 000
AM Sher	100 000	-	100 000	51 000	-	51 000
MW Spicer**	48 000	-	48 000	-	-	-
PC Swart	-	75 000	75 000	-	-	-

* Retired with effect 30 June 2014.

** As disclosed in a SENS announcement on 27 May 2015.

The direct beneficial holdings of AM Sher was changed to indirect beneficial between the date the annual results were released (being 26 May 2015) and the date of this report. Save for the aforesaid, there were no changes in the interests of the directors and prescribed officers (or their associates) between the financial year-end and the date of the notice of the annual general meeting.

Directors' loans

Directors have no loans with the company.

Interest of directors in contracts

The directors have certified that they had no material interest in any transaction of any significance with the company or any of its subsidiaries.

A register detailing directors' and officers' interest in the company is available for inspection at the company's registered address.

Directors' (or their associates') interests in Adcorp shares

Only the directors mentioned in the table on page 166 held any direct beneficial interests in Adcorp's shares as at 28 February 2015.

The Committee has conducted its affairs in compliance with the board-approved terms of reference and has discharged its responsibilities contained therein.

The Committee is satisfied that the overall principles laid down by King III and the Companies Act have been adhered to, unless specifically stated.

Signed on behalf of the board



SN Mabaso-Koyana

Chairperson, Remuneration Committee

14 July 2015

REPORT OF THE TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE

The Committee met three times during the year in order to discharge its responsibilities.

Committee activities during the year

During the course of the year, the following significant matters were addressed by the Committee:

- Updating and approving the sustainability reporting guidelines.
- Continuously monitored transformation within the Group.
- The initiation of a momentum towards Constitutional commitment in South Africa by corporate companies was addressed.
- Focus on awareness of reducing environmental impact within the Group.
- Ensuring that all employees, in particular the temporary workforce were being paid the correct wage, above the minimum wage and on an equal basis.
- The identification of stakeholders and a strategy to engage with stakeholders was presented. The Committee was particularly pleased with the improvements in this area.
- Focus on the BEE rating to ensure compliance within the new codes.
- Corporate social initiatives were more fully aligned with the Group's objectives.

Transformation within human resources

The transformation framework follows the strategic business plan of the Group. It is supported by a performance measurement system which focuses on measuring the key objectives at all levels throughout the Group. The system facilitates effective planning, implementation and monitoring by the Committee and reflects the individual and collective commitment of all directors and senior divisional management to the process.

A table detailing the number of employees and the employment equity status of the Group appears on page 61. Although significant strides have been made within this area, the Committee is more closely assessing middle and senior management with regard to transformation and, if deemed necessary, will utilise the services of an external consultant to further enhance this area.

Matters in progress

- Continuous improvement on the transformation scorecard.
- The establishment of a management working group to more formally assess the Group's compliance with this Committee's terms of reference.

Corporate Social Investment

Adcorp established a formal social investment programme in January 2001. The achievements of this programme, as well as its purpose and future direction, are covered in detail in the social capital section of this report on page 71.

Reporting and compliance

Adcorp strives to comply with relevant environmental, social and governance legislation and regulations. Our reporting is also guided by the Global Reporting Initiative's (GRI) Guidelines. This year's report introduces certain of its indicators which have been externally assured by Gilden Assurance Proprietary Limited – see page 100.

Conclusion

In terms of its charter and its statutory obligations, the Committee hereby confirms to shareholders that the Group gives its transformation, social and ethics responsibilities the necessary attention. Policies and programmes are in place to contribute to social and economic development, ethical behaviour towards employees and other stakeholders, fair labour practices, environmental responsibility and good client relations.

There were no substantive areas of non-compliance with legislation and regulation, or non-adherence with codes of best practice applicable to areas within the Committee's mandate that were brought to the Committee's attention. The Committee has no reason to believe that any such non-compliance or non-adherence has occurred.

Signed on behalf of the board



ME Mthunzi

Chairman, Transformation, Social and Ethics Committee

14 July 2015

Transparency and accountability continued

INDEPENDENT SUSTAINABILITY ASSURANCE REPORT TO THE MANAGEMENT AND STAKEHOLDERS OF ADCORP HOLDINGS LIMITED

Introduction

Gilden Assurance has been appointed by Adcorp Holdings Limited ("Adcorp") to conduct an independent assurance engagement in Accordance with AA1000AS (2008) in relation to the Adcorp Integrated Report ("the Report") for the financial year that ended on 28 February 2015.

Gilden Assurance is an independent and licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from a team of associates. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with 17 years' experience in sustainability performance measurement involving both advisory and assurance work.

Scope and subject matter selected for assurance

The agreed subject matters for assurance are:

- Adcorp's adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness.

For both permanent and temporary workforce:

- South African workforce composition by race, gender, citizenship and disability (page 61 – 63).
- South African labour turnover rate by province, gender and age group (page 62 and 63).
- Incidents of child labour statement (page 62 and 63).
- Incidents of forced labour statement (page 62 and 63).
- Incidents of discrimination statement (page 62 and 63).

For temporary workforce only:

- Number of employees covered by collective bargaining agreements (page 63).

Economic:

- Direct economic value generated and distributed (page 54).

Environmental:

- Amount of fuel (diesel and petrol) used within the Scope 1 reporting boundary (page 77).
- Amount of printing paper used (page 77).

GRI G4 in accordance option:

- Adcorp's GRI G4 'in accordance' reporting statement (IFC).

Assurance standards and suitable criteria applied

Gilden Assurance performed the assurance engagement in accordance with the AccountAbility AA1000AS (2008) Type 2 requirements. The following assessment criteria were used in undertaking the work:

- AA1000APS 2008 (AccountAbility Principles Standard) criteria for inclusivity, materiality and responsiveness.
- For the workforce, economic and environmental disclosures: the validity, accuracy and completeness of data.
- The GRI G4 'in accordance' criteria.

Level of assurance

Gilden Assurance planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusions for a moderate assurance level.

Work performed by Gilden Assurance

The assurance activities included:

- Interviews with relevant functional managers to understand and test the processes in place for adherence to the AA1000APS principles and the underlying data management systems for the disclosures;
- Testing, on a sample basis, the collection, aggregation and reporting processes in place for the most material operations including Capacity, Capital, Charisma, Paracon, Quest Staffing and Quest Support;
- Reporting the assurance findings to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process; and
- Assessing the presentation of disclosures relevant to the scope of work in the Report to ensure consistency with the assurance findings.

Engagement limitations

The evidence gathering procedures for moderate assurance are more restricted than for high assurance and therefore less assurance is obtained.

It is noted that workforce detail at the scale of Adcorp is continuously changing on a daily basis due to staff movement. The data reported and tested was as at the last day of the financial year unless otherwise specified. It is important to understand the moderate assurance conclusion in this context.

Respective responsibilities and Gilden Assurance's independence

Adcorp was responsible for preparing the Report and for the collection and presentation of information within the Report. Gilden Assurance's responsibility was to the management of Adcorp alone and in accordance with the terms of reference agreed with Adcorp.

Gilden Assurance applies a strict independence policy and confirms its impartiality to Adcorp in delivering the assurance engagement. This assurance engagement is the second consecutive assurance engagement conducted for Adcorp, the previous one being for the 2014 Integrated Report.

Assurance conclusion

In our opinion, based on the work undertaken for moderate assurance as described, we conclude that Adcorp has adhered to the AA1000 principles of inclusivity, materiality and responsiveness for the reporting period and that the disclosures specified in the scope of this assurance engagement have been prepared in accordance with the defined reporting criteria and are free from material misstatement.

Key observations and recommendations

Based on the work set out above, and without affecting the assurance conclusion above, the key observations and recommendations for improvement are:

In relation to the Inclusivity Principle

Adcorp's leadership has expressed its accountability to those on whom it has an impact and who have an impact on it. Responsibility has been appropriately delegated for stakeholder groups and evidence observed pointed to inclusive stakeholder engagement and collective decision-making performed, the results of which are reported to the Board regularly. The continuation of the current stakeholder engagement practices is recommended.

In relation to the Materiality Principle

Adcorp has developed a formal materiality determination process for mapping and disclosing its material issues in a transparent and balanced manner. The materiality determination has been applied and integrated with the internal risk management process. Material issues for the year have been revised, considered at Board level and linked to the reported sustainability themes as relevant to the strategic objectives of the business. The materiality section of the Report was also revised to reflect the shifting of material issues as determined previously. It is recommended that the newly formalised process be continued and that the shifting in material matters also be demonstrated.

In relation to the Responsiveness Principle

Adcorp has responded appropriately to stakeholder issues that affected its sustainability performance as demonstrated by decisions, actions and performance, as well as communication with stakeholders. Matters

addressed were found to be directly related to the stakeholder concerns and were conducted in an appropriate manner without prejudice to any one stakeholder group. Continued responsiveness is recommended.

In relation to the workforce, economic, and environmental parameters

Gilden Assurance found that adequate processes and systems are in place to capture source-data for the disclosures assessed in the assurance scope. Extensive internal audit procedures have also been performed on the data by Adcorp during the year resulting in improved data quality. It is recommended that the internal audit function continues with its scope of work and focuses on data input quality controls at operational level.

In relation to the GRI 'in accordance' reporting

Adcorp has for the first time reported some Standard Disclosures from the GRI G4 Guidelines. It is recommended that Adcorp compile and implement an action plan, in line with the group's future intentions, for transitioning to the GRI G4 'in accordance' – core disclosure requirements.



Petrus Gildenhuys

Director, Gilden Assurance Proprietary Limited

Johannesburg, 17 July 2015



The assurance statement provides no assurance on the maintenance and integrity of sustainability information on the website, including controls used to maintain this. These matters are the responsibility of Adcorp.

Transparency and accountability continued

CORPORATE GOVERNANCE – CHAPTER 2 OF KING III

Principle number	Principle	Applied/ partially applied/ not applied	Application of the principle or applicable explanation	IAR page reference
2.1	The board should act as the focal point for and custodian of corporate governance	Applied	The board terms of reference specifies the role of the board, the chairman, the CEO and the individual members of the board. The board is further supported by three subcommittees that have delegated responsibility to assist the board in specific matters. The subcommittees report to the board at every board meeting.	78 – 83
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied	The board has ensured the implementation of risk and sustainability frameworks. Strategy sessions are held, which are attended by the board who then approves and adopts the strategies.	84
2.3	The board should provide effective leadership based on an ethical foundation	Applied	The Group has an explicit set of values that plays a key role in shaping the culture of Adcorp and its operating companies. The board's ethical leadership provides the foundation for the values which are central to the way Adcorp does business. Adcorp's decisions and actions are based on these values and they form the basis of the Adcorp Code of Conduct. The Code of Conduct is reviewed by the Transformation, Social and Ethics Committee.	81
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	The board has appointed the Transformation, Social and Ethics Committee to assist in this regard. The terms of reference of the Committee as it relates to corporate citizenship requires that the Committee should monitor: • promotion of equality, prevention of unfair discrimination and reduction of corruption; and • contribution to development of the communities via our CSI projects. Corporate Social Investment is a vital part of Adcorp's identity and it is with a great sense of pride that the Group so positively influences the lives of many. With a history of creating, maintaining and supporting development, social and environmental projects distinguish who we are today.	79
2.5	The board should ensure that the company's ethics are managed effectively	Applied	Adcorp has a board-approved Code of Conduct in place which includes the value statement of the company. The Transformation, Social and Ethics Committee's responsibility is to monitor cases reported on the tip-off line, review any statements on ethical standards, review significant cases of employee conflict of interest, misconduct or fraud and any other area where unethical activity by an employee or the company is alleged.	81
2.6	The board should ensure that the company has an effective and independent audit committee	Applied	The Audit and Risk Committee has terms of reference that have been approved by the board. The Audit and Risk Committee meets quarterly and reports to the board at every board meeting. The Audit and Risk Committee is properly constituted with four Independent non-executive directors, one of which is the chairperson of the Committee. The election of the Committee members is approved annually by shareholders at the annual general meeting.	79
2.7	The board should be responsible for the governance of risk	Applied	The board is assisted by the Audit and Risk Committee in discharging its duties for managing risk.	80
2.8	The board should be responsible for information technology governance	Applied	The board is assisted by the Audit and Risk Committee in discharging its duties for managing the IT governance.	84

Principle number	Principle	Applied/ partially applied/ not applied	Application of the principle or applicable explanation	IAR page reference
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	The board has ensured that a compliance framework and code of conduct has been implemented. Adcorp has zero tolerance for non-compliance. The board also reviews and considers all new non-statutory corporate governance recommendations and implements them if the board deems them to be in the best interest of Adcorp and its stakeholders.	84
2.10	The board should ensure that there is an effective risk-based internal audit	Applied	The board has ensured the establishment of the Group internal audit function which complies with the standards as set by the Institute of Internal Auditors for the Professional Practice of Internal Auditing and Code of Ethics. The function has terms of reference which has been approved by the Audit and Risk Committee. The internal audit methodology includes a risk-based approach. During the current year, the board obtained independent assurance regarding the functionality of internal audit.	85
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	Applied	Adcorp's stakeholders are defined as any group or individual that can affect the company's operations, or be affected by the company's operations. These stakeholders include, but are not limited to, clients, employees, shareholders, investors, analysts, Government and regulatory bodies. The values bind the brands together and ensure consistency in interactions with all stakeholders. Stakeholders are treated fairly and Adcorp strives to enhance and develop services and communication channels to meet their expectations. In doing this, Adcorp keeps up to date with all developments within markets and labour legislation and improves and updates the knowledge and understanding of its industries on an ongoing basis, and applies its unique entrepreneurial skills and industry knowledge to grow and be successful. Stakeholder engagement is reviewed by the Transformation, Social and Ethics Committee.	81
2.12	The board should ensure the integrity of the company's integrated report	Applied	The integrated annual report is compiled by an internal team, approved by management and is audited by independent external auditors, with oversight from the Audit and Risk Committee and approved by the board prior to publication and circulation.	85
2.13	The board should report on the effectiveness of the company's system of internal controls	Applied	The board is assisted by the Audit and Risk Committee in reporting on the effectiveness of the company's system of internal control, which is done annually, and a note is disclosed in the annual financial statements.	84
2.14	The board and its directors should act in the best interest of the company	Applied	The board and its committees strictly adhere to its fiduciary duties and duty of care and skill codified in the Companies Act. Policies/procedures have been implemented to ensure that directors act within the best interests of the Group at all times. This includes: • the declaration of all relevant interests at board meetings; • disclosure of any potential or perceived conflict of interest by individuals; • a policy that deals with the dealing in the Group's securities; • the taking of legal advice by the board when deemed necessary to ensure compliance with the relevant legislation and the JSE Listings Requirements. Directors are permitted to obtain independent advice in respect of their duties and liabilities.	80/81

Transparency and accountability continued

CORPORATE GOVERNANCE – CHAPTER 2 OF KING III continued

Principle number	Principle	Applied/ partially applied/ not applied	Application of the principle or applicable explanation	IAR page reference
2.15	The board should consider business rescue proceedings or other turnaround mechanism as soon as the company is financially distressed as defined in the Act	n/a	The Audit and Risk Committee reviews financial information in detail and recommends any special action to the board if required. In this regard the Group's solvency and liquidity and going-concern status are reviewed on a regular basis. Appropriate measures will be taken if the Group suffers financial distress at any stage.	n/a
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of the chairman of the board	Applied	An Independent non-executive Chairman has been appointed. The roles of the Chairman and the CEO are separate.	84
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	Applied	The board appointed the CEO and provided input into senior management appointments. The role and function of the CEO is formalised and the board evaluates the performance of the CEO annually in combination with the Nomination and Remuneration Committee. A delegation of authority framework is in place.	84
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Applied	The board consists of twelve directors, eight Non-executive Directors and four Executive Directors. Five of the Non-executive Directors are independent and three are not independent. In assessing the status of directors, the principles of King III and the JSE Listings Requirements are considered.	80
2.19	Directors should be appointed through a formal process	Applied	The board has adopted a policy on the procedures for the appointment of directors to ensure that the appointments are formal, transparent and a matter for the board as a whole. This process is overseen by the Remuneration and Nominations Committee.	80
2.20	The induction, ongoing training and development of directors should be conducted through a formal process	Applied	All new directors are subject to a formal induction programme facilitated by the Company Secretary. For ongoing training and development, the Company Secretary provides a list of 3 to 4 pertinent issues which may require professional development by the board and, then based on the board's requirements, determines the appropriate level of training. An independent review of the professional development plan for the board is planned to be undertaken in conjunction with the board evaluation process.	84
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	Applied	As stipulated in the board's mandate, it is the board's responsibility to appoint and remove the Company Secretary. A suitably qualified, competent and experienced company secretary was appointed on 1 February 2015.	81
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	Applied	The appraisal process of the board and committees are conducted annually. The appraisal is undertaken by means of a self-assessment questionnaire. The results of such evaluations are considered and action plans implemented where required. An independent evaluation is conducted every three years.	80

Principle number	Principle	Applied/ partially applied/ not applied	Application of the principle or applicable explanation	IAR page reference
2.23	The board should delegate certain functions to well-structured committees without abdicating its own responsibilities	Applied	The board committees assist the board in executing its duties, powers and authorities. The required authority is delegated by the board to each committee to enable it to fulfil its respective functions through formally approved terms of reference. Delegating authority to board committees or management, other than the specific matters for which the Audit and Risk Committee carries ultimate accountability in terms of the Companies Act, does not mitigate or discharge the board and its directors of their duties and responsibilities and the board fully acknowledges this fact. The board has established the following committees: • Audit and Risk Committee. • Remuneration and Nominations Committee. • Transformation, Social and Ethics Committee. The composition of the committees complies with the relevant provisions of the Companies Act, the JSE Listings Requirements and King III. Refer to the committee reports in the integrated report for further details.	80
2.24	A governance framework should be agreed between the Group and subsidiary boards	Applied	The activities of the subsidiary boards are reported to the main board. All subsidiaries apply the policies and procedures of the holding company.	80
2.25	Companies should remunerate directors and executives fairly and responsibly	Applied	The Remuneration and Nominations Committee considers the remuneration of the executive and non-executive directors on an annual basis, which is benchmarked against peer groups to ensure fair remuneration. non-executive directors' fees are approved by shareholders with executive directors' remuneration being reported to shareholders annually in the integrated report.	81
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Applied	Remuneration of the executive and non-executive directors is disclosed in the annual integrated report.	162
2.27	Shareholders should approve the company's remuneration policy	Applied	The remuneration policy is approved by the shareholders through a non-binding special resolution at the annual general meeting of Adcorp Holdings.	92





FINANCIAL STATEMENTS

Six-year review

for the year ended 28 February 2015

	2015	2014	2013	2012	2011	2010
Statement of comprehensive income						
Revenue (R'000)	13 322 398	11 802 415	8 616 842	6 423 229	5 384 566	5 050 358
Normalised earnings before IFRS adjustments, depreciation, amortisation, establishment and transaction costs (normalised EBITDA) (R'000)*	668 468	544 381	422 541	309 267	258 593	279 749
Normalised operating profit (R'000)*	615 921	497 950	380 768	272 741	224 054	243 728
Normalised effective tax rate (%)	19,7	25,0	20,1	15,8	10,7	13,8
Total normalised earnings (R'000)*	451 754	358 572	269 466	195 358	174 413	169 948
Profit before taxation (R'000)	330 479	256 133	232 430	164 762	127 008	115 890
Profit for the year (R'000)	244 202	162 504	179 361	135 702	115 695	104 316
Statement of financial position						
Fixed and other non-current assets (R'000)	2 180 606	2 066 066	1 783 043	1 382 865	741 338	787 939
Deferred taxation (R'000)	145 582	98 196	77 427	57 774	49 753	13 669
Current assets (R'000)	3 018 440	2 527 794	2 267 426	1 399 800	1 135 582	870 188
Total assets (R'000)	5 344 628	4 692 056	4 127 896	2 840 439	1 926 673	1 671 796
Ordinary shareholders' interest (R'000)	2 468 153	2 099 675	1 888 652	1 438 764	1 012 890	907 522
Minority and BEE shareholders' interest (R'000)	(3 121)	(2 095)	7 009	2 223	421	421
Non-current liabilities (R'000)	1 018 163	915 631	85 879	192 394	180 711	197 543
Deferred taxation (R'000)	132 099	97 611	83 696	77 439	20 386	14 959
Current liabilities (R'000)	1 729 334	1 581 234	2 062 660	1 129 619	712 265	551 351
Total equity and liabilities (R'000)	5 344 628	4 692 056	4 127 896	2 840 439	1 926 673	1 671 796
Profitability						
Return on assets managed (ROAM) (%)	27,7	26,8	27,9	29,5	29,6	33,0
Return on equity (%)	19,8	18,0	16,2	15,9	18,2	19,9
Return on sales (operating margin) (%)	4,8	4,4	4,6	4,5	4,4	5,0
Normalised EBITDA/revenue (%)	5,0	4,6	4,9	4,8	4,8	5,5
Asset turnover	5,8	6,1	6,0	6,6	6,7	6,6
Expense ratio (%)	13,8	14,3	15,5	16,9	18,8	19,2
Number of employees	4 222	2 936	2 987	2 768	2 308	2 195
Liquidity						
Cash generated by operations to normalised operating profit (%)	90,5	47,7	99,6	78,9	128,5	92,2
Current ratio	1,7	1,6	1,1	1,2	1,6	1,6
Total net interest-bearing liabilities (R'000)	702 490	777 602	470 347	409 969	122 669	283 502
Gearing (%)	28,5	37,1	24,8	28,4	12,1	31,2
Net interest-bearing debt to normalised EBITDA	1,05	1,43	1,11	1,32	0,47	1,01
Net interest-bearing debt to tangible asset value	1,28	3,83	2,03	2,47	0,39	1,63
Days settlement outstanding	47	48	41	36	36	38
Statistics						
Weighted average number of shares in issue ('000)	103 415	93 299	78 989	65 236	60 110	53 903
Total number of shares in issue ('000)	109 371	100 092	91 812	77 374	61 850	59 309
Normalised earnings per share (cents)*	436,8	384,3	341,1	299,5	290,2	315,3
Earnings per share (cents)	236,5	176,9	221,6	208,0	192,5	193,5
Headline earnings per share (cents)	298,5	188,6	236,7	209,1	195,7	195,9
Annual dividend/capital/scrip distribution (cents)	148	140	140	137	175	165
Dividend/capital/scrip distribution cover (times) based on normalised EPS	3,0	2,7	2,4	2,2	1,7	1,9
Net asset value (R'000)	2 465 032	2 097 580	1 895 661	1 440 987	1 013 311	907 943
Net tangible asset value (R'000)	549 110	202 792	231 230	166 229	315 894	174 319
Net asset value per share (cents)	2 254	2 096	2 065	1 862	1 638	1 531
Net tangible asset value per share (cents)	502	203	252	215	511	294

* The Group's primary measure of performance is normalised earnings.

Definitions

Asset turnover

Revenue divided by average tangible assets.

Cash generated by operating activities to operating profit (cash conversion ratio)

Cash generated by operations as a percentage of normalised operating profit.

Current ratio

Total current assets divided by total current liabilities.

Days settlement outstanding (debtors days)

Debtors days are calculated using the peel-back method, whereby the trade debtors balance is reduced by monthly sales (including VAT) until the balance is exhausted.

Dividend/capital/scrip distribution cover

Normalised earnings per share divided by the annual dividend/capital/scrip distribution per share.

Earnings per share

Profit attributable to owners of the parent, divided by the weighted average number of shares in issue.

Expense ratio

The aggregate of administrative, marketing, selling and operating expenses as a percentage of revenue.

Gearing

Total net interest-bearing debt divided by total ordinary shareholders' interest.

Headline earnings per share

Headline earnings per share is profit attributable to owners of the parent, adjusted for profit or loss on sale of property and equipment (net of tax) and impairments divided by the weighted average number of shares in issue.

International Financial Reporting Standards (IFRS) adjustments

IFRS adjustments include non-cash flow items, share-based payments, amortisation of intangibles and lease-smoothing.

Net asset value per share

Ordinary shareholders' interest, divided by the number of shares in issue at the year-end.

Net tangible asset value per share

Ordinary shareholders' interest less intangible assets and goodwill, divided by the number of shares in issue at the year-end.

Normalised earnings before interest, tax, depreciation and amortisation (EBITDA)

Operating profit adjusted for depreciation, amortisation of intangibles, share-based payments, lease-smoothing, business establishment and one-off transaction costs relating to acquisitions.

Normalised EBITDA margin

Normalised EBITDA as a percentage of revenue.

Normalised operating profit

Normalised EBITDA adjusted for depreciation and amortisation of intangibles other than those acquired in business combinations.

Normalised profit

Normalised operating profit after interest and normalised taxation.

Normalised taxation

Actual tax charge adjusted for tax on amortisation of intangibles arising on business combinations and lease-smoothing.

Return on assets managed (ROAM)

Normalised operating profit adjusted for amortisation of intangibles other than those acquired in a business combination divided by the average total of property and equipment, trade and other receivables and taxation prepaid.

Return on equity

Total normalised profit divided by average equity of shareholders.

Return on sales (operating margin)

Normalised operating profit adjusted for amortisation of intangibles other than those acquired in a business combination divided by revenue.

Total normalised profit

Normalised operating profit after interest and normalised taxation adjusted for share of profits from associates and non-controlling interest.

