

Adcorp Holdings Limited  
Registration number 1974/001804/06  
Listed 1987  
Share code: ADR ISIN: ZAE000000139

Unaudited Group results  
For the six months ended 31 August 2018

#### Salient features

- \* Group revenue for the period increased by 3% to R8 billion compared to R7,7 billion in August 2017
- \* Australia revenue increased by 11% in constant currency terms
- \* Underlying EBITDA for the period increased by 33% to R231 million
- \* Net profit from continuing operations of R99 million compared to a loss of R36 million
- \* EPS at 90,2 cents per share compared to a loss of 120,7 cents per share
- \* Cash generated by operations R358 million compared to R122 million
- \* Gearing improved to 35% from 61% due to reduction in net debt to R646 million from R1,3 billion
- \* Group operating expenses reduced by 16% to R896 million

#### Commentary

##### Financial overview

The Group has delivered a strong performance in the first half of the year, with net profit for the period of R99 million compared to a loss of R36 million for the same period last year.

In the South Africa operations, revenue was relatively flat compared to August 2017. The drive to right size the business and ensure a structure and processes that are efficient and optimal is yielding benefits resulting in a reduction in operating expenses and improved earnings before interest, tax, depreciation and amortisation (EBITDA) of R212 million from R95 million in August 2017. The Group is on track to realise the balance of the R200 million savings identified as part of the first phase cost reduction. Both the Support Services and Training businesses have benefited from these early interventions, with the latter no longer trading at a loss.

The improved EBITDA position, together with the focus on liquidity and working capital management has strengthened the cash position of the Group. Increased focus on cash requirement forecasting is enhancing treasury's ability to manage utilisation of the funding facility. This is driving a reduction in the net cost of funding.

Underlying EBITDA is defined in the current period as EBITDA adjusted for retrenchment cost and restructure cost.

##### Outlook and prospects

The clean-up of the Group in FY2018 enabled the leadership team to gain an understanding of its true financial position and reset performance. This represented the first phase of the Group's strategic transformation. The focus in the current year is on stabilizing operations, stemming losses from our Training business and unlocking short-term wins as we develop a blueprint for the future of Adcorp.

Adcorp's leadership team have started developing a target operating model which will see us double down on the work we already do in the areas of resourcing, training, consulting and outsourced services for people-intensive processes.

As specialists in the world of matching and placing people into jobs that create efficient workplaces, the Group has the ability to help businesses access the skills needed to grow their companies while making job-seeker's dreams a reality.

We look forward to sharing this journey in more detail during our year-end results presentation.

##### Changes to the board of Adcorp

The following changes to the directorate took place during the period under review:

Resignation of JA Boggenpoel as an independent non-executive director with effect from 20 July 2018.

\* Resignation of MA Jurgens as an executive director with effect from 6 September 2018. He, however, continues in the employment of Adcorp in his role of heading up Adcorp's Australian operations.

\* Appointment of P Mnganga as an independent