Approval of the annual financial statements

To the shareholders of Adcorp Holdings Limited

The board of directors is responsible for the preparation of the integrated annual report and annual financial statements. The board acknowledges its duty to ensure balanced content and fair presentation in the report that provides a comprehensive assessment of the performance of the company and Group for the financial year ended 28 February 2015. The integrated annual report has been prepared in line with the recommendations of the King III Code.

The company and Group annual financial statements are prepared in accordance with the provisions of the South African Companies Act, No 71 of 2008, and comply with International Financial Reporting Standards (IFRS) and incorporate full and reasonable disclosure in line with the accounting policies of the Group. They fairly present the state of affairs of the company and the Group as at the end of the financial year, and the net income and cash flows for the year. It is the responsibility of the independent auditors to report on the fair presentation of the annual financial statements and their report is contained on page 112.

These annual financial statements have been audited in compliance with the requirements of the South African Companies Act, No 71 of 2008.

The directors are ultimately responsible for the internal controls of the Group. Management enables the directors to meet these responsibilities. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity, objectivity and fair presentation of the annual financial statements and related financial information presented and to adequately safeguard, verify and maintain accountability for shareholder investments and Group assets. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. Systems and controls are monitored throughout the Group. Further details of such, including the operation of the internal audit function, are provided in the corporate governance section of the report.

Based on the information and explanations provided by management and the internal auditors, the directors are of the opinion that the accounting and internal controls are adequate and that the financial records may be relied upon for preparing the annual financial statements in accordance with IFRS and maintaining accountability for the Group's assets and liabilities. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review and up to the date of this report.

The directors have a reasonable expectation that the company and Group have 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 and company shall continue as a going concern.

These annual financial statements were prepared by: A Viljoen (BCom Honours), assisted by: D Cooper (CA(SA)) and supervised by the Group Chief Financial Officer, AM Sher (CA(SA), CFA).

The 2015 integrated annual report, including the annual financial statements of the Group and company for the year ended 28 February 2015, were approved by the board on 14 July 2015 and signed on its behalf by:



RL Pike
Chief Executive Officer



AM Sher
Chief Financial Officer

Johannesburg
14 July 2015

Company Secretary compliance statement

I certify, up until my resignation date being 1 February 2015, that to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns as are required of a public company in terms of the Companies Act, No 71 of 2008, as amended, in respect of the year ended 28 February 2015 and that all such returns appear to be true, correct and up to date.



AM Sher
Acting Company Secretary

Johannesburg
14 July 2015

I certify, from my appointment date being 1 February 2015, that to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns as are required of a public company in terms of the Companies Act, No 71 of 2008, as amended, in respect of the year ended 28 February 2015 and that all such returns appear to be true, correct and up to date.



Kevin Fihrer
Company Secretary

Johannesburg
14 July 2015

Independent auditor's report

To the shareholders of Adcorp Holdings Limited

We have audited the consolidated and separate financial statements of Adcorp Holdings Limited set out on pages 120 to 177, which comprise the statements of financial position as at 28 February 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Adcorp Holdings Limited as at 28 February 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 28 February 2015, we have read the directors' report, the Audit and Risk Committee's report and the Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per RM Duffy
Partner

14 July 2015

Buildings 1 and 2, Deloitte Place
The Woodlands, Woodlands Drive
Woodmead, Sandton

National Executive: *LL Bam (*Chief Executive*), *AE Swiegers (*Chief Operating Officer*), *GM Pinnock (*Audit*), *DL Kennedy (*Risk Advisory*), *NB Kader (*Tax*), TP Pillay (*Consulting*), *K Black (*Clients and Industries*), *JK Mazzocco (*Talent and Transformation*), *MJ Jarvis (*Finance*), *M Jordan (*Strategy*), S Gwala (*Managed Services*), *TJ Brown (*Chairman of the board*), *MJ Comber (*Deputy chairman of the board*).

A full list of partners and directors is available on request.

*Partner and Registered Auditor

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code.

Member of Deloitte & Touche Tohmatsu Limited.

Report of the Audit and Risk Committee

for the year ended 28 February 2015

The company's independent Audit and Risk Committee (ARC) presents its report for the financial year ended 28 February 2015. The Committee's duties and objectives, as mandated by the board, allow it to discharge its statutory and other board-delegated duties in keeping with its terms of reference. These duties are briefly set out in this report. Further information can be found on page 85 of the transparency and accountability section.

Composition, meetings and assessment

The Committee consists of four independent non-executive directors.

The members of the ARC were recommended by the board to shareholders and were formally appointed at the annual general meeting on 6 August 2014.

Closed sessions are arranged with key relevant parties and private sessions of members are held from time to time to ensure confidential assessments and discussions can occur. At least four committee meetings are held during the year. Details of meeting attendance appear on page 83.

The Committee's terms of reference prescribe that the effectiveness of the Committee, its chairperson and individual members is assessed annually. The outcome of the 2015 evaluation was positive and indicated further improvements in the maturity of enterprise risk management structures. The board has also engaged with the Institute of Directors to perform an external evaluation of the board and its committees and this will be reported on next year.

Roles and responsibilities

The Committee is satisfied that it has executed its responsibilities in keeping with the requirements of the Companies Act, the JSE Listings Requirements and the recommendations of King III, as well as its additional requirements prescribed by its terms of reference which have been endorsed by the board of directors. Its key areas of responsibilities are to:

- perform its statutory duties as prescribed by the Companies Act, including the appointment and the assessment of the independence of the external auditors;
- oversee the integrated reporting process and assess disclosures made to all stakeholders, which included the financial statements for the year under review and recommended it to the board for approval;
- oversee and evaluate the governance of risk and related internal control environment, and considered the recommendation of the Chief Audit Executive in respect of the effectiveness of the system of internal controls;
- monitor and assess all internal and external assurance providers;
- obtain assurance from internal audit on the effectiveness of internal controls;
- assess the expertise and experience of the Chief Financial Officer (CFO) and the resources within the financial function; and
- recommend the financial statements and integrated report for approval by the board.

In order to execute his responsibilities, the Chairman of the ARC met separately during the course of the year with the Chief Audit Executive, the Company Secretary, the Chief Risk Officer, management and the external auditors.

External auditor appointment and independence

The Committee has satisfied itself that the external auditor of the Group was independent. The requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the year under review. There is a formal procedure and policy that governs the process whereby the auditor is considered for non-audit services.

The Committee has nominated, for election at the annual general meeting, Deloitte & Touche as the external audit firm for the 2016 financial year. The Committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE Limited list of auditors and advisers. As noted previously, the designated audit partner, having served a six-year period, will be rotated after the 2015 financial year, and a new designated audit partner will be appointed with effect from the 2016 financial year.

Financial statements and accounting policies

The Committee has assessed the Group's accounting policies and the consolidated and separate annual financial statements as well as the integrated annual report for the year ended 28 February 2015 and is satisfied that they are appropriate and comply in all respects with International Financial Reporting Standards (IFRS). The Committee supports the opinion of the board and the external auditor with regard to the annual financial statements which have been approved by the board and will be presented to shareholders at the annual general meeting to be held on 26 August 2015.

Report of the Audit and Risk Committee continued

for the year ended 28 February 2015

Based on the information and explanations given by management and the internal and external auditors, the Committee is of the opinion that the accounting and internal controls, including the internal financial controls, are adequate and that the financial records may be relied upon for preparing the financial statements in accordance with IFRS and maintaining accountability for the Group's assets and liabilities.

Integrated annual report

The Committee fulfils an oversight role regarding the integrated reporting process.

Accordingly, the Committee:

- has considered the integrated report and has assessed the consistency with operational, financial and other information known to the committee members, and for consistency with the annual financial statements;
- is satisfied that the integrated report is materially accurate, complete and reliable and consistent with the annual financial statements; and
- recommended for approval on 10 July 2015, the integrated report for the year ended 28 February 2015 for approval by the board.

Governance of risk

The Committee is responsible for overseeing the governance of risk across the Group. The risk management framework has been revised and adopted by the board based on the Committee's recommendations, and its continued implementation will be managed by the Chief Risk Officer.

Nothing has come to the attention of the Committee to indicate that any breakdown in the functioning of internal controls resulting in material loss to the Group and company has occurred during the year and up to the date of this report.

Internal audit

The Committee is mandated to ensure that the internal audit function is independent, properly resourced and effective within the Group. The internal audit function is performed by the in-house audit team, led by H Lamprecht, the Chief Audit Executive (CAE). To maintain independence, the CAE reports functionally to the Committee and, only from an administrative perspective, to the CFO.

Evaluation of the expertise and experience of the Chief Financial Officer and the finance function

The Committee has considered and is satisfied with the appropriateness of the expertise and adequacy of resources within the finance function and with the experience of the CFO in performing the financial responsibilities within the Group.

Going concern

Based on the results of management's assessment of the solvency and liquidity and the applicability of the going-concern assertion as to the affairs of the Group, the Committee concluded to the board that the company shall be a going concern for the foreseeable future.

The Committee is satisfied that it has met the requirements of its terms of reference.



TDA Ross

Chairperson, Audit and Risk Committee

14 July 2015

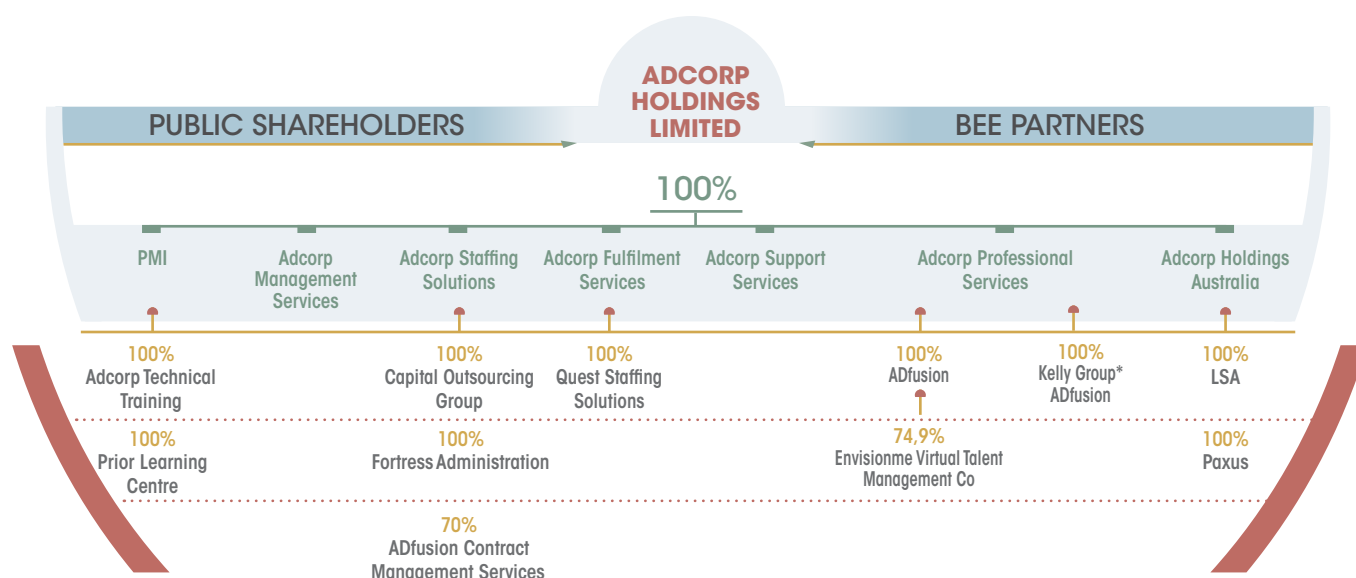
Directors' report

for the year ended 28 February 2015

The directors have pleasure in submitting their report and financial statements for the year ended 28 February 2015.

Nature of business

Adcorp Holdings Limited is an investment holding company whose subsidiaries carry on business in South Africa, rest of Africa and Australia, in the permanent recruitment and flexible staffing sectors, independent outsourcing as well as in the segments of business process outsourcing, training and financial services.



* Acquired with effect 1 December 2014 – Kelly Group Limited (KGL).

Share capital

The authorised share capital is 183 177 151 ordinary shares of 2,5 cents per share. The issued share capital of the company at 28 February 2015 was 109 370 800 shares of 2,5 cents per share.

Movements in share capital during the year are shown below:

Group	Number 000's	R'000
Opening balance 1 March 2013	91 812	2 295
Issue of shares: Acquisition of Labour Solutions Australia Proprietary Limited	8 100	203
Issue of shares: Employee share scheme	180	4
Opening balance 1 March 2014	100 092	2 502
Issue of shares: Acquisition of Kelly Group Limited	6 684	166
Issue of shares: Scrip distribution	2 042	51
Issue of shares: Employee share scheme	553	14
Closing balance 28 February 2015	109 371	2 733

Directors' report continued

for the year ended 28 February 2015

Share premium

Movements in share premium during the year are shown below:

	2015 R'000	2014 R'000
Opening balance 1 March	1 487 124	1 227 213
Acquisition of Labour Solutions Australia Proprietary Limited (LSA):		
8 100 000 shares issue at premium of R31,59	-	255 838
Transaction costs capitalised to share premium	-	(1 197)
Employee share option scheme:		
180 000 shares issued at premium of R29,28 per share	-	5 270
243 000 shares issued at premium of R34,98 per share	8 499	-
310 000 shares issued at premium of R33,96 per share	10 525	-
Scrip distribution:		
2 041 902 shares issued as capitalisation of share premium	(51)	-
Acquisition of Kelly Group Limited (KGL):		
2 250 000 shares issued at premium of R32,73	73 632	-
116 664 shares issued at premium of R31,98	3 730	-
4 317 460 shares issued at premium of R31,48	135 893	-
Transaction costs capitalised to share premium	(496)	-
Closing balance 28 February	1 718 856	1 487 124

Dividend

An interim dividend of 60 cents per share was paid on 8 December 2014.

On 26 May 2015, the board declared a final gross dividend of 88 cents per share (2014: 80 cents per share) for the year ended 28 February 2015. The final dividend which, together with the interim dividend of 60 cents per share, results in a total distribution in respect of the financial year ended 28 February 2015 of 148 cents per share.

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

The salient dates are as follows:

Last date to trade <i>cum</i> dividend	Friday, 28 August 2015
Date trading commences <i>ex</i> dividend	Monday, 31 August 2015
Record date	Friday, 4 September 2015
Date of payment	Monday, 7 September 2015

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 31 August 2015 and Friday, 4 September 2015, both days inclusive.

Shareholders who are not exempt from the dividend withholding tax of 15% will therefore receive a net dividend of 74,8 cents per share. The company has 109 370 800 ordinary shares in issue and its income tax reference number is 9233/68071/0.

STRATE

Adcorp dematerialised its issued shares with effect from 9 July 2001 since time settlement of any trade on or outside the JSE can only be done in electronic format. All shareholders were circulated with a brochure at the time giving details of how to go about dematerialising their shares. Despite this, a number of shares remain in certificate format and will have to be dematerialised before they can be traded. Adcorp's Company Secretary may be contacted should a shareholder require advice on the dematerialisation of his/her share certificates.

Adcorp Share Trust

The Adcorp Share Trust was introduced in 1987 and expanded during 1989 to include a share purchase scheme and again in 1994, 1997 and 2000 to allow for the creation of a combined option/deferred payment scheme. Under this scheme, options to purchase shares have been granted on nil shares (2014: 28 500) as at 28 February 2015.

The opening balance of outstanding options had vested and were exercised during the current year. The relevant employees were cash settled.

Movements for the year in the Adcorp Share Trust appear below:

Opening balance 1 March 2014				Option exercised			Closing balance 28 Feb 2015		
Quantity	Price (R)	Value (R)	Date option granted	Quantity	Price (R)	Value (R)	Quantity	Price (R)	Value (R)
28 500*	13,00	370 500	30/04/04	(28 500)*	13,00	(370 500)	-	-	-

* Refer to note 41 on page 159.

Adcorp Holdings 2006 Share Trust

Under the Adcorp Holdings 2006 Share Trust, eligible employees received conditional allocations of share appreciation rights (SARs). The scheme also makes provision for the award of performance shares (PFs).

The SARs provide employees, at the date the rights vest, with the right to receive shares equal to the appreciation in the share price since grant date. In the event of the share price decreasing, no value is inherent in the shares and as a result no benefit is due to the employee. No value is inherent in the PFs as their vesting is subject to various non-market-related performance criteria. All SARs and PFs expire after six years from grant date.

The quantities shown below are the number of shares allocated to which the holders are entitled to the appreciation in the share price from grant date to exercise date. The number of shares that will be exercised to cover this commitment depends on the share price at the time. As at 28 February 2015, the value inherent in the 303 000 SARs below was R1 543 290. Based on the share price at that date of R31,58 per share, this would have required the issue of 48 869 shares in order to discharge this commitment in full. There is no amount payable by participants on exercise. They will receive shares, or be cash settled, the value equal to the increase in the share price between the grant date and the exercise date.

Opening balance 1 March 2014				Option granted/(cancelled)/(exercised)						Closing balance 28 Feb 2015		
Quantity	Price (R)	Value (R)	Date option granted (R)	Quantity PFs granted	Value of PFs granted (R)	Quantity lapsed	Quantity exercised	Price (R)	Value (R)	Quantity	Price (R)	Value (R)
44 000	18,15	798 600 ⁺	22/11/2005	-	-	-	(41 000)	18,15	(744 150)	3 000	18,15	54 450
300 000	31,02	9 306 000 ⁺	03/01/2008	-	-	(200 000)	(100 000)	31,02	(3 102 000)	-	31,02	-
150 000	16,50	2 475 000 ⁺	01/03/2009	-	-	-	(150 000)	16,50	(2 475 000)	-	16,50	-
50 000	16,50	825 000 ⁺	01/03/2009	-	-	-	(50 000)	16,50	(825 000)	-	16,50	-
150 000	26,39	3 958 500 ⁺	26/02/2010	-	-	-	-	26,39	-	150 000	26,39	3 958 500
50 000	26,39	1 319 500 ⁺	26/02/2010	-	-	-	-	26,39	-	50 000	26,39	1 319 500
300 000	26,75	8 025 000 ⁺	31/01/2011	-	-	-	(150 000)	26,75	(4 012 500)	150 000	26,75	4 012 500
50 000	26,75	1 337 500 ⁺	31/01/2011	-	-	-	-	26,75	-	50 000	26,75	1 337 500
805 000	27,52	22 153 600 ⁺	22/02/2012	-	-	-	(690 000)	27,52	(18 988 800)	115 000	27,52	3 164 800
1 197 000	28,53	34 150 410 ⁺	17/10/2012	-	-	-	(1 127 000)	28,53	(32 153 310)	70 000	28,53	1 997 100
1 954 500	31,18	60 941 310 ⁺	28/02/2013	-	-	-	-	31,18	-	1 954 500	31,18	60 941 310
1 978 500	33,80	66 873 300 ⁺	27/02/2014	-	-	(17 500)	-	33,80	-	1 961 000	33,80	66 281 800
-	-	-	19/02/2015	2 107 500	66 491 625	-	-	31,64	-	2 107 500	31,64	66 681 300
7 029 000		212 163 720		2 107 500	66 491 625	(217 500)	(2 308 000)		(62 300 760)	6 611 000		209 748 760

⁺ SARs [#] PFs ⁺ Old Adcorp Employee option scheme

Summarised as follows:

SARs	944 000	-	(200 000)	(441 000)	303 000
PFs	6 085 000	2 107 500	(17 500)	(1 867 000)	6 308 000
	7 029 000	2 107 500	(217 500)	(2 308 000)	6 611 000

985 000 of the PFs exercised during the year converted into the issue of 553 000 ordinary shares.

Directors' report continued

for the year ended 28 February 2015

Adcorp Employee Benefit Trust 2 (AEBT2)

As advised in the circular to shareholders dated 18 April 2013, Adcorp concluded the 2007 BBBEE transaction prior to the global financial crisis, and the growth assumptions and other variables which were applied in the then deal subsequently turned out to be inappropriate for the post-global financial crisis environment. As a result, the 2007 BBBEE transaction was unlikely to materialise any value to Adcorp's strategic 2007 BBBEE partners by 2017, which was the end date of the 2007 BBBEE transaction.

On 20 May 2013, shareholders approved the 2013 BBBEE transaction and the unwinding of the 2007 BBBEE transaction. As a consequence thereof, authority was obtained to repurchase the Adcorp 'A' ordinary shares and to issue Adcorp 'B' ordinary shares to a new trust called Adcorp Employee Benefit Trust 2 (AEBT2).

As at 28 February 2015, AEBT2 owns 6 729 140 (2014: 6 729 140) Adcorp 'B' ordinary shares on behalf of the employees of Adcorp. These shares are represented by units which were allocated to all Adcorp employees in the Group at the time of the initial allocation, which was August 2013. Units which are forfeited due to employees leaving early are reallocated to new employees, however, the total number of 'B' ordinary shares does not change. Based on the amount of the notional debt that has been paid down as at 28 February 2015 and using the same share price at that date, given the 10-year vesting period, the theoretical number of shares that would have vested is 6 957 607.

Further details of the issue of the Adcorp 'B' ordinary shares to AEBT2 appears on page 149.

Subsidiaries and associates

Details of the company's operating subsidiaries and associates are set out in Annexure A on pages 172 to 177.

The summarised attributable interest of the company in the profits and losses of its subsidiary companies is as follows:

	2015 R'000	2014 R'000
Total profit after taxation	457 879	399 011
Total losses after taxation	(139 233)	(73 404)
	318 646	325 607

Significant shareholders

Details of significant shareholders are included on page 180.

Special resolutions

At the annual general meeting (AGM) held on 6 August 2014, Adcorp's shareholders passed the following special resolutions during the year for the purposes indicated:

- Special resolution 1: To approve, in terms of section 66(8) read with section 66(9) of the Companies Act, the remuneration payable to executive and non-executive directors for their services as directors.

Statutory information

The company was incorporated in the Republic of South Africa on 16 July 1974. The registration number is 1974/001804/06. For details of the registered office, acting Company Secretary and auditors refer to the inside back cover.

Directors' remuneration and interests held

Details of directors' remuneration and interests held appear on pages 162 to 166 of the annual financial statements.

Directors' interest in contracts

No material contracts involving directors' interests were entered into in the current year. The directors had no interest in any third party or company responsible for managing any of the business activities of Adcorp.

Events after reporting date

Subsequent to the end of the financial year ended 28 February 2015 and prior to the approval of this report, various transactions or events took place as disclosed fully in note 53 on page 171.

Going concern

The directors have a reasonable expectation that the company and Group have 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 and company shall continue as a going concern.

Auditors

The Audit and Risk Committee has nominated, for re-election at the annual general meeting of shareholders, Deloitte & Touche continue in office in accordance with section 94(7) of the South African Companies Act, No 71 of 2008.

Directorate and secretary

The names of the directors and Company Secretary are set out on pages 20 to 23 respectively. Changes to the directorate and Company Secretary are detailed on page 78.

Statement of financial position

As at 28 February 2015

		GROUP		COMPANY	
	Notes	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Assets					
Non-current assets		2 326 188	2 164 262	1 579 871	1 574 642
Property and equipment	4	112 425	80 794	-	-
Intangible assets	5	611 752	559 522	-	-
Goodwill	6	1 304 170	1 335 266	-	-
Investments	7	7 800	3 530	-	-
Investment – available-for-sale	8	42 288	-	-	-
Investment in subsidiaries	9	-	-	1 574 642	1 574 642
Investment in associates	10	102 171	86 954	-	-
Deferred taxation	11	145 582	98 196	5 229	-
Current assets		3 018 440	2 527 794	1 696 591	1 312 050
Trade, other receivables and prepayments	12	2 315 813	2 041 069	3 846	4 622
Amounts due by subsidiary companies	13	-	-	1 691 082	1 307 341
Taxation prepaid		22 526	15 154	1 454	-
Cash resources	50	680 101	471 571	209	87
Total assets		5 344 628	4 692 056	3 276 462	2 886 692
Equity and liabilities					
Capital and reserves		2 465 032	2 097 580	2 035 838	1 747 971
Share capital	14	2 733	2 502	3 154	2 923
Share premium	15	1 718 856	1 487 124	1 718 856	1 487 124
Treasury shares	16	(12 990)	(12 891)	-	-
Non-distributable reserve	17	-	-	119 918	119 918
Share-based payment reserve		114 581	107 375	114 581	107 375
Foreign currency translation reserve	18	(3 442)	2 046	-	-
Cash flow hedging reserve		(2 391)	(25)	-	(25)
Accumulated profit		650 806	513 544	79 329	30 656
Equity attributable to equity holders of the parent		2 468 153	2 099 675	2 035 838	1 747 971
Non-controlling interest		(4 042)	(3 016)	-	-
BEE shareholders' interest	20	921	921	-	-
Non-current liabilities		1 150 262	1 013 242	697 373	497 580
Other non-current liabilities – interest-bearing	21	1 210	2 106	-	-
Long-term loan – interest-bearing	22	859 417	723 754	697 373	496 736
Redeemable preference shares – interest-bearing	23	-	40 000	-	-
Derivative financial instrument	19	3 416	25	-	25
Share-based payment liability	41	151 672	148 037	-	-
Obligation under finance lease	24	2 448	1 709	-	-
Deferred taxation	11	132 099	97 611	-	819
Current liabilities		1 729 334	1 581 234	543 251	641 141
Non-interest-bearing current liabilities		1 209 818	1 099 630	252 983	265 236
Trade and other payables	25	933 123	832 964	1 673	2 404
Amounts due to subsidiary companies	13	-	-	248 453	262 832
Provisions	26	245 313	213 941	-	-
Other vendor payables	27	12 619	26 801	-	-
Taxation		18 763	25 924	2 857	-
Interest-bearing current liabilities		519 516	481 604	290 268	375 905
Current portion of other non-current liabilities	21/24	12 077	10 635	-	-
Short-term loans	22	398 463	239 922	220 269	215 905
Current portion of redeemable preference shares	23	-	30 403	-	-
Bank overdraft	50	108 976	200 644	69 999	160 000
Total equity and liabilities		5 344 628	4 692 056	3 276 462	2 886 692

Statement of comprehensive income

for the year ended 28 February 2015

		GROUP		COMPANY	
	Notes	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Revenue	28	13 322 398	11 802 415	4 090	5 459
Cost of sales	30	(11 126 945)	(9 891 844)	(3 677)	(5 013)
Gross profit		2 195 453	1 910 571	413	446
Other income	31	101 895	81 603	-	-
Administration expenses		(968 366)	(888 352)	(21 336)	(108 833)
Marketing and selling expenses		(664 791)	(616 566)	-	(50)
Other operating expenses		(209 204)	(185 383)	-	-
Operating profit/(loss)	32	454 987	301 873	(20 923)	(108 437)
Interest received	33	12 536	9 881	77 986	96 651
Interest paid	34	(103 352)	(78 324)	(75 379)	(91 407)
Dividend received		-	-	166 863	185 157
Impairment of intangible assets and goodwill		(65 014)	(10 718)	-	-
Share of profits from associates	10	29 778	33 718	-	-
Profit on the sale of shares		371	-	371	-
Profit/(loss) on sale of property and equipment		1 173	(297)	-	-
Profit before taxation		330 479	256 133	148 918	81 964
Taxation	35	(86 277)	(93 629)	3 191	98
Profit for the year		244 202	162 504	152 109	82 062
Other comprehensive income*					
Exchange differences on translating foreign operations	18	(5 488)	6 301	-	-
Exchange differences arising on the net investment of a foreign operation		(15 122)	2 107	(15 122)	5 659
Fair value adjustment of derivative financial instrument		(2 366)	545	25	545
Non-controlling interest		342	2 515	-	-
Other comprehensive (loss)/income for the year, net of tax		(22 634)	11 468	(15 097)	6 204
Total comprehensive income for the year		221 568	173 972	137 012	88 266
Profit attributable to:					
Owners of the parent		244 544	165 019	152 109	82 062
Non-controlling interest		(342)	(2 515)	-	-
Total comprehensive income attributable to:					
Owners of the parent		221 568	173 972	137 012	88 266
Non-controlling interest		(342)	(2 515)	-	-
Earnings per share					
Basic (cents)	36	236,5	176,9	-	-
Diluted (cents)	36	222,7	165,5	-	-
Approved dividends to shareholders		140	140	-	-
Interim dividend (cents)		60	60	-	-
Final dividend (cents) in respect of prior year		80	80	-	-

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

Statement of changes in equity

for the year ended 28 February 2015

	Share capital R'000	Share premium R'000	Treasury shares R'000	Non- distributable reserve R'000
Group				
Balance as at 1 March 2013 (audited)	2 295	1 227 213	(12 891)	-
Issue of ordinary shares pursuant to acquisition	203	255 838	-	-
Capitalisation of transaction costs	-	(1 197)	-	-
Issue of ordinary shares under employee share option plan	4	5 270	-	-
Dividend distributions	-	-	-	-
Recognition of BBBEE and staff share-based payments	-	-	-	-
Share options exercised during the period	-	-	-	-
Share options cash settled	-	-	-	-
Revaluation of share-based payments	-	-	-	-
Transfer of share-based payment reserve to share-based payment liability	-	-	-	-
Profit for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Reserves acquired	-	-	-	-
Balance as at 28 February 2014 (audited)	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)	-
Company				
Balance as at 1 March 2013 (audited)	2 716	1 227 213	-	119 918
Issue of ordinary shares pursuant to acquisition	203	255 838	-	-
Capitalisation of transaction costs	-	(1 197)	-	-
Issue of ordinary shares under employee share option plan	4	5 270	-	-
Dividend distributions	-	-	-	-
Recognition of BBBEE and staff share-based payments	-	-	-	-
Share options exercised during the period	-	-	-	-
Share options cash settled	-	-	-	-
Revaluation of share-based payments	-	-	-	-
Transfer of share-based payment reserve to share-based payment liability	-	-	-	-
Profit for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Balance as at 28 February 2014 (audited)	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 (loss)/income for the year	-	-	-	-
Balance as at 28 February 2015	3 154	1 718 856	-	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 share- holders' interest R'000	Total R'000
183 914	(4 255)	(570)	492 946	1 888 652	6 088	921	1 895 661
-	-	-	-	256 041	-	-	256 041
-	-	-	-	(1 197)	-	-	(1 197)
-	-	-	-	5 274	-	-	5 274
-	-	-	(132 868)	(132 868)	-	-	(132 868)
136 969	-	-	-	136 969	-	-	136 969
(40 884)	-	-	40 884	-	-	-	-
-	-	-	(40 884)	(40 884)	-	-	(40 884)
(24 587)	-	-	20 926	(3 661)	-	-	(3 661)
(148 037)	-	-	-	(148 037)	-	-	(148 037)
-	-	-	165 019	165 019	-	-	165 019
-	6 301	545	2 107	8 953	(2 515)	-	6 438
-	-	-	(34 586)	(34 586)	(6 589)	-	(41 175)
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
183 914	-	(570)	76 582	1 609 773	-	-	1 609 773
-	-	-	-	256 041	-	-	256 041
-	-	-	-	(1 197)	-	-	(1 197)
-	-	-	-	5 274	-	-	5 274
-	-	-	(133 647)	(133 647)	-	-	(133 647)
136 969	-	-	-	136 969	-	-	136 969
(40 884)	-	-	40 884	-	-	-	-
-	-	-	(40 884)	(40 884)	-	-	(40 884)
(24 587)	-	-	-	(24 587)	-	-	(24 587)
(148 037)	-	-	-	(148 037)	-	-	(148 037)
-	-	-	82 062	82 062	-	-	82 062
-	-	545	5 659	6 204	-	-	6 204
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

Segment report

for the year ended 28 February 2015

	Staffing			BPO, training and financial services
	Blue collar	White collar	Professional services	
Revenue				
- 2015 (R'000)	7 230 582	1 723 567	4 026 745	307 674
- 2014 (R'000)	6 258 270	1 314 015	3 892 860	317 586
Internal revenue				
- 2015 (R'000)	38 624	38 614	-	38 684
- 2014 (R'000)	11 352	40 617	197	23 747
Operating profit/(loss)				
- 2015 (R'000)	407 156	90 346	102 760	49 966
- 2014 (R'000)	326 072	57 268	109 318	42 555
Normalised* EBITDA excluding share-based payments, lease-smoothing, establishment and transaction costs				
- 2015 (R'000)	455 478	99 430	150 493	59 324
- 2014 (R'000)	358 233	68 523	154 433	52 070
Normalised* EBITDA margin excluding share-based payments, lease-smoothing, establishment and transaction costs				
- 2015 (%)	6,3	5,8	3,7	19,3
- 2014 (%)	5,7	5,2	4,0	16,4
Normalised* EBITDA excluding share-based payments, lease-smoothing, establishment and transaction costs, contribution % to Group normalised* EBITDA				
- 2015 (%)	68,1	14,9	22,5	8,9
- 2014 (%)	65,8	12,6	28,4	9,6
Depreciation and amortisation				
- 2015 (R'000)	41 625	16 391	43 023	6 676
- 2014 (R'000)	24 379	10 760	42 556	7 986
Interest income				
- 2015 (R'000)	15 246	25 398	3 333	13 148
- 2014 (R'000)	28 444	10 159	12 586	12 423
Interest expense				
- 2015 (R'000)	(41 815)	(22 257)	(12 622)	(6 043)
- 2014 (R'000)	(29 704)	(866)	(21 465)	(3 258)
Taxation expense/(income)				
- 2015 (R'000)	37 475	2 496	8 626	9 051
- 2014 (R'000)	36 494	5 769	27 773	3 544
Net asset values				
- 2015 (R'000)	1 721 199	387 531	952 499	238 773
- 2014 (R'000)	1 549 260	212 910	948 002	256 314
Asset carrying value				
- 2015 (R'000)	2 286 243	812 812	1 578 078	282 880
- 2014 (R'000)	2 125 074	366 947	1 625 317	304 049
Liabilities carrying value				
- 2015 (R'000)	565 044	425 281	625 579	44 107
- 2014 (R'000)	575 814	154 037	677 315	47 735
Additions to property, plant and equipment				
- 2015 (R'000)	43 128	2 738	4 571	3 858
- 2014 (R'000)	14 140	13 350	252	1 490
Tangible assets				
- 2015 (R'000)	65 828	19 069	11 310	5 540
- 2014 (R'000)	34 800	10 939	14 620	4 753

* Normalised earnings is defined as operating profit adjusted for depreciation, amortisation of intangibles, share-based payments, lease-smoothing, business establishment and one-off transaction costs relating to acquisitions.

** 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 (example: ADfusion).

Group central costs							
Emergent business***	Subtotal	Central costs	Shared services	Total	International**	South Africa	Total
29 950 14 173	13 318 518 11 796 904	4 090 5 459	(210) 52	13 322 398 11 802 415	3 986 797 3 470 309	9 335 601 8 332 106	13 322 398 11 802 415
3 737 6 580	119 659 82 493	- -	378 -	120 037 82 493	- -	120 037 82 493	120 037 82 493
(12 374) (19 070)	637 854 516 143	(163 767) (219 056)	(19 100) 4 786	454 987 301 873	117 265 111 808	337 722 190 065	454 987 301 873
(8 320) (19 130)	756 405 614 129	(81 386) (75 666)	(6 551) 5 918	668 468 544 381	160 348 141 746	508 120 402 635	668 468 544 381
- -	5,7 5,2	- -	- -	5,0 4,6	4,0 4,1	5,4 4,8	5,0 4,6
(1,2) (3,5)	113,2 112,8	(12,2) (13,9)	(1,0) 1,1	100,0 100,0	24,0 26,0	76,0 74,0	100,0 100,0
3 651 1 513	111 366 87 194	2 264 7 032	- -	113 630 94 226	43 083 14 203	70 547 80 023	113 630 94 226
37 20	57 162 63 632	(44 775) (53 926)	149 175	12 536 9 881	2 655 11 107	9 881 (1 226)	12 536 9 881
(8 372) (6 498)	(91 109) (61 791)	(3 729) (13 471)	(8 514) (3 062)	(103 352) (78 324)	17 840 (22 584)	85 512 (55 740)	(103 352) (78 324)
295 (855)	57 943 72 725	28 334 20 904	- -	86 277 93 629	6 673 (2 730)	79 604 96 359	86 277 93 629
8 659 10 548	3 308 661 2 977 034	(811 200) (847 185)	(32 429) (32 269)	2 465 032 2 097 580	704 235 (504 469)	1 760 797 2 602 049	2 465 032 2 097 580
14 934 18 270	4 974 947 4 439 657	364 092 243 562	5 589 8 837	5 344 628 4 692 056	1 631 538 1 430 496	3 713 090 3 261 560	5 344 628 4 692 056
6 275 7 722	1 666 286 1 462 623	1 175 292 1 090 747	38 018 41 106	2 879 596 2 594 476	927 303 1 934 965	1 952 293 659 511	2 879 596 2 594 476
1 361 5 478	55 656 34 710	760 4 478	530 3 926	56 946 43 114	7 126 2 678	49 820 40 436	56 946 43 114
3 775 4 649	105 522 69 761	4 545 5 719	2 358 5 314	112 425 80 794	17 532 7 494	94 893 73 300	112 425 80 794

Statement of cash flows

for the year ended 28 February 2015

		GROUP		COMPANY	
	Notes	2015	2014	2015	2014
		R'000	R'000	R'000	R'000
Operating activities					
Profit before taxation and dividends		330 479	256 133	(17 945)	(103 193)
Adjusted for:					
Dividend received		-	-	166 863	185 157
Depreciation		32 815	28 596	-	-
Impairment of intangible assets and goodwill		65 014	10 718	-	-
Amortisation of intangible assets		80 815	65 630	-	-
Amortisation of intangible assets - acquired in a business combination		61 083	47 795	-	-
Amortisation of intangible assets - other than those acquired in a business combination		19 732	17 835	-	-
(Profit)/loss on disposal of property and equipment		(1 173)	297	-	-
Share-based payments		80 724	136 969	-	-
Share-based payment expense	32	64 801	57 140	-	-
2013 BBBEE deal - IFRS 2 one-off, non-cash flow, share-based payment expense		-	86 805	-	-
Share-based payment - adjusted to fair value		-	(6 976)	-	-
Revaluation of share-based payment liability		15 923	-	-	-
Cash settlement of share options exercised		(69 883)	(40 884)	-	(40 884)
Revaluation of foreign exchange denominated intercompany loan		(15 122)	2 926	(15 122)	6 478
Non-cash portion of operating lease rentals		322	561	-	-
Exchange differences on translating foreign operations		(5 488)	6 301	-	-
Foreign currency adjustment to goodwill		15 388	-	-	-
Other movement in distributable reserves		(1 404)	-	-	-
Interest received		(12 536)	(9 881)	(77 986)	(96 651)
Interest paid		103 352	78 324	75 379	91 407
Cash generated from operations before working capital changes		603 303	535 690	131 189	42 316
Decrease/(increase) in trade and other receivables and prepayments		38 764	(380 739)	3 091	(842)
Increase/(decrease) in bad debt provision	12	(45 561)	12 436	-	-
(Decrease)/increase in trade and other payables		(58 233)	39 622	(3 046)	(9 368)
Increase in provisions	26	19 372	30 513	-	-
Net movement in holding and fellow subsidiaries intercompany accounts		-	-	(390 914)	(153 642)
Cash generated/(utilised) by operations		557 645	237 522	(259 680)	(121 536)
Interest received		12 536	9 881	77 986	96 651
Interest paid		(103 352)	(78 324)	(75 379)	(91 407)
Taxation paid	46	(90 678)	(125 790)	(1 454)	3 928
Dividend paid	47	(87 973)	(132 868)	(88 314)	(133 647)
Net cash generated/(utilised) by operating activities		288 178	(89 579)	(346 841)	(246 011)
Investing activities					
Additions to property, equipment and intangible assets	48	(69 390)	(78 119)	-	-
Proceeds from sale of property and equipment		3 855	1 976	-	-
Additions to goodwill		-	(5 717)	-	-
Acquisition of businesses	49	(180 027)	(258 681)	-	(204 030)
Acquisition of investment		(4 270)	(3 530)	-	-
Deferred tax on financial derivatives		1 025	-	-	-
Investment in associates	10	(29 778)	(33 718)	-	-
Dividends received from associates	10	14 561	-	-	-
Minority interest		(684)	(40 926)	-	-
Investment - available for sale	8	(42 288)	-	-	-
Net cash utilised by investing activities		(306 996)	(418 715)	-	(204 030)
Financing activities					
Issue of shares under employee share option scheme		19 038	5 274	19 038	5 274
Issue of shares pursuant to acquisitions	49	212 925	254 844	212 925	254 844
Equity due to change in control		(2 783)	-	-	-
Long-term loans raised		135 662	723 754	200 637	496 736
Long-term loans repaid		-	(38 333)	-	(8 333)
Short-term loan raised		66 130	231 588	4 364	207 571
Short-term loan repaid		(97 117)	(588 999)	-	(323 432)
Other non-current liabilities - interest-bearing		(657)	(3 159)	-	-
Decrease in other payables		-	(85 320)	-	-
(Decrease)/increase in other payables		(14 182)	26 801	-	-
Net cash generated by financing activities		319 016	526 450	436 964	632 660
Net increase in cash and cash equivalents		300 198	18 156	90 123	182 619
Cash and cash equivalents at the beginning of the year		270 927	252 771	(159 913)	(342 532)
Cash and cash equivalents at the end of the year	50	571 125	270 927	(69 790)	(159 913)

Notes to the annual financial statements

for the year ended 28 February 2015

1. Accounting framework

The Group applies all applicable International Financial Reporting Standards (IFRS) in preparation of the financial statements.

Consequently, all IFRS statements that were effective at 28 February 2015 and are relevant to its operations have been applied.

At the date of authorisation of these financial statements, the following standards, which have not been applied in these financial statements, were in issue but not yet effective:

Standards not yet effective

New/revised International Financial Reporting Standards		Effective date
IFRS 2: <i>Share-based Payment</i>	Annual Improvements to IFRSs 2010 – 2012 Cycle, issued in December 2013, amended paragraphs 15 and 19. In Appendix A, the definitions of “vesting conditions” and “market condition” were amended and the definitions of “performance condition” and “service condition” were added. An entity shall prospectively apply that amendment to share-based payment transactions for which the grant date is on or after 1 July 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 July 2014
IFRS 3: <i>Business Combinations</i>	Annual Improvements to IFRSs 2010 – 2012 Cycle, issued in December 2013, amended paragraphs 40 and 58 and added paragraph 67A and its related heading. An entity shall apply that amendment prospectively to business combinations for which the acquisition date is on or after 1 July 2014. Earlier application is permitted. An entity may apply the amendment earlier provided that IFRS 9 and IAS 37 (both as amended by Annual Improvements to IFRSs 2010 – 2012 Cycle) have also been applied. If an entity applies that amendment earlier, it shall disclose that fact. Annual Improvements Cycle 2011 – 2013 issued in December 2013 amended paragraph 2(a). An entity shall apply that amendment prospectively for annual periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 July 2014
IFRS 8: <i>Operating Segments</i>	Annual Improvements to IFRSs 2010 – 2012 Cycle, issued in December 2013, amended paragraphs 22 and 28. An entity shall apply those amendments for annual periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 July 2014

Notes to the annual financial statements continued

for the year ended 28 February 2015

1. Accounting framework continued

New/revised International Financial Reporting Standards		Effective date
IFRS 9: <i>Financial Instruments</i>	This Standard supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). However, for annual periods beginning before 1 January 2018, an entity may elect to apply those earlier versions of IFRS 9 instead of applying this Standard if, and only if, the entity's relevant date of initial application is before 1 February 2015. Despite the requirement in paragraph 7.2.1, an entity that adopts the classification and measurement requirements of this Standard (which include the requirements related to amortised cost measurement for financial assets and impairment in Sections 5.4 and 5.5) shall provide the disclosures set out in paragraphs 42L – 42O of IFRS 7 but need not restate prior periods. The entity may restate prior periods if, and only if, it is possible without the use of hindsight. If an entity does not restate prior periods, the entity shall recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application. However, if an entity restates prior periods, the restated financial statements must reflect all of the requirements in this Standard. If an entity's chosen approach to applying IFRS 9 results in more than one date of initial application for different requirements, this paragraph applies at each date of initial application (see paragraph 7.2.2). This would be the case, for example, if an entity elects to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss in accordance with paragraph 7.1.2 before applying the other requirements in this Standard.	Annual periods beginning on or after 1 January 2018
IFRS 10: <i>Consolidated Financial Statements</i>	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12), issued in June 2012, amended paragraphs C2 – C6 and added paragraphs C2A – C2B, C4A – C4C, C5A and C6A – C6B. An entity shall apply those amendments for annual periods beginning on or after 1 January 2013. If an entity applies IFRS 10 for an earlier period, it shall apply those amendments for that earlier period. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), issued in September 2014, amended paragraphs 25 – 26 and added paragraph B99A. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact. Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28), issued in December 2014, amended paragraphs 4, 32, B85C, and B85E and C2A and added paragraphs 4A – 4B. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IFRS 12: <i>Disclosure of Interests in Other Entities</i>	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28), issued in December 2014, amended paragraph 6. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016

New/revised International Financial Reporting Standards		Effective date
IFRS 13: <i>Fair Value Measurement</i>	Annual Improvements Cycle 2011 – 2013 issued in December 2013 amended paragraph 52 and added paragraph C4 to clarify the scope of the portfolio exception. It considered the transition provisions and effective date of the amendments to IFRS 13. It decided that an entity should apply that amendment for annual periods beginning on or after 1 July 2014. In order to be consistent with the prospective initial application of IFRS 13, the IASB decided that an entity would apply the amendment to IFRS 13 prospectively from the beginning of the annual period in which IFRS 13 was initially applied.	Annual periods beginning on or after 1 July 2014
IFRS 14: <i>Regulatory Deferral Accounts</i>	Regulatory Deferral Accounts permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for "regulatory deferral account balances" in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.	Annual periods beginning on or after 1 January 2016
IFRS 15: <i>Revenue from Contracts from Customers</i>	The standard should be applied in an entity's IFRS financial statements for annual reporting periods beginning on or after 1 January 2017. Earlier application is permitted. An entity that chooses to apply IFRS 15 earlier than 1 January 2017 should disclose this fact in its relevant financial statements when it has done so. There are also transitional exemptions and practical expedients available to entities on initial adoption of IFRS 15.	Annual periods beginning on or after 1 January 2017
IAS 1: <i>Presentation of Financial Statements</i>	Disclosure Initiative (Amendments to IAS 1), issued in December 2014, amended paragraphs 10, 31, 54 – 55, 82A, 85, 113 – 114, 117, 119 and 122, added paragraphs 30A, 55A and 85A – 85B and deleted paragraphs 115 and 120. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. Entities are not required to disclose the information required by paragraphs 28 – 30 of IAS 8 in relation to these amendments.	Annual periods beginning on or after 1 January 2016
IAS 16: <i>Property, Plant and Equipment</i>	Annual Improvements to IFRSs 2010 – 2012 Cycle, issued in December 2013, amended paragraph 35 and added paragraph 80A. An entity shall apply that amendment for annual periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period, it shall disclose that fact. Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38), issued in May 2014, amended paragraph 56 and added paragraph 62A. An entity shall apply those amendments prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact. Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41), issued in June 2014, amended paragraphs 3, 6 and 37 and added paragraphs 22A and 81L – 81M. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 July 2014
IAS 19: <i>Employee Benefits</i>	Defined Benefit Plans: Employee Contributions (Amendments to IAS 19), issued in November 2013, amended paragraphs 93 – 94. An entity shall apply those amendments for annual periods beginning on or after 1 July 2014 retrospectively in accordance with IAS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact. Annual Improvements to IFRSs 2012 – 2014 Cycle, issued in September 2014, amended paragraph 83 and added paragraph 177. An entity shall apply that amendment for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 July 2014

Notes to the annual financial statements continued

for the year ended 28 February 2015

1. Accounting framework continued

New/revised International Financial Reporting Standards		Effective date
IAS 24: <i>Related Party Disclosures</i>	Annual Improvements to IFRSs 2010 – 2012 Cycle, issued in December 2013, amended paragraph 9 and added paragraphs 17A and 18A. An entity shall apply that amendment for annual periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.	Annual periods beginning on or after 1 July 2014
IAS 27: <i>Separate Financial Statements</i>	Equity Method in Separate Financial Statements (Amendments to IAS 27), issued in August 2014, amended paragraphs 4 – 7, 10, 11B and 12. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016 retrospectively in accordance with IAS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IAS 28: <i>Investments in Associates and Joint Ventures</i>	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), issued in September 2014, amended paragraphs 28 and 30 and added paragraphs 31A – 31B. An entity shall apply those amendments prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact. Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28), issued in December 2014, amended paragraphs 17, 27 and 36 and added paragraph 36A. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IAS 34: <i>Interim Financial Reporting</i>	Annual Improvements to IFRSs 2012 – 2014 Cycle, issued in September 2014, amended paragraph 16A. An entity shall apply that amendment retrospectively in accordance with IAS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IAS 38: <i>Intangible Assets</i>	Annual Improvements to IFRSs 2010 – 2012 Cycle, issued in December 2013, amended paragraph 80. An entity shall apply that amendment for annual periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period, it shall disclose that fact. An entity shall apply the amendment made by Annual Improvements to IFRSs 2010 – 2012 Cycle to all revaluations recognised in annual periods beginning on or after the date of initial application of that amendment and in the immediately preceding annual period. An entity may also present adjusted comparative information for any earlier periods presented, but it is not required to do so. If an entity presents unadjusted comparative information for any earlier periods, it shall clearly identify the information that has not been adjusted, state that it has been presented on a different basis and explain that basis. Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38), issued in May 2014, amended paragraphs 92 and 98 and added paragraphs 98A – 98C. An entity shall apply those amendments prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 July 2014

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 28 February 2015, but are not relevant to its operations:

Standards not yet effective or relevant

New/revised International Financial Reporting Standards

Effective date

IFRS 1: <i>First-time Adoption of International Financial Reporting Standards</i>	Annual Improvements to IFRSs 2012 – 2014 Cycle, issued in September 2014, added paragraph E4A. An entity shall apply that amendment for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies that amendment for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016
IFRS 5: <i>Non-current Assets Held for Sale and Discontinued Operations</i>	Annual Improvements to IFRSs 2012 – 2014 Cycle, issued in September 2014, amended paragraphs 26 – 29 and added paragraph 26A. An entity shall apply that amendment prospectively in accordance with IAS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> to changes in the method of disposal that occurs in annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016.
IFRS 7: <i>Financial Instruments: Disclosures</i>	When an entity first applies the classification and measurement requirements of IFRS 9, it shall present the disclosures set out in paragraphs 44T – 44W of this IFRS if it elects to, or is required to, provide these disclosures in accordance with IFRS 9 (see paragraph 8.2.12 of IFRS 9 (2009) and paragraph 7.2.14 of IFRS 9 (2010)). Annual Improvements to IFRSs 2012 – 2014 Cycle, issued in September 2014, amended paragraphs 44R and B30 and added paragraph B30A. An entity shall apply that amendment retrospectively in accordance with IAS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> for annual periods beginning on or after 1 January 2016, except that an entity need not apply the amendments to paragraphs B30 and B30A for any periods presented that begins before the annual period for which the entity first applies those amendments. Earlier application of paragraphs 44R, B30 and B30A is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016.
IFRS 11: <i>Joint Arrangements</i>	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11), issued in May 2014, amended the heading after paragraph B33 and added paragraphs 21A, B33A – B33D and C14A and their related headings. An entity shall apply those amendments prospectively in annual periods beginning on or after 1 January 2016.	Annual periods beginning on or after 1 January 2016
IAS 39: <i>Financial Instruments: Recognition and Measurement</i>	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39), issued in June 2013, amended paragraphs 91 and 101 and added paragraph AG113A. An entity shall apply those paragraphs for annual periods beginning on or after 1 January 2014. An entity shall apply those amendments retrospectively in accordance with IAS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2014
IAS 40: <i>Investment Property</i>	Annual Improvements Cycle 2011 – 2013 issued in December 2013 added headings before paragraph 6 and after paragraph 84 and added paragraphs 14A and 84A. An entity shall apply those amendments for annual periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 July 2014
IAS 41: <i>Agriculture</i>	Bearer Plants (Amendments to IAS 16 and IAS 41), issued in June 2014, amended paragraphs 1 – 5, 8, 24 and 44 and added paragraphs 5A – 5C and 63. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.	Annual periods beginning on or after 1 January 2016

Notes to the annual financial statements continued

for the year ended 28 February 2015

2. Significant accounting policies

Statement of compliance

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The consolidated annual financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In all material respects, these policies have been followed by all companies in the Group and are consistent with the prior year.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into currency units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12: *Income Taxes* and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see note 3.16.2); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Notes to the annual financial statements continued

for the year ended 28 February 2015

2. Significant accounting policies continued

Business combinations continued

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value (ie the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is defined as the ability to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36: *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is charged so as to write off the cost or valuation of the assets over their estimated useful lives to its residual value, using the straight-line method, on the following basis:

Land is not depreciated	–
Buildings owned and occupied	2,86%
Computers and office equipment	20% – 33%
Furniture and fittings	10% – 16,7%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. Useful lives and residual values are reassessed on an annual basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

The carrying amounts of the Group's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated.

The recoverable amount is the higher of its fair value less cost to sell and its value in use. An impairment loss is recognised in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the prior years. A reversal of an impairment loss is recorded in profit or loss.

Notes to the annual financial statements continued

for the year ended 28 February 2015

2. Significant accounting policies continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group has become party to contractual provisions of the instrument.

Investments

Investments in securities are recognised on a trade date basis and are initially measured at cost. Investments are classified as either held for trading or available-for-sale, and are measured at subsequent reporting dates at fair value, based on quoted market prices at the statement of financial position date. Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For available-for-sale investments, unrealised gains or losses are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Proceeds from disposals which are not due within one year have been discounted to net present value.

Investment - available-for-sale

The Group also has an investment in unlisted shares that are not traded in an active market but are also classified as a financial asset and stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 8.

Trade and other receivables

Trade and other receivables may carry any interest and are stated at their nominal value. Trade and other receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

Loans to/(from) Group companies

These include loans to and from subsidiaries and associates and are recognised initially at fair value plus direct transaction costs. Loans to Group companies are classified as loans and receivables. Loans from Group companies are classified as financial liabilities measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade and other payables do not carry any interest and are stated at their nominal value.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk, which includes interest rate swaps.

These derivative financial instruments are initially recognised in the statement of financial position at fair value on the date which a derivative contract is entered into (the best evidence of fair value on day one is the transaction price) and subsequently remeasured at their fair value on reporting date. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option-pricing models, as appropriate, and from other service providers (banks, corporate financiers) as the case may be. All derivatives are carried as derivative financial assets when fair value is positive and as derivative financial liabilities when fair value is negative.

Hedge accounting

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedge).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions, is documented. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are expected to be and have been highly effective in offsetting changes in fair values or cash flows of hedged items.

When derivative instruments do not qualify for hedge accounting, changes in the fair value of all such derivative instruments are recognised immediately in profit or loss.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used, is amortised to profit or loss over the period to maturity.

Cash flow hedges

The Group recognises fair value changes of derivatives that are designated and qualify as cash flow hedges and prove to be highly effective in relation to the hedged risk, in the cash flow hedging reserve in the statement of other comprehensive income (equity). The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Financial asset or liability

Amounts accumulated in the statement of other comprehensive income (equity) are recycled to profit or loss in the period in which the hedged item will affect the profit or loss. Where the forecast transaction subsequently results in the recognition of a financial asset or liability, the gains or losses deferred in equity are transferred from the statement of other comprehensive income (equity) when the financial asset or liability is sold or impaired.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

Liability at amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Notes to the annual financial statements continued

for the year ended 28 February 2015

2. Significant accounting policies continued

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Share-based payments

The Group complies with the requirements of IFRS 2: *Share-based Payments*.

The Group has issued equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes model. The expected life used in this model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For cash-settled share-based payment transactions, the services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the year.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales-related taxes.

Revenue comprises mainly the invoice value of services rendered to customers, as well as commission received and training course income. Revenue excludes value-added tax and is recognised at the date the services are rendered.

Cost of sales

Cost of sales consists of direct costs of temporary assignees, advertising costs incurred in recruitment and direct expenditure in respect of public relations, research and training courses.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Investment income

Investment income is recognised on the accrual basis by reference to the principal outstanding and the effective applicable interest rates.

Government grants

Government grants towards staff training costs are recognised in profit or loss over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable/receivable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Employee benefits

Payments to defined contribution retirement benefit plans (either provident or pension funds) and medical aid contributions are recognised as an expense when employees have rendered services entitling them to the contributions. All employee benefits cease on termination of employment.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 2, management has made the following judgements that have a significant effect on the amounts recognised in the financial statements:

Provision for bad debts

The provision was measured at the Group's best estimate of future unrecoverable trade receivables, taking into account circumstances prevailing at year-end. Details of the provision are provided in note 12.

Provision for leave pay

In making its judgement, the provision for leave pay was measured at the Group's best estimate of the expenditure required to settle the obligation at balance sheet date in accordance with the Basic Conditions of Employment Act. Details of the provision for leave pay are provided in note 26.

Revenue recognition

Judgement is involved in determining the date upon which services are rendered and as such revenue is recorded or deferred in accordance with revenue recognition policy while ensuring that this is compliant with IAS 18: *Revenue*.

Recoverable amounts from Government

The Group exercised judgement in determining whether the learnerships amounts are recoverable from Government as well as when these amounts are recoverable. Details of these learnerships are provided in note 12.

Purchase price allocation relating to acquisitions

The Group has exercised judgement in determining the purchase price allocation, intangible assets and resulting goodwill relating to the acquisition of the business of Kelly Group Limited (Kelly) (2014: Labour Solutions Australia). The free cash flow method was used and the key estimates involved were growth rates, discount rate, as well as return on the contracts or key customer relationships. Details of acquisitions are included in note 49.

Recognition of deferred tax assets

The Group has exercised judgement in determining whether deferred tax assets should be recognised. Judgement is involved in determining the extent to which it is probable that taxable profit in the various subsidiaries will be available against which the deferred tax assets will be utilised. Details of these deferred tax assets are provided in note 11.

Investment in asset available-for-sale

The Group carries its available-for-sale assets at fair value, as disclosed in the accounting policy. Due to the recency of the Group's investment in APBA Pte Limited as per note 8, this fair value determination was not possible. The directors believe that its current carrying value is reflective of its fair value.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. The value-in-use calculation requires the entity to estimate future cash flows expected to arise from the cash-generating unit and to determine a suitable discount rate in order to calculate present value. Details of the impairment of goodwill are provided in note 6.

Share-based payments

Determining the value of share-based payments to be expensed requires an estimation using the Black-Scholes pricing model.

The model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural consideration. Details of share-based payments and assumptions used are provided in note 41.

Residual values and useful lives of assets

The Group exercised judgement in determining the useful lives of all assets and determining the residual values of these assets.

Notes to the annual financial statements continued

for the year ended 28 February 2015

	Land, buildings and leasehold improvements	Computer and office equipment, furniture and fittings	Capitalised leased assets	Total	Total
	2015	2015	2015	2015	2014
	R'000	R'000	R'000	R'000	R'000
4. Property and equipment					
Group					
Balance at the beginning of the year	26 817	47 913	6 064	80 794	65 376
Assets at cost	54 317	162 052	15 765	232 134	201 261
Accumulated depreciation	(27 500)	(114 139)	(9 701)	(151 340)	(135 885)
Current year movements					
Additions	3 288	51 416	2 242	56 946	43 114
Acquisitions through business combinations	2 138	7 895	-	10 033	3 173
Effect of foreign currency exchange differences	85	64	-	149	1 107
Cost	(27)	(317)	-	(344)	1 685
Accumulated depreciation	112	381	-	493	(578)
Disposals	(41)	(2 641)	-	(2 682)	(3 380)
Cost	(47)	(18 066)	-	(18 113)	(28 859)
Accumulated depreciation	6	15 425	-	15 431	25 479
Depreciation	(4 237)	(25 564)	(3 014)	(32 815)	(28 596)
Transfers	-	-	-	-	-
Cost	-	-	-	-	11 760
Accumulated depreciation	-	-	-	-	(11 760)
Net book value at the end of the year	28 050	79 083	5 292	112 425	80 794
Represented by:					
Assets at cost	59 669	202 980	18 007	280 656	232 134
Accumulated depreciation	(31 619)	(123 897)	(12 715)	(168 231)	(151 340)
Net book value at the end of the year	28 050	79 083	5 292	112 425	80 794

The registers of land and buildings are open for inspection at the registered office of the company and its subsidiaries.

Land and buildings are provided as security for the mortgage bonds provided to the Group (refer to note 21).

The Group's obligations under finance leases (refer to note 24) are secured by the lessor's title to the leased assets, which have a carrying amount of R5,8 million (2014: R6 million).

	Capitalised development 2015 R'000	Trade- marks 2015 R'000	Accredi- tation of programmes 2015 R'000	Customer base 2015 R'000	Other 2015 R'000	Total 2015 R'000	Total 2014 R'000
5. Intangible assets							
Group							
Balance at the beginning of the year	117 037	111 415	2 581	327 344	1 145	559 522	511 669
Assets at cost	190 695	138 342	4 900	615 260	22 378	971 575	847 333
Accumulated amortisation	(73 658)	(26 927)	(2 319)	(291 415)	(21 233)	(415 552)	(330 559)
Foreign exchange movements	-	-	-	3 499	-	3 499	(5 105)
Additions	21 723	-	3 729	-	14	25 466	45 763
Acquisitions through business combinations	21 781	64 578	-	52 018	4 153	142 530	78 479
Amortisation expense	(18 899)	(13 398)	(1 261)	(43 104)	(4 153)	(80 815)	(65 630)
Capital work in progress	(2 988)	-	-	-	-	(2 988)	(19 363)
Impairment loss recognised in profit and loss	(21 781)	-	-	-	-	(21 781)	-
Foreign exchange movements	-	-	-	(10 182)	-	(10 182)	8 604
Net book value at the end of the year	116 873	162 595	5 049	326 076	1 159	611 752	559 522
Represented by:							
Assets at cost	234 199	202 920	8 629	667 278	26 545	1 139 571	971 575
Accumulated amortisation	(117 326)	(40 325)	(3 580)	(334 519)	(25 386)	(521 136)	(415 552)
Foreign exchange movements	-	-	-	(6 683)	-	(6 683)	3 499
Net book value at the end of the year	116 873	162 595	5 049	326 076	1 159	611 752	559 522

The capitalised development represents costs incurred to date on the development of the Dynamix AX ERP System. This software is amortised over its estimated useful lives ranging from 10 to 15 years.

Trademarks are amortised over their estimated useful lives ranging from 7 to 15 years.

The Kelly trademark has been valued at an estimated R58 million with an indefinite useful life, and is tested annually for impairment. Pursuant to the purchase price allocation exercise performed at the time of the Kelly acquisition, the Kelly brand intangible was valued using the "relief from royalty method" where a royalty rate of 8% was applied to the net sales of Kelly. This was applied in line with benchmark rates observed in comparable market agreements and adjusted for factors specific to the Kelly brand. Forecasts for the 12-month period ending February 2016 were used and thereafter the forecast was extended to February 2018 at a growth rate of 8%. A terminal growth rate was then applied into perpetuity of 5,5% representing the long-term inflation rate.

Accreditation of programmes represent costs incurred to date on accrediting training programmes with the relevant training authorities. Once the asset is available for use, it is amortised over its estimated useful life of four years.

Customer base represents the customer bases purchased on acquisition of businesses. The various customer bases acquired are amortised over their estimated useful lives which range from 3 to 15 years. Other intangible assets relates to learning programmes, NQF accreditations development and a database valuation. The database was fully amortised during the current financial year, and the learning programmes and NQF accreditations development are amortised over their estimated useful lives of five years.

Included in "Other" is the ABSA teller programme which was acquired by one of the white-collar staffing businesses. This programme is used to train bank tellers. The programme will be amortised over its useful life of three years.

Amortisation of intangible assets is disclosed in operating profit (refer to note 32).

Notes to the annual financial statements continued

for the year ended 28 February 2015

	GROUP	
	2015	2014
	R'000	R'000
6. Goodwill		
Cost		
Opening balance	1 383 864	1 190 643
Additional amounts recognised from business combinations during the year (refer to note 49)	27 624	187 504
Adjustment in goodwill	-	5 717
Foreign currency adjustment	(15 388)	-
Closing balance	1 396 100	1 383 864
Impairment		
Opening balance	(48 598)	(37 880)
Impairment of goodwill during the year	(43 233)	(10 718)
Adcorp Empowerment Share Incentive Trust shares written off (refer to note 16)	(99)	-
Closing balance	(91 930)	(48 598)
Carrying amount at the end of the year	1 304 170	1 335 266

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill is attributable to the following material CGUs:

	GROUP	
	2015	2014
	R'000	R'000
Blue	587 735	630 655
White	32 998	7 662
Professional services	521 426	528 764
Business process outsourcing, training and financial services	162 011	163 891
Emergent business	-	4 294
	1 304 170	1 335 266

The Group tests goodwill annually for impairment.

The recoverable amounts of the CGUs are determined based on the value-in-use calculation which uses the cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions for the discounted cash flow valuation method are those regarding the discount rate, growth rate and expected changes to selling prices and direct costs during the year.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management. The pre-tax rate used to discount the forecast cash flows is 12,44% (2014: 10,0%).

The Group uses a terminal growth rate into perpetuity of 4,5% (2014: 4,5%) per annum.

As a result of the annual impairment review, the Group impaired the goodwill in Premier, a division of Adcorp Staffing Solutions Proprietary Limited, Adcorp Technical Training Proprietary Limited, Envisionme Proprietary Limited and Capital Outsourcing Group Proprietary Limited.

During December 2014, the Group acquired Kelly Group Limited. As a result, an additional R27 million was recognised as goodwill. This was allocated to the white-collar segment. Other acquisitions resulted in the recognition of an additional goodwill of R700 000 for the year.

The directors believe that any reasonably possible change in the key assumptions on which the recoverable amounts have been based, would not cause the aggregate carrying amounts to exceed the aggregate recoverable amounts of each of the underlying cash-generating units.

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
7. Investments				
Investment*	7 800	3 530	-	-
* Represents 30% interest (2014: 13,58%) in FUNDS3000 Proprietary Limited (FUNDS3000).				
Subsequent to the financial year-end, the Group increased its investment in FUNDS3000 to 100%, and further commentary appears in note 53.				
8. Investment – available for sale				
Investment – available-for-sale – fair value*	42 288	-	-	-
* Represents a convertible loan granted by Adcorp Holdings Australia Proprietary Limited (AHA) to Singapore-based APBA Pte Limited (APBA).				
Interest accrues on the loan at 4% per annum and AHA has the right to convert the loan into a maximum 25% stake in APBA after the 3,5-year anniversary of the payment date.				
Fair value of loan determined to be original carrying value as the loan was advanced one month prior to the reporting date.				
9. Investment in subsidiaries				
(for details refer to Annexure A)				
Shares at cost less amounts written off	-	-	1 574 642	1 574 642
Shares at cost	-	-	1 581 368	1 581 368
Less: Provision for impairment of investment	-	-	(6 726)	(6 726)
Directors' valuation			3 453 930	3 252 983
The directors have valued the cash-generating units at a value in excess of the Group market capitalisation as at 28 February 2015. As a consequence, the directors' valuation shown above has been limited to the abovementioned market capitalisation value.				
10. Investment in associates				
Carrying values at the beginning of the period	86 954	53 236	-	-
Conversion of associate into subsidiary	-	-	-	-
Share of current period earnings (gross of dividends received) (for details refer to Annexure A)	29 778	33 718	-	-
Dividends received	(14 561)	-	-	-
Total investment in associates	102 171	86 954	-	-
Summarised financial information in respect of the Group's associates is set out below:				
Total assets	449 317	346 204	-	-
Non-current assets	86 766	23 618	-	-
Current assets	362 551	322 586	-	-
Total liabilities	128 335	101 431	-	-
Non-current liabilities	-	-	-	-
Current liabilities	128 335	101 431	-	-
Net assets	320 982	244 773	-	-
Total revenue	527 747	403 776	-	-
Total profit for the year	86 706	82 733	-	-
Group's share of associates' profit for the year	29 778	33 718	-	-
Nihilent Technologies PVT Limited	29 778	33 718	-	-
Klatrade 200074 Proprietary Limited	-	-	-	-
Unrecognised share of losses	(3 510)	-	-	-
Unrecognised share of losses on acquisition	(3 247)	-	-	-
Losses for the year not recognised	(263)	-	-	-

Notes to the annual financial statements continued

for the year ended 28 February 2015

10. Investment in associates continued

Nihilent Technologies PVT Limited

The Group holds an indirect effective 34,6% equity investment in Nihilent Technologies PVT Limited (Nihilent). Nihilent is a business consulting and technology services company incorporated in India. The year-end of the associate is 31 March. Management accounts reviewed by Nihilent's auditors were utilised to calculate the share of profits from Nihilent for the period. Nihilent's profit and loss for the year has been converted using an average exchange rate for the financial year ended 28 February 2015 of USD1 = ZAR10,95 (2014: USD = ZAR9,97). The financial position of Nihilent has been converted using the spot exchange rate of USD1 = ZAR11,58 (2014: USD1 = ZAR10,79) as at 28 February 2015.

PRP Solutions Proprietary Limited

PRP Solutions provides integrated time and attendance solutions to payroll services with the use of biometric technology.

The Group holds an indirect interest of 30% in PRP Solutions Proprietary Limited via the recently acquired Kelly Group Limited. The Group's share of losses has exceeded its interest in the associate, and as such the Group has discontinued recognising its share of further losses. The recognition of any profits by the associate will only begin once the cumulative losses have been reduced to zero.

Kladtrade 200074 Proprietary Limited

An indirect effective 52,5% equity investment was held in Kladtrade 200074 Proprietary Limited (Kladtrade) in the prior year. During the current year the Adcorp Group acquired the remaining 47,5%.

	As at 28 Feb 2014 R'000	Charged to the statement of comprehensive income R'000	Arising on business combination R'000	As at 28 Feb 2015 R'000
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11. Deferred taxation - Group

Deferred tax assets

Deferred tax raised on provisions	65 127	(14 651)	23 771	74 247
Excess tax allowances and depreciation charge	250	4 137	-	4 387
Expenditure incurred but not allowable for tax purposes in the period in which it is incurred	41	(41)	-	-
Deferred tax raised on performance shares	10 629	937	-	11 566
Operating lease timing adjustments	2 115	(1 526)	1 963	2 552
Computed losses*	14 474	(4 351)	20 871	30 994
Income received in advance	2 625	(2 023)	2 812	3 414
Finance lease obligations	347	(347)	-	-
Foreign exchange differences	-	571	-	571
Deferred tax on unutilised tax credits	2 888	(2 888)	-	-
Deferred tax on fair value adjustment of foreign loan	-	5 228	-	5 228
Other	977	5 570	6 076	12 623
Adjustment	(1 277)	1 277	-	-
Total deferred tax asset	98 196	(8 107)	55 493	145 582

Deferred tax liabilities

Excess tax allowances and depreciation charge	(3 582)	2 412	(4 433)	(5 603)
Expenditure incurred but not allowable for tax purposes in the period in which it is incurred	(421)	341	-	(80)
Deferred tax raised on performance shares	-	(3 404)	-	(3 404)
Prepayments	(849)	315	(1 223)	(1 757)
Intangible asset - software	(5 860)	(7 445)	-	(13 305)
Intangible asset - customer relationships	(11 236)	5 571	-	(5 665)
Finance lease obligations	(9)	-	(94)	(103)
Foreign exchange differences	(82)	82	-	-
Deferred tax on fair value adjustments on acquisition	(74 490)	6 089	(27 189)	(95 590)
Section 24C future expense deduction	(562)	518	-	(44)
Deferred tax on fair value adjustment of foreign loan	(820)	820	-	-
Other	(977)	(5 571)	-	(6 548)
Adjustment	1 277	(1 277)	-	-
Total deferred tax liability	(97 611)	(1 549)	(32 939)	(132 099)
Net deferred tax asset	585	(9 656)	22 554	13 483

* Deferred tax assets were raised on estimated tax losses to the extent that management considers it probable that future taxable income will be generated in order to utilise the assessed loss recognised. The total amount of assessed losses on which no deferred tax was raised is R342 million.

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
12. Trade and other receivables and prepayments	2 315 813	2 041 069	3 846	4 622
Trade receivables	2 290 154	1 985 029	758	3 853
Provision for bad debts	(57 361)	(19 319)	-	-
Deposits and staff loans	5 518	9 537	500	500
Prepayments and sundry billings	22 484	22 398	-	-
SETA	4 802	3 351	-	-
Sundry loans	11 942	7 547	-	-
Other	38 274	32 526	2 588	269

The Group partakes in learnerships that are registered with the Services Seta and receives Government grants in order to develop its employees.

Included in SETA receivables are amounts due from the Services Seta in respect of learnerships that the Group has engaged in:

Opening balance

Amounts received/written off

-	-	-	-
-	1 854	-	-
-	(1 854)	-	-

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Domestic

Foreign

2 290 154	1 985 029	758	3 853
1 643 542	1 416 824	758	3 853
646 612	568 205	-	-

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

Agriculture, hunting, forestry and fishing

Community, social and personal services

Construction

Manufacturing

Financial intermediation, insurance, real estate and business services

Electricity, gas and water supply

Transport, storage and communication

Mining and quarrying

Wholesale and retail, repair of motor vehicles, motor cycles, personal and household goods, and hotels and restaurants

2 290 154	1 985 029	758	3 853
31 763	74 328	-	-
304 095	231 583	-	-
270 381	256 139	-	-
373 423	364 941	-	-
571 849	469 917	-	2 918
131 652	236 473	758	935
260 440	169 786	-	-
118 699	98 975	-	-
227 852	82 887	-	-

Debtors days outstanding at the end of February 2015 was 47 days (2014: 48 days). No interest is charged on trade receivables for the first 60 days from date of the invoice, thereafter interest may be charged on the outstanding balance. The Group has provided for all receivables that are considered to be doubtful.

Before accepting any new customer, the Group uses an external credit bureau to assess the potential customers' credit quality and defines credit limit by customer.

Trade receivables are provided as security for all banking facilities available to the Group as disclosed in notes 22, 23 and 50 respectively.

Notes to the annual financial statements continued

for the year ended 28 February 2015

	GROUP				COMPANY			
	Gross Impairment 2015		Gross Impairment 2014		Gross Impairment 2015		Gross Impairment 2014	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000

12. Trade and other receivables and prepayments continued

The ageing of trade receivables and other at the reporting date was:

	2 290 154	(57 361)	1 985 029	(19 319)	-	-	3 854	-
Not past due	1 593 895	-	1 457 362	-	-	-	2 952	-
Past due 0 – 30 days	304 782	-	251 086	(6 553)*	-	-	-	-
Past due 31 – 60 days	112 361	-	104 777	-	-	-	-	-
Past due 61 – 90 days	94 068	-	61 534	-	-	-	-	-
Past due 91 – 365 days	185 048	(57 361)	110 270	(12 766)	-	-	902	-

* Provision relates to specific trade receivables.

Movement in the provision for bad debts during the year under review was as follows:

Closing balance	-	57 361	-	19 319	-	-	-	-
Balance at the beginning of the year	-	19 319	-	19 387	-	-	-	-
Amounts written off	-	(15 635)	-	(8 184)	-	-	-	-
Amounts provided for during the year	-	53 677	-	8 116	-	-	-	-

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000

13. Amounts due to/(by) subsidiary companies

(for details refer to Annexure A)

	-	-	1 442 629	1 044 509
Amounts due by subsidiary companies	-	-	1 691 082	1 307 341
Amounts due to subsidiary companies	-	-	(248 453)	(262 832)

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
14. Share capital				
Authorised				
183 177 151 ordinary shares of 2,5 cents each (2014: 183 177 151)	4 579	4 579	4 579	4 579
16 822 849 'B' ordinary shares of 2,5 cents each (2014: 16 822 849)	421	421	421	421
	5 000	5 000	5 000	5 000
Issued				
109 370 800 ordinary shares of 2,5 cents each (2014: 100 091 776)	2 733	2 502	2 733	2 502
16 822 849 'B' ordinary shares of 2,5 cents each (2014: 16 822 849)	-	-	421	421
	2 733	2 502	3 154	2 923
Number of shares ('000)	108 799	99 535	109 371	100 092
Opening balance	100 092	91 812	100 092	91 812
Issue of ordinary shares – equity settlement of employee share option plan	553	180	553	180
Issue of ordinary shares – Acquisition of Kelly/(2014: LSA)	6 684	8 100	6 684	8 100
Issue of ordinary shares – Scrip distribution	2 042	-	2 042	-
Shares in issue	109 371	100 092	109 371	100 092
Treasury shares	(572)	(557)	-	-
15. Share premium	1 718 856	1 487 124	1 718 856	1 487 124
Opening balance	1 487 124	1 227 213	1 487 124	1 227 213
Arising from the issue of 553 000 ordinary shares under employee share option plan (2014: 180 000)	19 024	5 270	19 024	5 270
Issue of ordinary shares pursuant to acquisitions	213 255	255 838	213 255	255 838
Capitalisation of transaction costs	(496)	(1 197)	(496)	(1 197)
Issue of ordinary shares – Scrip distribution	(51)	-	(51)	-
16. Treasury shares	(12 990)	(12 891)	-	-
Opening balance – Adcorp Empowerment Share Incentive Trust shares	99	99	-	-
Write-off – Adcorp Empowerment Share Incentive Trust shares	(99)	-	-	-
Closing balance – Adcorp Empowerment Share Incentive Trust shares	-	99	-	-
Adcorp Fulfilment Services Proprietary Limited – 571 826 shares (2014: 557 240)	(12 822)	(12 822)	-	-
Adcorp Employee Benefit Trust 2 consolidated – 6 729 140 'B' shares (2014: 6 729 140)	(168)	(168)	-	-
17. Non-distributable reserve				
Unrealised profit arising on sale of BEE companies into new entity during 2004	-	-	119 918	119 918
18. Foreign currency translation reserve	(3 442)	2 046	-	-
Balance at 1 March	2 046	(4 255)	-	-
Arising on translation of foreign operation	(5 488)	6 301	-	-
Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Rand amounts are brought to account by entries made directly to the foreign currency translation reserve.				

Notes to the annual financial statements continued

for the year ended 28 February 2015

	GROUP				COMPANY			
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	2015		2014		2015		2014	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
19. Derivative financial instrument								
Interest rate swap – cash flow hedge	-	3 416	-	25	-	-	-	25
Non-current portion	-	3 416	-	25	-	-	-	25
Current portion	-	-	-	-	-	-	-	-
	-	3 416	-	25	-	-	-	25

The fair value of the hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months subsequent to year-end and a current asset or liability when the remaining maturity of the hedged item is less than 12 months subsequent to year-end.

Interest rate swaps – cash flow hedge

During the current financial year, the Group's Australian subsidiary, Adcorp Holdings Australia Proprietary Limited (AHA), entered into a three-year AUD15 million hedge being approximately 25% of its AUD-denominated term loan facility. Interest is payable at a fixed rate of 2,94% when compared to the variable prevailing interbank rate (BBSY). The trade date was 28 November 2014 and the designated maturity is for a period of three years. The intention of the swap is to hedge the cash flows emanating from the variable interest rate on the underlying loan. The notional principal amount owing on the interest rate swap contract as at 28 February 2015 is AUD15 million.

During the 2012 financial year, the Group entered into a three-year term loan facility of R100 million with ABSA Bank Limited. Interest was payable at a variable rate based on ZAR-JIBAR-SAFEX with a designated maturity of three-month, +300 basis points. The variable interest rate on the loan facility would have resulted in variable cash flows. To hedge the risk of variable cash flows due to changes in JIBAR interest rates, the Group entered into an interest rate swap to swap the floating rate of interest on the term loan for a fixed rate of 9,93%. The intention of the swap was to hedge the cash flows emanating from the variable interest rate on the underlying loan.

The trade date of the interest rate swap was 20 April 2011 and the maturity date which corresponds with the final settlement date of the term loan was 13 May 2014. Cash flows on both the term loan facility and the interest rate swap occurred quarterly and commenced from August 2011. The notional principal amount of the outstanding on the term loan facility and interest rate swap contract as at 28 February 2015 was Rnil (2014: R8,3 million).

Note 51.5 summarises the financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The interest rate swap is considered to be a Level 2 financial instrument. The Group does not hold any Level 1 financial instruments.

The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows received independently from the bank using interest rate curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed above.

Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 28 February 2015 will be continuously released/(charged) to the statement of comprehensive income until the repayment of the bank borrowings.

Refer to note 22 for further details with regard to the terms and conditions of the hedged term loan facilities.

20. BEE shareholders' interest

In terms of the BEE transaction in 2013 (2013 BBBEE transaction), Adcorp has created and issued a total of 16 822 849 'B' ordinary shares (2014: 16 822 849) to its empowerment shareholders at a value of 2,5 cents per share, of which 6 729 140 (2013: 6 729 140) are owned by a trust called the Adcorp Employee Benefit Trust 2 (AEBT2). The remaining 'B' ordinary shares are held by other BBBEE enterprises.

These 'B' ordinary shares carry full voting rights and are funded by a notional threshold amount based on the 90-day VWAP at the time of issue plus a notional escalation factor and reduced by notional dividends.

In terms of this structure, a 40% participation is made available for the benefit of all full-time Adcorp Group employees through the holding of units in AEBT2, a 35% participation has been allocated to women's empowerment group, WIPHOLD, and a 25% participation has been allocated to an empowerment business, Simeka Group.

At the end of 10 years, the 'B' ordinary shares convert into Adcorp ordinary shares based on the value of the notional debt that is paid down at the time.

During the 2012 financial year, certain subsidiary companies issued 'A' ordinary shares to entities within the WIPHOLD stable. These shares were issued as part of a deal whereby certain Adcorp subsidiary companies' BBBEE credentials were enhanced.

The structure of the above subsidiary company deals mirrored the original Adcorp 2007 BBBEE transaction, which, pursuant to shareholder approval obtained on 20 May 2013, was unwound in favour of the adoption of the 2013 BBBEE transaction referred to above.

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
Issued				
16 822 849 'B' ordinary shares of 2,5 cents per share	421	421	-	-
400 'A' ordinary shares of no par value in Quest Staffing Solutions Proprietary Limited (2014: 400)	270	270	-	-
450 'A' ordinary shares of no par value in Fortress Administration Proprietary Limited (2014: 450)	230	230	-	-
	921	921	-	-

In respect of the 2013 BBBEE deal, the fair value of the cancelled options and the new options on the date of modification were calculated using the Black-Scholes option-pricing model.

The inputs into the model are set out below:

2007 BBBEE deal

The total value of the option was R133 million. Details of the amounts expensed over the 10-year period are as follows:

Current year	-	2 660
Year seven to year nine	-	-
Year 10	-	-

2013 BBBEE deal

Using the modification cost principles under IFRS 2, the total modified cost of the option is R144,6 million.

The total value to be amortised over the 10-year period is the aggregate of (a) 40% of the modified option cost plus (b) the unamortised option value relating to the 2007 BBBEE deal, as above.

Details of the amounts expensed over the 10-year period are as follows:

Current year	7 206	3 603
Year three to year nine	57 646	64 851
Year 10	3 603	3 603

Notes to the annual financial statements continued

for the year ended 28 February 2015

20. BEE shareholders' interest continued

Basis of option valuation

At the commencement of the 2013 BBBEE deal, the following parameters were used in determining the option valuation:

Weighted average share price (R)	34,86
Weighted average exercise price (R)	42,17
Expected volatility (%)	24,47
Expected life (years)	10
Risk-free rate (%)	7,99
Expected dividend yield (%)	4,07

	Number of shares 2015	Number of shares 2014	Weighted average exercise price 2015 R	Weighted average exercise price 2014 R
'B' ordinary shares				
Outstanding at the beginning of the year	6 729 140	-	42,17	-
Issued during the year	-	6 729 140	-	42,17
Exercised during the year	-	-	-	-
Outstanding at the end of the year	6 729 140	6 729 140	42,17	42,17
Exercisable at the end of the year	-	-	-	-
	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000

21. Other non-current liabilities

Operating lease	9 339	6 359	-	-
Mortgage bond – Hampden Road and Poplar Road	570	2 106	-	-
	9 909	8 465	-	-
Less: Current portion of other non-current liabilities disclosed in current liabilities	(8 699)	(6 359)	-	-
	1 210	2 106	-	-
Consists of:				
Mortgage bond	570	2 106	-	-
Operating lease	640	-	-	-
	1 210	2 106	-	-

The mortgage bond is secured by a charge over the properties. Interest is charged at the prevailing prime rate less 100 basis points. The loan is repayable over 10 years in monthly instalments (refer to note 4).

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
22. Interest-bearing liabilities				
Secured – at amortised cost less amount capitalised				
Long-term loans – non-current portion	859 417	723 754	697 373	496 736
Five-year corporate bond (a)	400 000	400 000	400 000	400 000
Three-year corporate bond (b)	100 000	100 000	100 000	100 000
Three-year corporate bond (c)	200 000	–	200 000	–
Transaction costs capitalised	(2 627)	(3 264)	(2 627)	(3 264)
Long-term portion of Australian Dollar-denominated debt (g)	162 044	227 018	–	–
Short-term loans	398 463	239 922	220 269	215 905
Commercial paper (d)	50 000	200 000	50 000	200 000
Corporate bond (e)	160 000	–	160 000	–
Amount owing on long-term loan – three-year loan (f)	–	8 334	–	8 334
Short-term portion of Australian Dollar-denominated debt (g)	77 496	24 016	–	–
Short-term portion of Kelly debt (h)	100 698	–	–	–
Accrued interest	10 269	7 572	10 269	7 571

On 8 March 2013, the Group successfully issued secured notes under its registered domestic medium-term note (DMTN) programme. The details of the various outstanding instruments under the DMTN are as follows:

- (a) R400 million five-year secured and rated corporate bond bearing interest at JIBAR plus 249 (two hundred and forty-nine) basis points per annum. Maturity date 8 March 2018.
- (b) R100 million three-year secured corporate bond bearing interest at JIBAR plus 225 (two hundred and twenty-five) basis points per annum. Maturity date 31 July 2016.
- (c) R200 million three-year secured corporate bond bearing interest at JIBAR plus 260 (two hundred and sixty) basis points per annum. Maturity date 27 November 2017.
- (d) R10 million unsecured commercial paper bearing interest at fixed rate of 673 basis points per annum. Maturity date 2 March 2015 and R40 million unsecured commercial paper bearing interest at fixed rate of 733 basis points per annum. Maturity date 29 May 2015.
- (e) R160 million 18-month unsecured corporate bond bearing interest at JIBAR plus 200 (two hundred) basis points per annum. Maturity date 31 January 2016.

As security for the DMTN and bank facilities granted to the Group, a shared security agreement was entered into, on 6 March 2013, between FirstRand Bank Limited (FirstRand), ABSA and the trustee for the time being of The Adcorp Note Trust (DMTN SSA). This shared security agreement holds a cession over the trade receivables, credit balances and an unlimited Group cross suretyship between the following operating subsidiaries of the Adcorp Group:

- Adcorp Management Services Proprietary Limited
 - Adcorp Fulfilment Services Proprietary Limited
 - Adcorp Staffing Solutions Proprietary Limited
 - Adcorp Support Services Proprietary Limited
 - Capital Outsourcing Group Proprietary Limited
 - Fortress Administration Proprietary Limited
 - Paracon Holdings Limited
 - Mondial IT Solutions Proprietary Limited
 - All About Project Management Proprietary Limited
 - Production Institute of Southern Africa Proprietary Limited
 - Quest Staffing Solutions Proprietary Limited
- (f) In the prior year, the Group entered into an interest rate swap agreement with ABSA, and the fixed interest rate payable on the interest rate swap was 9,93%. This was fully settled in the year under review.
 - (g) Australian Dollar-denominated debt comprises:
 - A term debt facility, repayable in equal semi-annual instalments over a remaining two-year period. The facility bears interest at the Australian screen rate plus 270 (two hundred and seventy) basis points. During the year, a three-year interest rate swap agreement was entered into in respect of AUD15 million of the term debt facility. Further detail can be found in note 19.
 - A revolving debt facility which bears interest at the Australian screen rate plus 220 (two hundred and twenty) basis points.
 - (h) Kelly debt consists of debentures issued to Investec Bank Limited, which bear interest at a blended rate of 10,1% after being adjusted for structuring fees. These debentures are secured by a cession of the Kelly trade receivables and mature on 31 October 2015.

Notes to the annual financial statements continued

for the year ended 28 February 2015

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
23. Redeemable preference shares - interest-bearing				
Redeemable preference shares issued	-	70 000	-	-
Interest accrued - current portion	-	403	-	-
	-	70 403	-	-
Long-term portion - Redeemable preference shares issued	-	40 000	-	-
Current portion	-	30 403	-	-
Current portion - preference shares issued	-	30 000	-	-
Current portion - interest accrued	-	403	-	-
	-	70 403	-	-

As part of the DMTN security structure and in previous years, the Group entered into a first addendum to the amended and restated preference share subscription agreement, and an amended and restated put option agreement with RMB whereby the preference shares were secured by inclusion in the DMTN SSA as referred to in note 22.

The Group designated its redeemable cumulative preference shares as financial liabilities as required by IAS 39: *Financial Instruments: Recognition and Measurement*. The preference shares bore a coupon rate of 82.5% of the prevailing prime rate and had bi-annual interest and capital repayments. The outstanding preference shares were fully redeemed on 12 June 2014 (scheduled maturity was 30 November 2015) at management's discretion.

24. Obligations under finance leases

Finance leases relate to equipment and vehicles with a lease term of between three and five years. The Group has options to purchase the equipment for a nominal amount at the conclusion of the lease agreements. The Group's obligations under finance leases are secured by the lessor's title to the leased assets (refer to note 4).

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
Within one year	3 567	4 696	3 378	4 276
Later than one year and not later than five years	2 706	1 849	2 448	1 709
	6 273	6 545	5 826	5 985
Less: Future finance charges	(447)	(560)	-	-
Present value of finance lease obligations	5 826	5 985	5 826	5 985
Non-current portion	2 448	1 709	2 448	1 709
Current portion	3 378	4 276	3 378	4 276
	5 826	5 985	5 826	5 985
Current portion of other non-current liabilities consists of:				
Finance leases	3 378	4 276	-	-
Operating leases	8 699	6 359	-	-
	12 077	10 635	-	-

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
25. Trade and other payables	933 123	832 964	1 673	2 404
Trade creditors	126 705	157 930	28	7
VAT	139 290	104 449	-	247
Accruals	160 771	117 830	1 113	1 687
Payroll accruals	438 700	424 080	-	-
Income received in advance	21 756	9 938	-	-
Other	45 901	18 737	532	463

The average credit period on trade and other payables is 30 days (2014: 30 days). No interest is incurred on trade and other payables unless payment is not effected timeously.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

	As at	Provisions	Provisions	Acquired	Foreign	As at
	28 Feb	raised	utilised	through	exchange	28 Feb
	2014	2015	2015	business	movement	2015
	R'000	R'000	R'000	combinations	2015	R'000
				2015	R'000	

26. Provisions

Group

Leave pay	91 506	213 874	(188 951)	-	(594)	115 835
Bonuses	90 771	187 935	(186 268)	-	(254)	92 184
Other	31 664	143 793	(150 103)	12 000	(60)	37 294
Total	213 941	545 602	(525 322)	12 000	(908)	245 313

Leave pay

Leave pay is provided based on leave days due to employees at statement of financial position date, at rates prevailing at that date.

Bonuses

Bonuses are provided to employees based on operating entity performance management criteria and are in respect of the current year earnings.

Other

Other provisions relates to paid public holidays, lease and other commitments.

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000

27. Other vendor payables

Amount owing to vendors of All About Project Management Proprietary Limited (AAPM)*	12 619	19 319	-	-
Amount owing to a vendor of Capital Outsourcing Group**	-	7 482	-	-
	12 619	26 801	-	-

* This amount relates to a vendor liability for the acquisition of an additional 30% of AAPM.

** This amount relates to an additional vendor liability for the acquisition of Resourcing for Africa Limited (RFA) that was settled during the current year.

28. Revenue

Revenue from the rendering of services	13 322 398	11 802 415	4 090	5 459
	13 322 398	11 802 415	4 090	5 459

Notes to the annual financial statements continued

for the year ended 28 February 2015

29. Business and geographical segments

For management purposes, the Group is currently organised into the following operating segments being (a) Group central costs, (b) traditional staffing and contracting business, and (c) new generation business (including business process outsourcing, training, financial services and emergent businesses). The staffing and contracting segment is further segmented into blue-collar staffing (including nursing), white-collar staffing and professional services.

The principal activities are as follows:

- GROUP CENTRAL COST – Includes those segments that have not been aggregated with the other identified reportable segments. These include the items of income and expenditure related to Adcorp Holdings Limited, Group marketing, Group services, shared services and the central head office.
- TRADITIONAL STAFFING and CONTRACTING BUSINESS (incorporating flexible and permanent staffing and professional services – Includes blue-collar flexible-staffing services (including nursing), white-collar flexible-staffing services, professional services and permanent recruitment services.
- NEW GENERATION BUSINESS (incorporating business process outsourcing (BPO), training, financial services and emergent business). Includes value-added services within the BPO segment, training, the provision of financial service products and technology-enabling products and services.

Given the acquisitions concluded in Australia, the geographic segment report is disclosed as (a) International (being operations outside South Africa) and (b) South Africa. These segments have been identified to enhance disclosure. The segment report appears on page 124.

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
30. Cost of sales				
The analysis of cost of sales is as follows:	(11 126 945)	(9 891 844)	(3 677)	(5 013)
Temporary employee costs	(6 176 307)	(5 413 191)	-	-
Independent contracting	(4 190 355)	(3 603 053)	-	-
Foreign temp salaries	(500 966)	(533 711)	-	-
Transportation costs	(76 808)	(53 963)	-	-
Project costs	(46 191)	(103 857)	-	-
Lecturing	(39 871)	(26 158)	-	-
Media and placements	(37 643)	(33 260)	-	-
Protective clothing	(18 300)	(24 238)	-	-
Site costs	(14 681)	(6 225)	-	-
Criminal and credit checks	(8 146)	(8 894)	-	-
Financial services	(5 126)	(3 198)	-	-
Course material	(4 578)	(5 022)	-	-
Production	(3 250)	(236)	-	-
Other	(4 723)	(76 838)	(3 677)	(5 013)
31. Other income	101 895	81 603	-	-
Training income	35 289	13 200	-	-
Rent recovered	13 737	11 412	-	-
Training levies recovered	12 340	23 697	-	-
Bad debts recovered	1 290	401	-	-
Income from foreign operations	-	13 400	-	-
Other	39 239	19 493	-	-

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
32. Operating profit/(loss)				
Operating profit/(loss) is determined after allowing for the following items:				
Amortisation (refer to note 5)	(80 815)	(65 630)	-	-
Amortisation of intangibles acquired in business combinations	(61 083)	(47 795)	-	-
Amortisation of intangibles other than those acquired in business combinations	(19 732)	(17 835)	-	-
Auditors' remuneration	(14 742)	(12 740)	(1 368)	(527)
- fee for audit	(9 892)	(9 435)	(245)	(190)
- fee for audit (prior year over-/(under)provision)	-	(605)	-	-
- fee for other services	(4 850)	(2 700)	(1 123)	(337)
Consulting fees	(47 491)	(57 612)	(7)	(4 497)
Depreciation (refer to note 4)	(32 815)	(28 596)	-	-
Realised foreign exchange gains	9 576	33 637	-	-
Directors' emoluments				
- executive directors (refer to note 43)	(39 474)	(23 287)	-	-
- non-executive directors (refer to note 43)	(2 347)	(1 943)	(2 347)	(1 943)
Leasing and rentals				
- properties and premises	(76 691)	(79 396)	-	-
- office furniture and equipment	(9 741)	(9 512)	-	-
- motor vehicles	(1 475)	-	-	-
Lease-smoothing	(322)	(561)	-	-
Staff costs	(1 045 203)	(899 145)	-	-
Share-based payment	(80 724)	(143 945)	(7 206)	(90 408)
Share-based payment expense	(64 801)	(57 140)	(7 206)	(3 603)
Revaluation of share-based payment liability	(15 923)	-	-	-
2013 BBBEE deal – IFRS 2 one-off, non-cash flow, share-based payment expense	-	(86 805)	-	(86 805)
Transaction costs – Acquisition of Kelly Group Limited/ Labour Solutions Australia Proprietary Limited	(18 805)	(3 776)	-	-
33. Interest received	12 536	9 881	77 986	96 651
Group loans	-	-	76 297	96 258
Bank deposits	6 222	4 930	1 689	393
Other	6 314	4 951	-	-
34. Interest paid	(103 352)	(78 324)	(75 379)	(91 407)
Group loans	-	-	(3 861)	(40 064)
Bank overdrafts	(23 235)	(29 223)	(6 002)	(10 202)
Interest on preference share loan	(1 479)	(5 940)	-	-
Long-term corporate bonds	(52 661)	(34 289)	(52 661)	(34 289)
Commercial paper	(12 855)	(6 852)	(12 855)	(6 852)
Debentures	(7 721)	-	-	-
Other	(5 401)	(2 020)	-	-

Notes to the annual financial statements continued

for the year ended 28 February 2015

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
35. Taxation				
Current tax				
– Current year	84 745	115 487	2 857	–
– Prior year (under)/overprovision prior year	(8 124)	5 847	–	(2)
Deferred tax				
– Current year	7 249	(29 200)	(6 048)	(96)
– Prior year underprovision	2 367	1 495	–	–
Foreign tax rate change adjustment	40	–	–	–
	86 277	93 629	(3 191)	(98)
Standard tax rate (%)	28	28	28	28
Normal tax at standard rate	92 534	71 717	41 697	22 950
<i>Adjustment for the tax effect at the standard rate of the following items:</i>				
Exempt income	(37 262)	(11 478)	(46 722)	(51 844)
<i>Non-deductible items charged against income:</i>				
– Capital losses	6 594	4 532	3 499	4 532
– Dividend on preference share loan	434	1 663	–	–
– Non-deductible interest	1 066	3	444	–
– Impairment of assets and investments	12 479	3 001	–	–
– Share-based payments: permanent	523	2 259	1 914	–
<i>Special allowances claimed:</i>				
– Learnerships	(11 228)	(19 104)	–	–
Tax losses not recognised	20 047	12 221	–	–
Unrecognised tax losses utilised	(398)	(1 055)	(49)	(1 055)
Prior year (over)/underprovision	(8 124)	5 847	–	(2)
Other permanent differences	(6 394)	4 366	(3 974)	7
IFRS adjustment for new BBBEE scheme	–	26 276	–	25 314
Income of controlled foreign companies	15 083	5 363	–	–
Foreign currency rate differential	(1 444)	(13 477)	–	–
Prior year underprovision on deferred taxation	2 367	1 495	–	–
Actual tax charge for the year	86 277	93 629	(3 191)	(98)
<i>Reconciliation of estimated tax losses available in the Group:</i>				
Estimated losses at the beginning of the year	159 580	126 030	3 898	9 623
Tax losses raised – current year	115 786	50 071	57 485	–
Tax losses utilised	(35 932)	(9 134)	(177)	(3 767)
Unrecognised tax losses utilised	(1 420)	(3 767)	(177)	(3 767)
Recognised tax losses utilised	(34 512)	(5 367)	–	–
Tax losses from subsidiaries acquired	224 968	–	–	–
Tax losses revised on assessment	(10 299)	(7 387)	(3 721)	(1 958)
	454 103	159 580	57 485	3 898
<i>Which consists of:</i>				
Losses recognised	110 693	51 693	–	–
Losses not recognised	343 410	107 887	57 485	3 898
	454 103	159 580	57 485	3 898

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
36. Earnings per share				
The calculation of earnings per share is based on earnings of R244 543 957 (2014: R165 019 373) and ordinary shares 103 415 221 (2014: 93 299 139) being the weighted average number of shares relative to the above earnings.				
Basic earnings per share – cents	236,5	176,9	-	-
Diluted earnings per share is based on 109 787 566 (2014: 99 723 359) weighted diluted number of shares				
Diluted earnings per share – cents	222,7	165,5	-	-
Reconciliation of diluted number of shares				
Ordinary shares	103 415 221	93 299 139	-	-
Adcorp employee share schemes – dilution*	6 372 344	6 424 220	-	-
Diluted number of shares	109 787 565	99 723 359	-	-
Reconciliation of headline earnings**				
Profit for the year	244 544	165 019	-	-
(Profit)/loss on sale of property and equipment	(1 173)	297	-	-
Taxation recovered/(charged)	328	(83)	-	-
Impairment of investments and goodwill	65 014	10 718	-	-
Headline earnings	308 713	175 951	-	-
Headline earnings per share – cents	298,5	188,6	-	-
Diluted headline earnings per share – cents	281,2	176,4	-	-

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

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

37. Contingent liabilities and commitments

The bank has guaranteed payments to creditors amounting to	8 151	7 596	-	-
IT capital commitments contracted for and relating to Microsoft Dynamix AX 2012 upgrade	2 700	2 862	-	-

38. Retirement benefits

The Group makes contributions on behalf of all permanent employees to defined contribution schemes which are governed by the Pension Funds Act of 1956.

These costs are charged to the statement of comprehensive income as they occur.

Total contribution by the Group for the year	55 048	45 978	-	-
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Notes to the annual financial statements continued

for the year ended 28 February 2015

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
39. Operating lease arrangements				
The Group as lessee				
Minimum lease payments under operating property and IT-related leases recognised as an expense in the year	101 530	166 550	-	-
At the statement of financial position date, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:	186 174	171 701	-	-
Within one year	69 301	53 086	-	-
In the second to fifth years inclusive	116 826	115 550	-	-
After five years	47	3 065	-	-
Average lease terms (months)	36	41	-	-
40. Dividend declared				
An interim dividend of 60 cents per share was declared on 17 October 2013 and was paid to shareholders on 9 December 2013		60 056		60 056
On 28 May 2014 the directors resolved, subject to shareholder approval at the annual general meeting (AGM) held on 6 August 2014, to issue fully paid shares in the company as a scrip distribution to ordinary shareholders. Fully paid ordinary shares of 2,5 (two and a half) cents each were issued as a scrip distribution payable to ordinary shareholders recorded in the register of Adcorp Holdings Limited on the record date, being Friday, 29 August 2014.				
For those shareholders who elected to receive the cash dividend alternative, a final dividend of 80 cents per share was declared on 28 May 2014 and was paid to shareholders on 1 September 2014. (Dividend paid based on 102 341 776 shares in issue at 28 May 2014)	19 660		19 660	
An interim dividend of 60 cents per share was declared on 22 October 2014 and was paid to shareholders on 8 December 2014	65 623		65 623	
A final dividend of 88 cents per share was declared on 26 May 2015 and will be paid to shareholders on 7 September 2015. (Dividend paid based on 109 370 800 shares in issue at 26 May 2015)	96 246		96 246	

41. Share-based payments

Employee share option plan

The Group operates two employee share option plans of which one has been discontinued and is in the process of winding down.

The original employee share scheme was replaced by a new share scheme in 2006 as changes in tax, accounting and regulatory treatment of share-based payments has rendered the old schemes suboptimal.

1. Adcorp Share Trust

Options are exercisable at a price equal to the average quoted market price of the company's shares on the date of grant. The vesting period is two years. If the options remain unexercised after a period of 10 years from the date of grant, the options will expire. Options are forfeited if the employee leaves the Group before the options vest. Outstanding options of nil (2014: 28 500) were exercised during the year. Accordingly this Trust has been discontinued.

2. Adcorp Holdings 2006 Share Trust

Under the scheme, eligible employees receive conditional allocations of share appreciation rights (SARs) or performance shares (PFs). The SARs provide employees, at the date the right vests, with the right to receive either shares or cash (at the choice of Adcorp) equal to the appreciation in the share price since grant date, while the PFs vest depending on performance.

PFs awarded in the current and prior year vest over three years. The vesting of the shares is subject to various non-market-related performance criteria and may vary between option holders. All SARs and PFs expire after six years from grant date.

In the prior year, management has concluded that the settlement of the share options has changed from equity-settled to cash-settled. In the past the options that vested were settled in equity.

The total liability at the end of the financial year is R151 672 363 (2014: R148 037 194) and the movement was as follows:

	2015	2014
Opening balance	148 037 194	-
Share-based payment expense*	57 595 710	-
Transfer of share-based payment reserve to share-based payment liability	-	148 037 194
Cash settlement of share options exercised	(69 883 610)	-
Revaluation of share-based payment liability	15 923 070	-
Closing balance	151 672 364	148 037 194

* Net of IFRS 2 BBBEE annual expense.

The amount recognised to revalue the liability to its current fair value was reflected in the income statement. In the prior year it was reflected in equity. This amounted to a R15 923 070 (2014: R24 586 797) increase in the fair value recognised to increase the liability to its current fair value.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Fair value at 28 Feb 2015
Issued 31 May 2005 [†]	3 000	22/11/05	21/11/15	18,15	6,78	17,38 [^]
Issued 26 February 2010	150 000	26/02/10	28/02/16	26,39	5,44	24,82 [^]
Issued 26 February 2010	50 000	26/02/10	28/02/16	26,39	22,83	24,82 [#]
Issued 31 January 2011	150 000	31/01/11	31/01/17	26,75	5,40	23,63 [^]
Issued 31 January 2011	50 000	31/01/11	31/01/17	26,75	23,12	23,63 [#]
Issued 22 February 2012	115 000	22/02/12	22/02/18	27,52	24,30	22,70 [#]
Issued 17 October 2012	70 000	17/10/12	17/10/18	28,53	25,75	22,39 [#]
Issued 28 February 2013	1 954 500	28/02/13	28/02/19	31,18	28,38	23,88 [#]
Issued 27 February 2014	1 961 000	27/02/14	27/02/20	33,80	29,78	24,01 [#]
Issued 19 February 2015	2 107 500	19/02/15	19/02/21	31,64	27,79	20,87 [#]

[†] Old Adcorp Employee 10-year option scheme [^] SARs [#] PFs

Notes to the annual financial statements continued

for the year ended 28 February 2015

41. Share-based payments continued

2. Adcorp Holdings 2006 Share Trust continued

This fair value was calculated using the Black-Scholes option-pricing model. The inputs into the model were as follows:

	28 February 2015	28 February 2014	28 February 2013	17 October 2012	22 February 2012
Weighted average share price (R)	32,80	32,84	31,48	28,52	27,76
Weighted average exercise price (R)	31,64	33,80	31,18	28,53	27,52
Expected volatility (%)	27,77	20,56	20,84	15,29	26,90
Vesting period (years)	3,00	3,00	2,00	2,00	2,03
Risk-free rate (%)	7,29	8,32	6,43	6,29	7,30
Expected dividend yield (%)	4,43	4,31	4,40	4,91	6,41

Expected volatility was determined by calculating the historical volatility of the company's share price on the expected life of the option.

The following reconciles the outstanding share options granted under the employee share schemes at the beginning and end of the financial year:

	Number of share options 2015	Weighted average exercise price 2015 (R)	Number of share options 2014	Weighted average exercise price 2014 (R)
Adcorp Share Trust				
Outstanding at the beginning of the year	28 500	13,00	28 500	13,00
Exercised during the year	(28 500)	13,00	-	13,00
Outstanding at the end of the year	-	-	28 500	13,00
Exercisable at the end of the year	-	-	28 500	13,00
Adcorp Holdings 2006 Share Trust				
Outstanding balance at the beginning of the year	7 029 000	30,18	12 755 000	29,31
Lapsed during the year	(217 500)	31,24	(1 245 000)	32,13
Granted during the year	2 107 500	31,64	1 978 500	33,80
Exercised during the year	(2 308 000)	26,99	(6 459 500)	29,20
Outstanding at the end of the year	6 611 000	31,73	7 029 000	30,18
Exercisable at the end of the year	2 542 500	30,20	1 899 000	26,43
Adcorp Employee Benefit Trust 2 (refer to note 20)				
Outstanding balance at the beginning of the year	6 729 140	42,17	-	-
Issued during the year	-	-	6 729 140	42,17
Outstanding at the end of the year	6 729 140	42,17	6 729 140	42,17
Exercisable at the end of the year	-	-	-	-

The following share options granted under the employee share option plans were exercised during the financial year:

Option series	Number exercised
2015	
Issued 31 May 2005 – SARs	41 000
Issued 1 March 2008 – SARs	100 000
Issued 1 March 2009 – SARs	150 000
Issued 1 March 2009 – PFs	50 000
Issued 31 January 2011 – SARs	150 000
Issued 22 February 2012 – PFs	690 000
Issued 17 October 2012 – PFs	1 127 000
	2 308 000

Option series	Number exercised
2014	
Issued 31 May 2005 – SARs	4 500
Issued 31 May 2007 – SARs	1 650 000
Issued 1 March 2008 – SARs	1 650 000
Issued 26 May 2010 – SARs	1 010 000
Issued 26 May 2010 – PFs	30 000
Issued 31 January 2011 – SARs	1 640 000
Issued 31 January 2011 – PFs	475 000
	6 459 500

Staff members were permitted to exercise their shares during June, November and January of this financial year and the average exercise price for the period was R31,64 (2014: R33,80).

The Group recognised a total expense of R80 724 475 (including the BBBEE transaction (refer to note 20)) during the year (2014: R143 944 703) related to share-based payment transactions.

Sale of services		Holding company management fees		Accounting and information technology fees	
2015	2014	2015	2014	2015	2014
R'000	R'000	R'000	R'000	R'000	R'000

42. Related parties

The Group did not enter into any transactions with Group parties other than those with subsidiaries which were eliminated on consolidation. All transactions took place on an arm's length basis. (Refer to Annexure A)

42.1 Trading transactions

During the year, Group entities entered into the following transactions:

Adcorp Holdings Limited	-	-	-	-	-
Subsidiaries of Adcorp Holdings Limited	120 037	82 493	109 115	137 180	120 360

Refer to Annexure A for related-party balances.

42.2 Interest received

Interest has been charged to Group companies as reflected in note 33.

42.3 Interest paid

Interest has been paid by Group companies as reflected in note 34.

GROUP	
2015	2014
R'000	R'000

42.4 Compensation paid to key management (which excludes payments to directors and prescribed officers set out in note 43 below)

Short-term employment benefits	33 827	28 956
Share-based payments	6 351	8 419
Total	40 178	37 375

Key management includes operational managing executives and other senior management.

42.5 BEE shareholders' interest

Certain directors of the Group are directors of the Group's BEE partners (refer to note 20).

GP Dingaan, NS Ndhlahi and N Sihlangu, who are respectively non-executive directors and an alternate director of Adcorp, are employees of the WIPHOLD Group, being one of the Group's BEE partners.

MR Ramaite and C Maswanganyi, who is a non-executive director and an alternate director respectively of Adcorp, collectively control Simeka Group, being one of the Group's BEE partners.

Notes to the annual financial statements continued

for the year ended 28 February 2015

	Salary R'000	Bonus* R'000	Bonus** R'000	Medical aid/ provident fund R'000	Allow- ances R'000	Sundry R'000	Direc- tors' fees R'000	Sub- total R'000	Realised gains on share options R'000	Total
2015										
43. Directors' and prescribed officers' emoluments										
Executive directors										
RL Pike	3 264	4 546	5 044	796	96	167	-	13 913	20 541	34 454
C Bomela***	1 150	1 227	-	160	-	-	-	2 537	3 974	6 511
BE Bulunga	2 625	850	1 250	375	-	-	-	5 100	-	5 100
AM Sher	2 195	2 392	2 559	477	120	8	-	7 751	5 014	12 765
PC Swart	2 862	3 150	3 652	389	120	-	-	10 173	18 817	28 990
	12 096	12 165	12 505	2 197	336	175	-	39 474	48 346	87 820
Non-executive directors										
MJN Njeke	-	-	-	-	-	-	462	462	-	462
GP Dinga	-	-	-	-	-	-	112	112	-	112
SN Mabaso-Koyana	-	-	-	-	-	-	354	354	-	354
ME Mthunzi	-	-	-	-	-	-	334	334	-	334
NS Ndhlazi	-	-	-	-	-	-	148	148	-	148
MR Ramaitse	-	-	-	-	-	-	155	155	-	155
TDA Ross	-	-	-	-	-	-	440	440	-	440
MW Spicer	-	-	-	-	-	-	342	342	-	342
	-	-	-	-	-	-	2 347	2 347	-	2 347
Prescribed officers										
Employee A	1 810	1 968	-	18	120	-	-	3 916	3 634	7 550
Employee B	1 150	1 831	-	237	180	392	-	3 790	3 634	7 424
Employee C	1 496	2 402	-	163	300	-	-	4 361	4 321	8 682
Employee D	4 714	-	2 357	-	-	40	-	7 111	-	7 111
Employee E	2 707	-	1 354	-	-	-	-	4 061	-	4 061
	11 877	6 201	3 711	418	600	432	-	23 239	11 589	34 828

* Bonus amounts were paid on 1 March 2014 in respect of amounts provided for as at 28 February 2014 in respect of the 2014 financial year.

** Bonus amounts were paid on 27 February 2015 in respect of amounts provided for as at 27 February 2015 in respect of the 2015 financial year.

*** Retired as director with effect 30 June 2014.

2014	Salary R'000	Bonus [^] R'000	Bonus R'000	Medical aid/ provident fund R'000	Allow- ances R'000	Sundry R'000	Direc- tors' fees R'000	Sub- total	Realised gains on share options R'000	Total
43. Directors' and prescribed officers' emoluments										
continued										
Executive directors										
RL Pike	3 032	4 392	-	745	96	167	-	8 432	9 775	18 207
C Bomela	1 737	1 147	-	366	-	-	-	3 250	6 415	9 665
BE Bulunga^^	219	-	-	31	-	-	-	250	-	250
AM Sher	2 062	2 330	-	427	120	-	-	4 939	7 638	12 577
PC Swart	2 660	3 266	-	370	120	-	-	6 416	11 309	17 725
	9 710	11 135	-	1 939	336	167	-	23 287	35 137	58 424
Non-executive directors										
MJN Njeke	-	-	-	-	-	-	456	456	-	456
GP Dingaan	-	-	-	-	-	-	104	104	-	104
SN Mabaso-Koyana	-	-	-	-	-	-	289	289	-	289
ME Mthunzi	-	-	-	-	-	-	240	240	-	240
NS Ndhlahi	-	-	-	-	-	-	163	163	-	163
MR Ramaitse	-	-	-	-	-	-	212	212	-	212
TDA Ross	-	-	-	-	-	-	408	408	-	408
MW Spicer	-	-	-	-	-	-	71	71	-	71
	-	-	-	-	-	-	1 943	1 943	-	1 943
Prescribed officers										
Employee A	1 711	1 650	-	120	-	-	-	3 481	3 145	6 626
Employee B	1 064	1 900	220	180	371	-	-	3 735	974	4 709
Employee C	1 532	1 976	154	166	-	-	-	3 828	-	3 828
Employee D	4 490	3 845	-	-	-	-	-	8 335	-	8 335
Employee E	2 578	2 389	-	-	-	-	-	4 967	-	4 967
	11 375	11 760	374	466	371	-	-	24 346	4 119	28 465

[^] Bonus amounts were paid on 1 March 2013 in respect of amounts provided for as at 28 February 2013 in respect of the 2013 financial year.

^{^^} Commencement of employment on 1 February 2014.

Notes to the annual financial statements continued

for the year ended 28 February 2015

Directors' shareholding at 28 February 2015	Number of unexercised options as at 28 Feb 2014	Number of options granted in 2014/2015**	Number of options exercised during 2014/2015	Number of options forfeited during 2014/2015	Number of unexercised options as at 28 Feb 2015	Option price (R)	Date from which exercisable
44. Directors' and prescribed officers' participation in long-term incentive schemes							
BE Bulunga	40 000	-	-	-	40 000	33,80	27/02/17#
	-	115 000	-	-	115 000	31,64	19/02/18#
C Bomela*	65 000	-	(65 000)	-	-	27,52	22/02/14#
	50 000	-	(50 000)	-	-	28,53	17/10/14#
	115 000	-	-	-	115 000	31,18	28/02/15#
	40 000	-	-	-	40 000	33,80	27/02/17#
RL Pike	150 000	-	(150 000)	-	-	27,52	22/02/14#
	450 000	-	(450 000)	-	-	28,53	17/10/14#
	450 000	-	-	-	450 000	31,18	28/02/15#
	450 000	-	-	-	450 000	33,80	27/02/17#
	-	450 000	-	-	450 000	31,64	19/02/18#
AM Sher	85 000	-	(85 000)	-	-	27,52	22/02/14#
	60 000	-	(60 000)	-	-	28,53	17/10/14#
	145 000	-	-	-	145 000	31,18	28/02/15#
	145 000	-	-	-	145 000	33,80	27/02/17#
	-	145 000	-	-	145 000	31,64	19/02/18#
PC Swart	125 000	-	(125 000)	-	-	27,52	22/02/14#
	425 000	-	(425 000)	-	-	28,53	17/10/14#
	412 500	-	-	-	412 500	31,18	28/02/15#
	412 500	-	-	-	412 500	33,80	27/02/17#
	-	412 500	-	-	412 500	31,64	19/02/18#

Performance shares (PFs).

* Retired as director with effect 30 June 2014. Remains an employee of the Group.

** Performance shares were allocated on 19 February 2015 but only accepted on 29 May 2015 pursuant to the expiration of the closed period.

Directors' shareholding at 28 February 2015	Number of unexercised options as at 28 Feb 2014	Number of options granted in 2014/2015**	Number of options exercised during 2014/2015	Number of options forfeited during 2014/2015	Number of unexercised options as at 28 Feb 2015	Option price (R)	Date from which exercisable
44. Directors' and prescribed officers' participation in long-term incentive schemes continued							
Prescribed officer A	65 000	-	(65 000)	-	-	27,52	22/02/14#
	40 000	-	(40 000)	-	-	28,53	17/10/14#
	105 000	-	-	-	105 000	31,18	28/02/15#
	105 000	-	-	-	105 000	33,80	27/02/17#
	-	105 000	-	-	105 000	31,64	19/02/18#
Prescribed officer B	65 000	-	(65 000)	-	-	27,52	22/02/14#
	40 000	-	(40 000)	-	-	28,53	17/10/14#
	105 000	-	-	-	105 000	31,18	28/02/15#
	105 000	-	-	-	105 000	33,80	27/02/17#
	-	105 000	-	-	105 000	31,64	19/02/18#
Prescribed officer C	150 000	-	(150 000)	-	-	16,50	28/02/11*
	50 000	-	(50 000)	-	-	16,50	28/02/11#
	150 000	-	-	-	150 000	26,39	28/02/12*
	50 000	-	-	-	50 000	26,39	28/02/12#
	150 000	-	-	-	150 000	26,75	31/01/13*
	50 000	-	-	-	50 000	26,75	31/01/13#
	65 000	-	-	-	65 000	27,52	22/02/14#
	40 000	-	-	-	40 000	28,53	17/10/14#
	105 000	-	-	-	105 000	31,18	28/02/15#
	105 000	-	-	-	105 000	33,80	27/02/17#
	-	105 000	-	-	105 000	31,64	19/02/18#
Prescribed officer D	105 000	-	-	-	105 000	31,18	28/02/15#
	105 000	-	-	-	105 000	33,80	27/02/17#
	-	105 000	-	-	105 000	31,64	19/02/18#
Prescribed officer E	70 000	-	-	-	70 000	31,18	28/02/15#
	70 000	-	-	-	70 000	33,80	27/02/17#

Performance shares (PFs).

* Share Appreciation Rights (SARs).

** Performance shares were allocated on 19 February 2015 but only accepted on 29 May 2015 pursuant to the expiration of the closed period.

Notes to the annual financial statements continued

for the year ended 28 February 2015

Directors' interest in shares	Number of shares held as at 28 Feb 2015		Number of shares held as at 28 Feb 2014	
	Beneficially held	Non- beneficially held	Beneficially held	Non- beneficially held
45. Directors' shareholding				
C Bomela*	110 042	-	39 000	-
RL Pike	563 080	-	203 080	-
MR Ramaite	15 000	-	15 000	-
AM Sher	-	100 000	51 000	-
MW Spicer**	48 000	-	-	-
PC Swart	-	75 000	-	-

* Resigned as director with effect 30 June 2014.

** As disclosed in a SENS announcement on 27 May 2015.

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
46. Taxation paid				
Net amount (unpaid)/prepaid at the beginning of the year	(10 770)	(15 226)	-	3 926
Amount charged to statement of comprehensive income (excluding deferred tax)	(76 622)	(121 334)	(2 857)	2
Acquisition of business	478	-	-	-
Net amount (prepaid)/unpaid at the end of the year	(3 764)	10 770	1 403	-
Net cash (receipt)/payment	(90 678)	(125 790)	(1 454)	3 928
47. Dividend paid				
Amounts declared and paid	(88 314)	(133 647)	(88 314)	(133 647)
Received on treasury shares	341	779	-	-
Net cash payments	(87 973)	(132 868)	(88 314)	(133 647)

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
48. Additions to property, equipment and intangible assets				
Land and buildings – replacement	(3 288)	(10 125)	-	-
Furniture and computer equipment – replacement	(53 658)	(32 989)	-	-
Accreditation of programmes	(3 729)	(2 129)	-	-
Customer lists	-	(264)	-	-
Computer software – expansion	(21 737)	(43 370)	-	-
Foreign exchange movement	13 022	10 758	-	-
Property and equipment	(149)	1 107	-	-
Intangible assets	10 182	8 604	-	-
Capital work in progress	2 988	-	-	-
Other	1	1 047	-	-
	(69 390)	(78 119)	-	-

Subsidiary acquired	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Cost of acquisition R'000
49. Acquisition of business				
2015				
Kelly Group Limited (Kelly)	Human capital management	01/12/2014	100	247 571
Klatrade 200074 Proprietary Limited (Klatrade)	Dormant	13/10/2014	47,5	65
Sizano Staffing Services Proprietary Limited (Sizano)	Human capital management	28/02/2015	55	3 006
2014				
Labour Solutions Australia Proprietary Limited (LSA)	Labour hire	03/12/2013	100	256 463
Envisionme Proprietary Limited	Online recruitment	03/09/2013	14,8	2 125
Other minor acquisitions				10 103
All About Project Management Proprietary Limited (AAPM)**	Project management	01/03/2013	30	**

** Paracon acquired the remaining 30% shares in AAPM for a total purchase price of R45 million. The effective date of the transaction is 1 March 2013. The payment of the purchase price is as follows:

- R3 million upfront cash payment.
- The balance of the purchase price is payable in equal tranches over the three years 1 March 2014 to 2016 respectively.
- The present value of the vendor liability is disclosed in the statement of financial position.

Notes to the annual financial statements continued

for the year ended 28 February 2015

	GROUP		COMPANY	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
49. Acquisition of business continued				
Total purchase consideration for all business combinations	250 642	268 691	-	204 030
Less: Previously held associate	(1 019)	-	-	-
	249 623	268 691	-	204 030
Less: Cash and cash equivalents acquired	(69 596)	(10 010)	-	-
Net purchase consideration for all business combinations	180 027	258 681	-	204 030
Cash outflow on acquisition of businesses	180 027	258 681	-	204 030
Net proceeds from issue of shares	(212 925)	(254 844)	(212 925)	(254 844)
Raising of equity on acquisition	(213 421)	(256 041)	(213 421)	(256 041)
Capitalisation of transaction costs	496	1 197	496	1 197
Cash (inflow)/outflow on acquisition of businesses	(32 898)	3 837	(212 925)	(50 814)

The fair value of the assets and liabilities acquired in respect of the various acquisitions in the year is as follows:

	2015		2014
	Kelly	Other	Total
Property and equipment	10 023	10	10 033
Intangible assets	142 530	-	142 530
Investment in associate	1 019	-	1 019
Deferred tax asset	21 601	953	22 554
Taxation	414	64	478
Trade and other receivables	283 275	4 135	287 410
Doubtful debts provisions	(19 463)	-	(19 463)
Cash and cash equivalents	67 800	1 796	69 596
Non-controlling interest	-	-	-
Non-current liabilities	-	-	-
Interest-bearing liabilities	(120 746)	-	(120 746)
Trade and other payables	(153 806)	(4 587)	(158 393)
Provisions	(12 000)	-	(12 000)
Deferred taxation	-	-	-
	220 647	2 371	223 018
Resulting goodwill on acquisition	26 924	700	27 624
Total consideration	247 571	3 071	250 642

In complying with purchase accounting IFRS 3: *Business Combinations*, the Group determined the fair value of the assets and liabilities acquired on the acquisition of businesses as above.

The resulting difference between the identified tangible assets and liabilities was attributable to acquired intangibles and goodwill. Details of the resulting goodwill arising on the business combination are set above.

The rationale for the acquisition of Kelly was based on greater penetration into large corporate clients and the ability to better service the existing client base.

The Group acquired control of Kelly by way of acceptance of the offer to acquire the entire issued share capital of Kelly, excluding the Kelly shares held by subsidiaries of Kelly, by way of a scheme of arrangement between Kelly and Kelly shareholders.

The goodwill in Kelly arose because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development.

These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

No goodwill amount will be deductible for tax purposes.

Kelly was acquired with effect 1 December 2014 and was funded by a combination of shares issued and cash resources. As such, it has been included in the Group consolidated results for three months of this financial year.

Transaction costs related to the acquisition of Kelly (2014: LSA) is disclosed in note 32.

Had this business combination been effected on 1 March 2014, the revenue of the Group would have been R14,7 billion and the net profit after tax would have totalled R288,3 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.

In addition, the Group undertook other minor transactions, viz: the acquisition of the balance of 47,5% in Klatrade and the acquisition of the balance of 55% in Sizano. These transactions were funded out of working capital and their contributions to Group revenues and profits is considered immaterial.

As per note 53, subsequent to the end of the financial year, the Group acquired Dare Holdings Proprietary Limited (Dare). The information required by IFRS 3: *Business Combinations* has not yet been prepared given the recency of the transaction.

GROUP		COMPANY	
2015	2014	2015	2014
R'000	R'000	R'000	R'000

50. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

Cash resources	680 101	471 571	209	87
Bank overdrafts	(108 976)	(200 644)	(69 999)	(160 000)
	571 125	270 927	(69 790)	(159 913)

Bank overdrafts are considered as part of cash and cash equivalents.

51. 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 Group's overall strategy remains unchanged from 2014. The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 22 to 24, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the notes. The Group's Executive Committee reviews the capital structure on a monthly basis.

As part of this review, the Committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 30% (consistent with the prior year) determined as the proportion of net debt to equity. The current gearing ratio is 28%.

The policy regarding the utilisation of gearing is consistent with prior years.

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 on pages 132 to 138.

GROUP		COMPANY	
2015	2014	2015	2014
R'000	R'000	R'000	R'000

51.1 Categories of financial instruments

Financial assets

Investment – available-for-sale	42 288	–	–	–
Loans and receivables (including cash resources)	2 976 392	2 490 241	1 792 905	1 459 836

Financial liabilities

Amortised cost (including bank overdraft)	2 482 854	2 164 146	1 335 749	1 137 903
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The following table details the Group's remaining contractual maturity for its financial liabilities:

Within one year	1 465 259	1 248 515	423 478	641 142
Later than one year and not later than five years	1 017 595	915 631	912 271	496 761

Notes to the annual financial statements continued

for the year ended 28 February 2015

51. Financial instruments continued

51.2 Financial risk management objectives

The Group's executive and head office treasury function provides services to the business, coordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports, which analyse exposures by degree and magnitude of risks. These risks include market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The head office treasury function reports regularly to the executive, which monitors risks and policies implemented to mitigate risk exposures.

51.3 Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

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 period. 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.

A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year after tax would decrease/increase by R9 950 058 (2014: decrease/increase by R8 994 000).

The Group's sensitivity to interest rates has decreased during the current year mainly due to a change in the mix between long-term and short-term debt. Refer to note 22.

51.4 Financial risk management

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The maturity probability of the financial assets (trade receivables) appears in note 12 and the financial liabilities in note 25.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Borrowing facilities are reflected in note 22 and note 52.

Credit risk

The Group maintains cash, cash equivalents and short-term investments with various financial institutions. The Group's policy is designed to limit exposure with any one institution and ensure a high credit standing for the financial institution with which such transactions are executed.

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.

51.5 Fair values of 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	Fair value as at 28 February 2015 R'000	2014 R'000	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment – available-for-sale	42 288	–	Level 3	Face value – owing to recency of investment	n/a	n/a
Trade and other receivables	2 315 813	2 041 069	Level 3	Face value less specific related provision	n/a	n/a
Redeemable preference shares (including current portion)	–	70 403	Level 2	Discounted cash flow at a coupon rate of 82,5% of prime that reflects the issuer's current borrowing rate at the end of the reporting period	n/a	n/a
Derivative financial instrument	3 416	25	Level 2	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
Share-based payment liability	151 672	148 037	Level 2	Black-Scholes pricing model	n/a	n/a
Trade and other payables (excluding VAT)	793 833	728 515	Level 3	Expected settlement value	n/a	n/a
Short-term loans	398 463	239 922	Level 2	Amortised cost plus accrued interest	n/a	n/a

52. Group overdraft facilities

The Group had the following overdraft facilities as at 28 February 2015:

	2015 R'million	2014 R'million
ABSA	120	70
First National Bank	170	170
Total overdraft facilities	290	240

These facilities are repayable on demand and bear interest at rates linked to the prime overdraft rate.

Security for these facilities are linked to the agreements concluded with the above banking institutions as described fully in note 22.

53. Subsequent events

Subsequent to the end of the financial year ended 28 February 2015 and prior to the approval of this report, the following transactions or events took place:

- As announced on SENS on 20 April 2015, the Group acquired 100% of the issued shares in Dare Holdings Proprietary Limited (Dare) for an estimated consideration of AUD30 million dependent on the future earnings achieved by the business. Dare is a provider of qualified and experienced engineering and technical contractors on a contract and permanent basis to Australian and international clients in the oil and gas sector. The company was established in 1988 by Christopher Hicks and has long-standing relationships with market-leading multinational clients. Pursuant to the conditions precedent having been fulfilled, the acquisition became effective on 7 May 2015.
- In respect of the Dare acquisition on 25 April 2015, Adcorp Holdings Limited entered into a guarantee and indemnity agreement in favour of Westpac Banking Corporation for an amount of AUD10 million.
- Effective 1 March 2015, the Group increased its investment in FUNDS3000 Proprietary Limited (FUNDS3000) to 100% by acquiring the 70% it did not already own. The purchase consideration for this transaction was R2,2 million. FUNDS3000 will provide the Group with far greater control over the sale, distribution, administration and future direction of the ADvantage payroll cards which are offered to a large number of the Group's contract employees.

Annexure A:

Details of subsidiaries and associates

Name of subsidiary	Nature of business/status	Share type	Authorised share capital of subsidiary/associate		Issued share capital of subsidiary/associate	
			R'000	R'000	R'000	R'000
			Feb 2015	Feb 2014	Feb 2015	Feb 2014
Accountants-On-Call Proprietary Limited*	Dormant	Ordinary	9 990	9 990	1	1
		A Ordinary	100 000	100 000	–	–
Adchip Managed Solutions Proprietary Limited (Formerly Rightsource Proprietary Limited)	Flexible staffing	Ordinary	1 000	1 000	100	100
Adcorp Accountability Proprietary Limited*	Dormant	Ordinary	4 000	4 000	200	200
Adcorp Advantage Proprietary Limited*	Financial services	Ordinary	1 200	–	100	–
Adcorp Africa Limited*	Investment holding	Ordinary	10 000	10 000	10 000	10 000
Adcorp Flexible Staffing Solutions Proprietary Limited	Dormant	Ordinary	20 000	20 000	10 000	10 000
Adcorp Fulfilment Services Proprietary Limited	Holding company	Ordinary	20 000	20 000	9 000	9 000
Adcorp Holdings Australia	Holding company	Ordinary	30 000 100	30 000 100	30 000 100	30 000 100
Adcorp Management Services Proprietary Limited	Holding company	Ordinary	4 000	4 000	400	400
Adcorp Professional Services Limited (Formerly Paracon Holdings Limited)	Holding company	Conv red prefs	100 000 000	100 000 000	–	–
Adcorp Staffing Proprietary Limited*	Dormant	Ordinary	4 000	4 000	2	2
Adcorp Staffing Solutions Proprietary Limited	Holding company	Ordinary	4 000	4 000	100	100
		Class A redeemable preference	–	225 000	–	70 000
Adcorp Support Services Proprietary Limited	Financial services	Ordinary	1 000	1 000	100	100
Adcorp Technical Training Proprietary Limited*	Training	Ordinary	1 000	1 000	100	100
ADfusion Contract Management Services Proprietary Limited* (Formerly Instant Talent Proprietary Limited – 70% owned)	Recruitment	Ordinary	4 000	4 000	2 000	2 000
ADfusion Proprietary Limited*	Emergent business	Ordinary	1 000	1 000	100	100
All About Project Management Proprietary Limited*	Project management product and services	Ordinary	1 000	1 000	340	340
All About xpert Australia Proprietary Limited*	Project management product and services	Ordinary	100	–	100	–
All About xpert Proprietary Limited*	Project management product and services	Ordinary	100 000	100 000	10 000	10 000
Anglo African Outstaffing Proprietary Limited*	Flexible staffing	Ordinary	1 000	1 000	1 000	1 000
Bokamoso Payroll Solutions Proprietary Limited*	Dormant	Ordinary	150 000	150 000	150 000	150 000
Capital Outsourced Solutions Proprietary Limited* (Formerly Business Employee and Management Training Proprietary Limited)	Flexible staffing	Ordinary	1 000	1 000	100	100
Capacity Outsourcing Proprietary Limited*	Dormant	Ordinary	4 000	4 000	200	200
Capital Outsourcing Group – Resource For Africa Proprietary Limited*	Flexible staffing	Ordinary	3 000	3 000	3 000	3 000
Capital Outsourcing Group (UK) Limited – United Kingdom*	Flexible staffing	Ordinary	1 000	1 000	1	1
Capital Outsourcing Group Food Limited* (Formerly Jarrell Proprietary Limited)	Flexible staffing	Ordinary	100	100	100	100
Capital Outsourcing Group Kenya Limited*	Flexible staffing	Ordinary	1 000	–	1 000	–
Capital Outsourcing Group Limited – Zambia*	Flexible staffing	Ordinary	5 000	–	5 000	–
Capital Outsourcing Group Limited – Uganda*	Flexible staffing	Ordinary	10 000	10 000	10 000	10 000
Capital Outsourcing Group Limited – United Kingdom* (Formerly Top Temps (UK) Proprietary Limited)	Flexible staffing	Ordinary	5 000	5 000	5 000	5 000
Capital Outsourcing Group Proprietary Limitada – Mozambique*	Flexible staffing	–	–	–	–	–
Capital Outsourcing Group Proprietary Limited – Angola*	Flexible staffing	–	–	–	–	–
Capital Outsourcing Group Proprietary Limited – Australia*	Flexible staffing	Ordinary	–	100	–	100
Capital Outsourcing Group Proprietary Limited – Ghana*	Flexible staffing	Ordinary	100 000 000	100 000 000	75 000	75 000
Capital Outsourcing Group Proprietary Limited – International*	Investment holding	–	–	–	–	–
Capital Outsourcing Group Proprietary Limited – Malawi*	Flexible staffing	Ordinary	10 000	10 000	10 000	10 000
Capital Outsourcing Group Proprietary Limited – Namibia*	Flexible staffing	–	–	–	–	–
Capital Outsourcing Group Proprietary Limited – North Sudan*	Flexible staffing	–	–	–	–	–
Capital Outsourcing Group Proprietary Limited – South Sudan*	Flexible staffing	–	–	–	–	–
Capital Outsourcing Group Proprietary Limited*	Flexible staffing	Ordinary	100 000	100 000	10 600	10 600
Capital Staffing Limitada*	Flexible staffing	Ordinary	95 000	95 000	95 000	95 000
Charisma Healthcare Solutions Proprietary Limited*	Dormant	Ordinary	1 000	1 000	100	100
Comsel Eighteen Proprietary Limited t/a Kanimambo*	Supplier of IT services	Ordinary	1 000	1 000	120	120
DAV Professional Placement Group Proprietary Limited	Dormant	Ordinary	1 000	1 000	100	100
Emmanuel's Staffing Services Proprietary Limited*	Dormant	Ordinary	1 000	1 000	100	100
EmployRite Proprietary Limited	Dormant	Ordinary	1 000	1 000	100	100

Number of shares held by Adcorp Group		Cost of investment held by Adcorp Holdings Limited (before impairment)		Indebtedness (to)/by the subsidiary to Adcorp Holdings Limited		Attributable profit/(loss) before tax of the subsidiary/associate	
		R'000	R'000	R'000	R'000	R'000	R'000
Feb 2015	Feb 2014	Feb 2015	Feb 2014	Feb 2015	Feb 2014	Feb 2015	Feb 2014
1	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
100	100	-	-	-	-	-	-
200	200	-	-	-	-	-	-
100	-	-	-	-	-	(2 748)	-
10 000	10 000	-	-	-	-	39 418	15 048
10 000	10 000	208	208	1 251	1 251	-	-
9 000	9 000	221 916	221 916	500 000	430 808	96 108	81 270
30 000 100	30 000 100	284 874	284 874	286 260	301 382	(19 848)	(2 572)
400	400	-	-	168 071	(40 133)	(33 528)	19 812
-	-	636 699	636 699	372 352	39 317	3 246	(12 415)
2	2	-	-	-	-	-	-
100	100	148 259	148 259	362 530	516 828	25 386	(10 638)
-	-	-	-	-	-	-	-
100	100	-	-	(2 553)	-	31 772	15 083
100	100	-	-	-	-	2 967	1 238
1 400	1 400	-	-	-	-	(3 060)	(108)
100	100	-	-	(3 113)	(7 800)	(15 049)	(21 783)
340	340	-	-	-	-	-	-
70	-	-	-	-	-	(1 340)	-
10 000	10 000	-	-	-	-	5 955	25 766
1 000	-	-	-	-	-	(717)	-
150 000	-	-	-	-	-	-	-
100	100	-	-	-	-	719	603
200	200	-	-	-	-	-	-
3 000	3 000	-	-	-	-	2 042	27 146
1	1	-	-	-	-	(45)	4 933
100	100	-	-	-	-	-	185
999	-	-	-	-	-	-	-
5 000	-	-	-	-	-	-	-
-	-	-	-	-	-	(174)	(2 200)
100	100	-	-	-	-	(4 371)	(1 434)
-	-	-	-	-	-	28 490	4 272
-	-	-	-	-	-	(16 773)	(2 396)
-	100	-	-	-	-	23	(449)
75 000	75 000	-	-	-	-	(4 902)	(1 320)
-	-	-	-	-	-	(221)	2 091
10 000	10 000	-	-	-	-	2 218	-
-	-	-	-	-	-	71	-
-	-	-	-	-	-	(2 520)	(3 592)
-	-	-	-	-	-	620	1 248
10 600	10 600	-	-	(12 722)	1 133	25 130	63 746
-	-	-	-	-	-	(9 481)	2 355
100	100	-	-	-	-	-	-
120	120	-	-	-	-	2 101	1 135
100	100	7 270	7 270	-	-	-	-
100	100	-	-	-	-	-	-
100	100	41 478	41 478	120	120	-	-

Annexure A:

Details of subsidiaries and associates continued

Name of subsidiary	Nature of business/status	Share type	Authorised share capital of subsidiary/associate		Issued share capital of subsidiary/associate	
			R'000	R'000	R'000	R'000
			Feb 2015	Feb 2014	Feb 2015	Feb 2014
Envisionme Virtual Talent Management Co Proprietary Limited* – 74,9% owned	Emergent business	Ordinary	1 000	1 000	1 000	1 000
Executive Secretary Appointments Proprietary Limited*	Dormant	Ordinary	400	400	100	100
FMS Marketing Solutions Proprietary Limited	Dormant	Ordinary	1 000	1 000	1 000	1 000
Focus Finance Proprietary Limited*	Dormant	Ordinary	1 000	1 000	1 000	1 000
Fortress Administration Proprietary Limited*	Outsourcing solutions	Ordinary	550	550	550	550
		A ordinary	450	450	450	450
Funerary Marketing Solutions Proprietary Limited	Dormant	Ordinary	1 000	1 000	100	100
InfoVu Holdings Proprietary Limited	Dormant	Ordinary	1 000	1 000	1 000	1 000
InfoVu Proprietary Limited	Dormant	Ordinary	1 000	1 000	100	100
InnStaff Proprietary Limited*	Flexible staffing	Ordinary	4 000	4 000	100	100
InnStaff Swaziland Proprietary Limited – Swaziland*	Flexible staffing	Ordinary	100	100	100	100
IPM PAG Staffing Services Proprietary – Limited*	Dormant	Ordinary	100	100	100	100
Kelly Corporate Finance Proprietary Limited* ^	Securitisation vehicle	Ordinary	1 000	1 000	100	100
Kelly Girl-Kelly Temp Proprietary Limited*	Dormant	Ordinary	200	200	100	100
		Class A redeemable prefs	100	100	–	–
		Class B redeemable prefs	100	100	–	–
Kelly-Greenoaks Secretarial and Business College Proprietary Limited*	Dormant	Ordinary	4 000	4 000	100	100
Kelly Group Limited*	Flexible staffing	Ordinary	1 000 000 000	1 000 000 000	100 000 000	100 000 000
Kelly Group Shared Services Proprietary Limited*	Dormant	Ordinary	1 000	1 000	100	100
Kelly Industrial Proprietary Limited*	Dormant	Ordinary	4 000	4 000	100	100
Kelly Personnel Proprietary Limited*	Dormant	Ordinary	7 800	7 800	100	100
		Class A redeemable prefs	100	100	–	–
		Class B redeemable prefs	100	100	–	–
Klatrade 200074 Proprietary Limited ***	Training	Ordinary	1 000	–	1 000	–
Labour Solutions Australia Agri Proprietary Limited*	Flexible staffing	Ordinary	1 000	1 000	1 000	1 000
Labour Solutions Australia Constructions Proprietary Limited*	Flexible staffing	Ordinary	100	100	100	100
Labour Solutions Australia Proprietary Limited*	Flexible staffing	Ordinary	60 530 464	60 530 464	60 530 464	60 530 464
Labour Solutions Australia TSV Proprietary Limited*	Flexible staffing	Ordinary	100	100	100	100
Labour Solutions Australia WA Proprietary Limited*	Flexible staffing	Ordinary	100	100	100	100
Labour Solutions Partners Proprietary Limited*	Flexible staffing	Ordinary	200	200	200	200
Logical Staff Loan Solutions Proprietary Limited*	Dormant	Ordinary	4 000	4 000	1	1
LogicalOptions SA Proprietary Limited*	Dormant	Ordinary	4 000	4 000	100	100
M Squared Consulting MSP Proprietary Limited*	Managed service provider	Ordinary	1 000	1 000	1 000	1 000
Mondial IT Solutions Proprietary Limited*	Consulting and the supply of skills to the IT industry	Ordinary	100 000	100 000	11 000	11 000
PAG Proprietary Limited*	Dormant	Ordinary	1 000	1 000	100	100
Paracon Australia Proprietary Limited*	Dormant	Ordinary	87 682 486	87 682 486	87 682 486	87 682 486
		Ordinary	900 000 000	900 000 000	349 716 709	349 716 709
Paracon Project Management Proprietary Limited*	Dormant	Ordinary	1 000	1 000	200	200
Paracon SA Proprietary Limited*	Supplier of IT services	Ordinary	1 000	1 000	700	700
Paxsal Business Process Outsourcing Proprietary Limited*	Holding company	Ordinary	4 000	4 000	100	100
Paxsal Financial Dimensions Proprietary Limited*	Dormant	Ordinary	1 000	1 000	100	100
Paxsal Payroll Outsourcing Proprietary Limited*	Outsourcing solutions (payroll outsourcing)	Ordinary	4 000	4 000	100	100
Paxsal Risk Solutions Proprietary Limited*	Dormant	Ordinary	1 000	1 000	1 000	1 000
Paxsal Software Proprietary Limited*	Dormant	Ordinary	1 000	1 000	100	100
Paxsal Solutions Proprietary Limited*	Dormant	Ordinary	4 000	4 000	100	100
Paxus Australia Proprietary Limited*	Supplier of IT services	Ordinary	152 856	152 856	152 856	152 856
PMI of South Africa Proprietary Limited	Training	Ordinary	4 000	4 000	100	100

Number of shares held by Adcorp Group		Cost of investment held by Adcorp Holdings Limited (before impairment)		Indebtedness (to)/by the subsidiary to Adcorp Holdings Limited		Attributable profit/(loss) before tax of the subsidiary/associate	
Feb 2015	Feb 2014	R'000 Feb 2015	R'000 Feb 2014	R'000 Feb 2015	R'000 Feb 2014	R'000 Feb 2015	R'000 Feb 2014
749	749	-	-	-	-	(6 398)	(9 112)
100	-	-	-	-	-	-	-
1 000	1 000	231 363	231 363	-	-	-	-
1 000	-	-	-	-	-	-	-
550	550	-	-	498	498	37 216	37 410
-	-	-	-	-	-	-	-
100	100	-	-	-	-	-	-
1 000	1 000	-	-	-	-	-	-
100	100	-	-	-	-	-	-
100	-	-	-	-	-	6 752	-
100	-	-	-	-	-	46	-
100	-	-	-	-	-	-	-
-	-	-	-	-	-	410	-
100	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
100	-	-	-	-	-	-	-
100 000 000	-	-	-	-	-	(12 803)	-
100	-	-	-	-	-	-	-
100	-	-	-	-	-	-	-
100	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1 000	-	-	-	-	-	-	-
920	920	-	-	-	-	20 192	7 249
100	100	-	-	-	-	57	(7)
60 530 464	60 530 464	-	-	-	-	16 070	3 614
100	60	-	-	-	-	50	324
60	60	-	-	-	-	586	291
160	160	-	-	-	-	1 698	61
1	-	-	-	-	-	-	-
100	-	-	-	-	-	-	-
1 000	-	-	-	-	-	(535)	-
11 000	11 000	-	-	-	-	3 428	3 097
100	-	-	-	-	-	-	-
87 682 486	87 682 486	-	-	-	-	-	-
349 716 709	349 716 709	-	-	-	-	-	-
200	200	-	-	-	-	-	-
700	700	-	-	-	-	22 569	37 468
100	-	-	-	-	-	4 013	-
100	-	-	-	-	-	-	-
100	-	-	-	-	-	188	-
1 000	-	-	-	-	-	-	-
100	-	-	-	-	-	-	-
100	-	-	-	-	-	-	-
152 856	152 856	-	-	-	-	34 430	31 510
100	100	629	629	(5 924)	11 727	3 572	(5 138)

Annexure A:

Details of subsidiaries and associates continued

Name of subsidiary	Nature of business/status	Share type	Authorised share capital of subsidiary/associate		Issued share capital of subsidiary/associate	
			R'000	R'000	R'000	R'000
			Feb 2015	Feb 2014	Feb 2015	Feb 2014
Premier Personnel Proprietary Limited	Dormant	Ordinary	1 000	1 000	100	100
Prior Learning Centre Proprietary Limited*	Training	Ordinary	1 000	1 000	101	101
Professional Employer Services Proprietary Limited*	Dormant	Ordinary	4 000	4 000	100	100
Quest Flexible Staffing Solutions Proprietary Limited*	Dormant	Ordinary	200	200	100	100
Quest Holdings Proprietary Limited	Dormant	Ordinary	10 000	10 000	10 000	10 000
Quest Staffing Solutions Proprietary Limited*	Flexible staffing	Ordinary	600	600	600	600
		A ordinary	400	400	400	400
Qwiz Office Skills Evaluation & Training Systems Proprietary Limited*	Dormant	Ordinary	4 000	4 000	100	100
Renwick Executive Search Proprietary Limited*	Dormant	Ordinary	4 000	4 000	4 000	4 000
Renwick Group Proprietary Limited*	Dormant	Ordinary	1 000	1 000	100	100
Renwick Human Resources Communications Proprietary Limited*	Dormant	Ordinary	100	100	100	100
Renwick KZN Group Proprietary Limited*	Dormant	Ordinary	4 000	4 000	1 000	1 000
Renwick KZN Proprietary Limited*	Dormant	Ordinary	4 000	4 000	1 000	1 000
Research Surveys Proprietary Limited	Dormant	Ordinary	100 000	100 000	200	200
		A ordinary	100 000	100 000	–	–
		Ordinary	200	200	100	100
Senior Citizens Employment Agency Proprietary Limited*	Dormant	Class A redeemable prefs	100	100	–	–
		Class B redeemable prefs	100	100	–	–
		Ordinary	1 000	1 000	100	100
Sishayele Contract Centre Solutions Proprietary Limited*	Dormant	Ordinary	1 000	1 000	100	100
Sizano Staffing Services Proprietary Limited*	Flexible staffing	Ordinary	300	300	300	300
Skillsnet Proprietary Limited*	Dormant	Ordinary	100	100	100	100
Skillstream Proprietary Limited*	Dormant	Ordinary	1 000	1 000	100	100
Talent Ocean Proprietary Limited*	Dormant	Ordinary	100 000	100 000	10 000	10 000
The Kelly Personnel Group Proprietary Limited*	Dormant	Ordinary	4 000	4 000	100	100
The Personnel Concept Proprietary Limited*	Personnel recruitment	Ordinary	40 000	40 000	40 000	40 000
The Zone Computer Career Campus Proprietary Limited*	Dormant	Ordinary	1 000	1 000	100	100
Thetha Call Centre Staffing Proprietary Limited*	Dormant	Ordinary	4 000	4 000	1 000	1 000
Torque Holdings Proprietary Limited*	Holding company	Ordinary	1 000	1 000	332	332
Torque Technical Computer Training Proprietary Limited*	Supplier of IT services	Ordinary	1 000	1 000	100	100
WDB Technologies Proprietary Limited*	Dormant	Ordinary	4 000	4 000	1 000	1 000
Yen Investments Thirty Eight Proprietary Limited*	Flexible staffing	–	4 000	–	100	–
Zenzele Recruitment Proprietary Limited **	Resource provider	Ordinary	1 000	1 000	100	100

Subtotal positive

Subtotal negative

Total subsidiaries

Name of associate and joint ventures

Hatch Investments (Mauritius) Limited****	Holding company	Ordinary	100 000	100 000	1 004	1 004
Klatrade 200074 Proprietary Limited***	Training	Ordinary	–	1 000	–	1 000
Marula Staffing Proprietary Limited*	Dormant	Ordinary	1 000	1 000	500	500
PRP Solutions Proprietary Limited*	Productivity tools and time tracking software	Ordinary	1 000	1 000	300	300

Total associates

* Owned by subsidiary companies.

** 49% of Zenzele Recruitment Proprietary Ltd held by Paracon SA Proprietary Ltd.

*** Became a subsidiary during the current financial year.

**** 34,6% of Nihlent Technologies PVT Limited held through investment in Hatch Investments (Mauritius) Limited.

^ The company is a securitisation vehicle and the shares are held by The Mettle Securitisation Trust.

Number of shares held by Adcorp Group		Cost of investment held by Adcorp Holdings Limited (before impairment)		Indebtedness (to)/by the subsidiary to Adcorp Holdings Limited		Attributable profit/(loss) before tax of the subsidiary/associate	
Feb 2015	Feb 2014	R'000 Feb 2015	R'000 Feb 2014	R'000 Feb 2015	R'000 Feb 2014	R'000 Feb 2015	R'000 Feb 2014
100	100	1 946	1 946	-	-	-	-
101	101	-	-	-	-	9	(102)
100	-	-	-	-	-	-	-
100	100	-	-	-	-	-	-
10 000	10 000	-	-	(197 031)	(197 031)	-	-
600	600	-	-	(9 242)	4 277	36 517	8 786
-	-	-	-	-	-	-	-
100	-	-	-	-	-	-	-
4 000	-	-	-	-	-	-	-
100	-	-	-	-	-	-	-
100	-	-	-	-	-	-	-
1 000	-	-	-	-	-	-	-
1 000	-	-	-	-	-	-	-
200	200	6 726	6 726	(17 868)	(17 868)	-	-
-	-	-	-	-	-	-	-
100	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
60	-	-	-	-	-	-	-
300	-	-	-	-	-	-	-
100	100	-	-	-	-	-	-
100	100	-	-	-	-	-	-
10 000	-	-	-	-	-	-	-
100	-	-	-	-	-	-	-
40 000	40 000	-	-	-	-	3 714	3 270
100	-	-	-	-	-	-	-
750	-	-	-	-	-	-	-
332	-	-	-	-	-	(4 721)	-
100	-	-	-	-	-	-	-
1 000	1 000	-	-	-	-	-	-
100	-	-	-	-	-	-	-
49	49	-	-	-	-	95	(138)
		1 581 368	1 581 368	1 691 082	1 307 341	457 879	399 011
		-	-	(248 453)	(262 832)	(139 233)	(73 404)
		1 581 368	1 581 368	1 442 629	1 044 509	318 646	325 607
502	502	-	-	-	-	29 778	33 718
-	525	-	-	-	-	-	-
245	-	-	-	-	-	-	-
90	-	-	-	-	-	-	-
						29 778	33 718





SHAREHOLDERS' INFORMATION

Shareholders' information

Analysis of ordinary shareholders as at 28 February 2015

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000 shares	2 925	54,56	970 901	0,89
1 001 – 10 000 shares	1 872	34,92	5 405 406	4,94
10 001 – 100 000 shares	382	7,13	13 017 554	11,90
100 001 – 1 000 000 shares	160	2,98	48 513 748	44,36
1 000 001 shares and over	22	0,41	41 463 191	37,91
Total	5 361	100,00	109 370 800	100,00

Distribution of shareholders

Assurance companies	27	0,50	4 898 908	4,49
Close corporations	34	0,63	68 178	0,06
Collective investment schemes	135	2,52	47 323 505	43,28
Custodians	31	0,58	6 709 527	6,13
Foundations and charitable funds	38	0,71	557 877	0,51
Hedge funds	8	0,15	1 059 125	0,97
Insurance companies	8	0,15	682 696	0,62
Investment partnerships	16	0,30	401 705	0,37
Managed funds	19	0,35	1 019 476	0,93
Medical aid funds	14	0,26	484 623	0,44
Organs of State	4	0,07	6 413 651	5,87
Private companies	97	1,81	500 875	0,46
Public companies	3	0,06	2 489	0,00
Public entities	4	0,07	112 366	0,10
Retail shareholders	3 980	74,24	6 436 262	5,89
Retirement benefit funds	226	4,22	27 051 592	24,73
Scrip lending	6	0,11	276 579	0,25
Stockbrokers and nominees	26	0,48	1 601 281	1,46
Treasury	2	0,04	571 826	0,52
Trusts	672	12,54	3 197 861	2,92
Unclaimed scrip	11	0,21	398	0,00
Total	5 361	100,00	109 370 800	100,00

Shareholder type

Non-public shareholders	6	0,12	1 324 906	1,21
Directors and associates (direct holding)	3	0,06	678 080	0,62
Directors and associates (indirect holding)	1	0,02	75 000	0,07
Own holdings	2	0,04	571 826	0,52
Public shareholders	5 355	99,88	108 045 894	98,79
Total	5 361	100,00	109 370 800	100,00

Beneficial shareholders with a holding greater than 5% of the shares in issue

Sanlam Group	10 556 832	9,65
Allan Gray	9 523 858	8,71
PSG	7 480 892	6,84
Government Employees Pension Fund	6 413 651	5,86
Total	33 975 233	31,06

Top five fund managers

Allan Gray	19 657 482	17,97
Sanlam Investment Management	12 452 909	11,39
Kagiso Asset Management	12 179 726	11,14
Coronation Fund Managers	10 178 023	9,31
PSG Alphen Asset Management	8 641 611	7,90
Total	63 109 751	57,71

Total number of shareholders	5 361
Total number of shares in issue	109 370 800

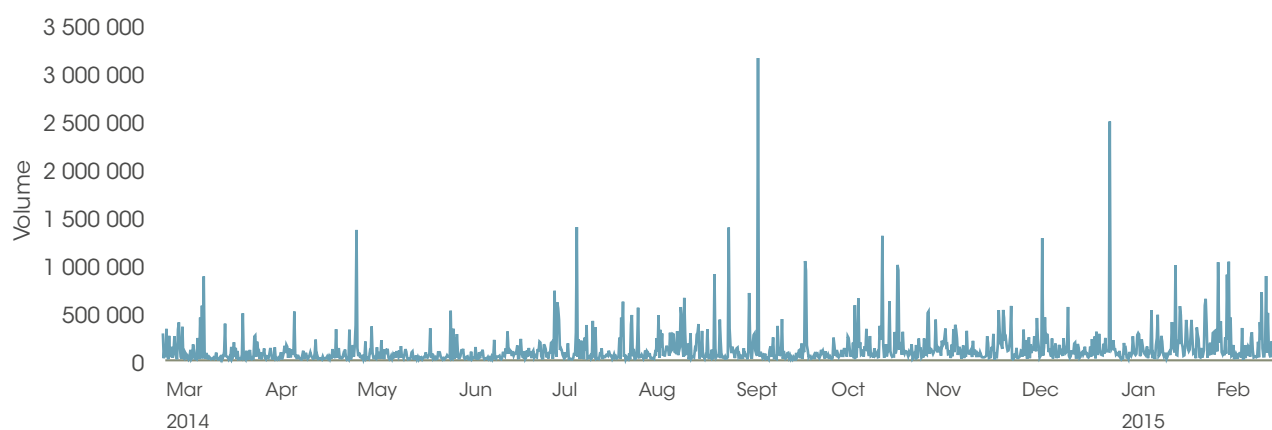
Five-year share price performance



Adcorp price chart – daily closing price



Adcorp volume chart – 1 March 2014 to 28 February 2015



JSE share price performance

Opening price 3 March 2014	R32,50
Closing price 27 February 2015	R31,58
Closing high for the period (30 May, 9 and 10 Jun, 28 Nov and 19 Dec 2014)	R35,00
Closing low for the period (1 Oct 2014)	R30,00
Number of shares in issue	109 370 800
Volume traded during period	35 108 743
Ratio of volume traded to shares issued (%)	32,10%
Rand value traded during the period	R1 151 677 706
Total number of deals	28 532
PE ratio	9,96
Dividend yield (%)	3,77
Earnings yield (%)	10,04

Notice of annual general meeting

ADCORP HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1974/001804/06)

Share code: ADR ISIN: ZAE000000139

("Adcorp" or "the Company")

Notice is hereby given to shareholders recorded in the company's register on 10 July 2015, that the annual general meeting ("AGM" or "the meeting") of the company will be held at Adcorp Office Park, Nicolway Bryanston, cnr William Nicol Drive and Wedgewood Link, Bryanston, Johannesburg, South Africa, on Wednesday, 26 August 2015 at 08:00.

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for purposes of being entitled to attend and vote at the meeting is Friday, 14 August 2015. Accordingly, the last date to trade is Friday, 7 August 2015.

Kindly note that meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

Electronic participation in the AGM

Shareholders or their proxies may participate in the AGM by way of a teleconference call and, if they wish to do so:

- must contact the Company Secretary (by email at the address kevinf@adcorp.co.za) by no later than 17:00 on Monday, 24 August 2015 in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification;
- will be billed separately by their own telephone service providers for their telephone call to participate in the AGM; and
- participation in the AGM by way of electronic participation will not entitle a shareholder to vote. Should a shareholder wish to vote at the AGM, he/she may do so by attending and voting at the AGM either in person or by proxy.

The purpose of the meeting is to transact the business set out below and to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below:

1. Ordinary resolution number 1: Presentation of the annual financial statements

To present the audited annual financial statements for the year ended 28 February 2015, including the reports of the directors, and the Audit and Risk Committee.

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

2. Ordinary resolution numbers 2.1 to 2.5: Election and re-election of directors

To elect, by way of separate resolutions, the directors that were appointed since the last annual general meeting held on 6 August 2014, in accordance with the provisions of clause 27.1.2 of the company's Memorandum of Incorporation (MOI). The directors are as follows:

- N Sihlangu (alternate to GP Dingaan and NS Ndhrazi).

To re-elect, by way of separate resolutions, the directors who retire by rotation in accordance with the provisions of clause 27.3 of the company's Memorandum of Incorporation. The directors are as follows:

- MJN Njeke, GP Dingaan, ME Mthunzi and AM Sher retire by rotation and, being eligible, offer themselves for re-election.

Details of the directors offering themselves for election and re-election are as follows:

- 2.1 Nompumelelo Sihlangu as alternate to Gugulethu Patricia Dingaan and Nontobeko Sanelisiwe Ndhrazi
Date of appointment: 11 May 2015
- 2.2 Mfundiso Johnson Ntabankulu Njeke (independent chairman)
Date of appointment: 1 July 2010
- 2.3 Gugulethu Patricia Dingaan (non-executive director)
Date of appointment: 18 Augustus 2010

2.4 Mncane Esau Mthunzi (independent non-executive director)

Date of appointment: 28 February 2010

2.5 Anthony Mark Sher (executive director)

Date of appointment: 2 December 2009

Refer to pages 22 to 23 of this integrated annual report of which this notice forms part for a brief *curriculum vitae* of each director.

In order for resolution numbers 2.1 to 2.5 to be approved, each resolution must be supported by more than 50% of the voting rights exercised on the resolutions.

3. Ordinary resolution numbers 3.1 to 3.4: Election of Audit and Risk Committee members

To elect, each by way of a separate resolution, the following independent non-executive directors, as members of the company's Audit and Risk Committee:

3.1 Timothy Dacre Aird Ross (*Chairman*)

3.2 Sindisiwe Nombenhle Mabaso-Koyana

3.3 Mncane Esau Mthunzi

3.4 Michael Wolseley Spicer

Refer to pages 22 to 23 of this integrated annual report of which this notice forms part for a brief *curriculum vitae* of each director.

In order for resolution numbers 3.1 to 3.4 to be approved, it must be supported by more than 50% of the voting rights exercised on each resolution.

4. Ordinary resolution number 4: Reappointment of independent external auditors

To reappoint Deloitte & Touche, upon the recommendation of the current Audit and Risk Committee, as the independent registered auditor of the company for the ensuing financial year, and to note that the individual registered auditor who will undertake the audit during the financial year ending 28 February 2016 is MLE Tshabalala.

The current Audit and Risk Committee and the board have evaluated the performance of Deloitte & Touche and recommend their reappointment as the external auditors of the company.

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

5. Ordinary resolution number 5: Place 2 000 000 of the authorised but unissued ordinary shares under the control of the directors

To place 2 000 000 of the unissued ordinary shares in the authorised share capital of the company under the control of the directors of the company as a specific authority in terms of the Companies Act No 71 of 2008, as amended, from time to time (Companies Act). Subject to the provisions of the Companies Act, and the Listings Requirements of the JSE Limited, these shares are specifically for the issue of shares to employees in order to meet the company's commitment in terms of the Adcorp Holdings 2006 Share Trust.

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

6. Ordinary resolution number 6: Non-binding advisory vote on remuneration policy

To endorse, by way of a non-binding advisory vote, the company's remuneration policy, as set out in the integrated annual report (pages 92 to 98).

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

7. Ordinary resolution number 7: Authority to implement resolutions passed at the AGM

To resolve that any director or the company secretary of the company be authorised to do all such things, perform all acts and sign all such documentation as may be required to give effect to the ordinary and special resolutions passed at this AGM or any adjustment thereof.

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution.

Notice of annual general meeting continued

8. Special resolution number 1: Remuneration payable to non-executive directors

To grant the company the authority to remunerate its non-executive directors for their services as directors.

	Retainer fee per meeting		Attendance fee per meeting	
	Current for 2014/2015	Proposed for 2015/2016	Current for 2014/2015	Proposed for 2015/2016
Board				
Chairman	77 360	82 775	116 040	124 163
Independent non-executive	23 372	25 008	35 058	37 512
Non-executive	13 226	25 008	19 838	37 512
Ad hoc work performed by non-executive directors (including independent) in their role as directors (hourly rate)	-	-	-	2 500
Audit and Risk Committee				
Chairman	27 787	29 732	41 681	44 599
Independent non-executive	13 894	14 867	20 840	22 299
Non-executive	9 309	14 867	13 963	22 299
Remuneration and Nominations Committee				
Chairman	11 167	11 949	16 751	17 924
Independent non-executive	7 245	7 752	10 867	11 628
Non-executive	7 245	7 752	10 867	11 628
Transformation, Social and Ethics Committee				
Chairman	11 425	12 225	17 138	18 338
Independent non-executive	7 245	7 752	10 867	11 628
Non-executive	7 245	7 752	10 867	11 628

The reason and effect of special resolution number 1 is to authorise the company to pay remuneration to its non-executive directors for their services as directors. The fees for independent non-executive directors are being equalised with those of non-executive directors' fees. The fee increase is effective from the date of the AGM.

In order for this special resolution to be approved, it must be supported by more than 75% of the voting rights.

9. Special resolution number 2: Repurchase of the company's shares

To resolve that the company, and/or a subsidiary of the company, is authorised to repurchase or purchase, as the case may be, shares issued by the company, from any person, upon such terms and conditions and in such number as the directors of the company or the subsidiary may from time to time determine, including that such shares be repurchased or purchased subject to the applicable requirements of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time; and subject further to the restriction that the repurchase or purchase, as the case may be, by the company and/or any of its subsidiaries, of shares in the company of any class under this authority shall not, in aggregate in any one financial year, exceed 10% of the shares in issue in such class as at the commencement of such financial year.

It is recorded that, as at 6 July 2015, being the last practicable date before finalisation of this notice the JSE Listings Requirements provide, *inter alia*, that the company or any subsidiary of the company may only make a general repurchase of the shares in the company subject to the following:

- Any such repurchase of shares is effected through the order book operated by the trading system of the JSE Limited (JSE) and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited).
- Authorisation thereto is given by the company's Memorandum of Incorporation.
- At any point in time, the company may appoint only one agent to effect any repurchase(s) on its behalf.
- The general authority shall be valid only until the company's next annual general meeting or 15 months from the date of passing of this special resolution, whichever is earlier.
- A resolution by the board that it authorises the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test, and that from the time that the test was performed there have been no material changes to the financial position of the Group.
- When the company or a subsidiary of the company has cumulatively repurchased 3% of any class of the company's shares in issue on the date of passing of this special resolution (the initial number), and for each 3% in aggregate of that class of shares acquired thereafter, in each case in terms of this resolution, an announcement shall be published on the Securities Exchange News Services (SENS) of the JSE and in the press, giving such details as may be required in terms of the JSE Listings Requirements.

- The company or its subsidiaries may not repurchase any of the company's shares during a prohibited period as defined in the JSE Listings Requirements, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and the company has submitted the repurchase programme to the JSE in writing. The company will instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to commencement of the prohibited period to execute the repurchase programme submitted to the JSE.
- No repurchases may be made at a price which is greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected (the maximum price). The JSE will be consulted for a ruling if the company's securities have not traded in such a five-day period.

After considering the effects of such maximum repurchase, the directors will, in accordance with sections 44(3)(b) and 45(3)(b) of the Companies Act, ensure that the financial assistance is only provided if the requirements of those sections are satisfied, *inter alia*, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4 of the Companies Act.

Adequacy of working capital in terms of section 11.26 of the JSE Listings Requirements

The directors of the company will ensure that, after considering the effect of the maximum repurchase and for a period of 12 months thereafter:

- the company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the notice of the annual general/general meeting;
- assets of the company and the Group will be in excess of the liabilities of the company and the Group for a period of 12 months after the date of the notice of the annual general/general meeting. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- share capital and reserves of the company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general/general meeting; and
- working capital of the company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general/general meeting.

In order for this special resolution to be approved, it must be supported by more than 75% of the voting rights.

10. Special resolution number 3: Financial assistance for the subscription of any debt securities and the provision of loans or other financial assistance to present or future related and inter-related companies

To authorise the directors, in terms of and subject to the provisions of section 44 of the Companies Act, to cause the company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any debt securities, issued or to be issued by the company or a present or future related or inter-related company or for the purchase of any debt securities of the company or a present or future related or inter-related company in terms of section 44 of the Companies Act.

To authorise the directors, in terms of and subject to the provisions of section 45 of the Companies Act, to cause the company to provide direct or indirect financial assistance to any company or corporation or future company or corporation which is related or inter-related to the company, for such amounts and on such terms and conditions as the board of the company may determine.

The reason for and effect of special resolution number 3 is to grant the directors of the company the authority to cause the company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise, to any person for the purpose of, or in connection with, the subscription of any debt securities, issued or to be issued by the company in terms of section 44 and to cause the company to provide direct or indirect financial assistance in terms of section 45 to any company or corporation or future company or corporation which is related or inter-related to the company.

The directors will, in accordance with sections 44(3)(b) and 45(3)(b) of the Companies Act, ensure that the financial assistance is only provided if the requirements of those sections are satisfied, *inter alia*, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4 of the Companies Act.

In order for this special resolution to be approved, it must be supported by more than 75% of the voting rights.

In compliance with paragraph 11.26 of the JSE Listings Requirements, the information listed below has been included in the integrated annual report at the places indicated below:

- Directors and management (pages 20 to 23)
- Major shareholders (page 180)
- Directors' interest in securities (pages 164 to 166)
- Share capital of the company (page 147)

Notice of annual general meeting **continued**

Material change

There have been no material changes in the affairs or financial position of Adcorp and its subsidiaries since the date of signature of the annual financial statements and the date of this notice.

Directors' responsibility statement

The directors whose names are given on pages 20 to 21 of this integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolutions and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolutions contain all such information as required by law and the JSE Listings Requirements.

Proxy and voting procedure

1. An ordinary and/or 'B' ordinary shareholder entitled to attend and vote at the AGM may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the AGM in the place of the shareholder. A proxy need not be a shareholder of the company.
2. A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the AGM.
3. A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
4. The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
5. The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.
6. If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Act or the company's MOI to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the "Explanatory notes regarding proxy".

In order to be effective, proxy forms should be delivered to the transfer secretaries, Link Market Services South Africa Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein (PO Box 4844, Johannesburg, 2000), so as to reach this address by no later than 08:00 on Monday, 24 August 2015.

Shareholders who have dematerialised their shares, other than with 'own name' registration, should contact their Central Securities Depository Participant (CSDP) or stockbroker:

- to furnish their CSDP or stockbroker with their voting instructions; or
- in the event that they wish to attend the meeting, to obtain the necessary Letter of Representation to do so.

This must be done in terms of the agreement entered into between the shareholder and the CSDP or stockbroker concerned.

Any shareholder having difficulties or queries with regard to the above may contact the Company Secretary on:

Telephone: 011 244 5350

Facsimile: 011 244 5309

Email: kevinf@adcorp.co.za

By order of the board



Kevin Fihrer
Company Secretary

14 July 2015

Form of proxy



ADCORP HOLDINGS LIMITED

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

This proxy form relates to the annual general meeting (AGM) to be held on Wednesday, 26 August 2015 at 08:00 at Adcorp, Nicolway Bryanston, cnr William Nicol Drive and Wedgewood Link, Bryanston, Johannesburg, and is for use by certificated ordinary shareholders and dematerialised shareholders with 'own name' registrations on the date of the meeting.

Please print clearly when completing this form and see the instructions and notes at the end of this form for an explanation of the use of this proxy form and the rights of the shareholder and the proxy.

I/We (full name in block letters)

of (address)

being a shareholder of the company and the registered holder(s) of

ordinary shares in the company

do hereby appoint

or failing him/her,

the chairman of the AGM, to attend and participate in the meeting and to speak and vote or abstain from voting for me/us and on my/our behalf in respect of all matters arising (including any poll and all resolutions put to the meeting) at the meeting, even if the meeting is postponed, and at any resumption thereof after any adjournment.

My/Our proxy shall vote as follows (indicate with a cross how you wish your votes to be cast. If you do not do so, the proxy may vote or abstain at his/her discretion):

** Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.*

		Number of votes		
		In favour of	Against	Abstain
1.	Ordinary resolution number 1: Presentation of the annual financial statements			
2.	Ordinary resolution number 2: Election and re-election of directors			
	2.1 N Sihlangu (alternate to GP Dingaan and NS Ndhrazi)			
	2.2 MJN Njeke			
	2.3 GP Dingaan			
	2.4 ME Mthunzi			
	2.5 AM Sher			
3.	Ordinary resolution number 3: Election of Audit and Risk Committee members			
	3.1 TDA Ross			
	3.2 SN Mabaso-Koyana			
	3.3 ME Mthunzi			
	3.4 MW Spicer			
4.	Ordinary resolution number 4: Reappointment of independent external auditors			
5.	Ordinary resolution number 5: Place 2 000 000 of the authorised but unissued ordinary shares under the control of the directors			
6.	Ordinary resolution number 6: Non-binding advisory vote on remuneration policy			
7.	Ordinary resolution number 7: Authority to implement resolutions passed at the AGM			
8.	Special resolution number 1: Remuneration payable to non-executive directors			
9.	Special resolution number 2: Repurchase of the company's shares			
10.	Special resolution number 3: Financial assistance for the subscription of any debt securities and provision of loans or other financial assistance to present or future related or inter-related companies			

Signed this

day of

2015

Signature

Assisted by (if applicable) (state capacity and full name)

Please provide contact details

Tel: ()

Fax: ()

Mobile number:

Email:

Each member is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and vote in place of that member at the AGM.

Please read the notes to the form of proxy on the reverse side.

Explanatory notes regarding proxy

1. The form of proxy must only be used by shareholders who hold shares in certificated form or who are recorded on the subregister in electronic form in 'own name'.
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant agreement entered into between them and the CSDP or broker.
3. An ordinary and/or 'B' ordinary shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two or more alternate proxies of the shareholder's choice in the space provided, with or without deleting "the chairperson of the AGM". The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of such proxy(ies) those names follow.
4. An ordinary and/or 'B' ordinary shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary and/or 'B' ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's exercisable votes. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy will be valid in relation to the AGM despite the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless notice on any of the noted matters has been received by the transfer secretaries not less than 48 hours before the start of the AGM.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairperson of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with the Act, the MOI and these notes.
8. A shareholder's authorisation to the proxy, including the chairperson of the AGM, to vote on such shareholder's behalf, will be deemed to include the authority to vote on procedural matters at the AGM.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or is waived by the chairperson of the AGM.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
12. Where there are joint holders of shares:
 - any one holder may sign the form of proxy; and
 - the vote(s) of the senior shareholder(s) (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of shareholders) who tender(s) a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. Forms of proxy should be lodged with or mailed to the transfer secretaries, Link Market Services South Africa Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), and to be received by no later than 08:00 on Monday, 24 August 2015.
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Administration

Adcorp Holdings Limited

Registration number 1974/001804/06
Founded 1968, listed 1987
Website: www.adcorp.co.za

Registered office

Adcorp Holdings Limited
Adcorp Office Park
Nicolway Bryanston
Cnr William Nicol Drive and Wedgewood Link
Bryanston
2021
PO Box 70635, Bryanston, 2021
Tel: 011 244 5300
Fax: 011 244 5310
Email: info@adcorp.co.za

Company Secretary

Kevin Fihler
Adcorp Office Park
Nicolway Bryanston
Cnr William Nicol Drive and Wedgewood Link
Bryanston
2021
PO Box 70635, Bryanston, 2021
Tel: 011 244 5300
Direct: 011 244 5350
Fax: 011 244 5310
Email: kevinf@adcorp.co.za

Investor enquiries

Website: www.adcorp.co.za
Email: cfo@adcorp.co.za

Auditors

Deloitte & Touche
The Woodlands
20 Woodlands Drive
Woodmead, Sandton, 2146
Private Bag X6, Gallo Manor, 2052
Tel: 011 806 5000
Fax: 011 806 5111

Legal advisers

Baker McKenzie
4 Sandown Valley Crescent
Sandton, 2196
Tel: 011 911 4300
Fax: 011 784 2855

Webber Wentzel
18 Fricker Road, Illovo Boulevard, Illovo
Johannesburg, 2196
PO Box 61771, Marshalltown, Johannesburg, 2107
Tel: 011 530 5000
Fax: 011 530 5414

Transfer secretaries

Link Market Services SA Proprietary Limited
Registration number 2000/007239/07
Rennie House
13th Floor
19 Ameshoff Street
Braamfontein
PO Box 4844
Johannesburg, 2000
Tel: 086 154 6572
Fax: 086 674 1960

Sponsors

Deloitte & Touche Sponsor Services Proprietary Limited
Building 8, Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead, Sandton, 2146
Private Bag X6, Gallo Manor, 2052
Tel: 011 806 5000
Fax: 011 806 5666



Adcorp supports sustainability to ensure that indigenous forests are safeguarded for future generations. In addition to this integrated annual report being produced from a sustainable resource, the paper used is recyclable, biodegradable and provides assurance of a responsible manufacturing process.

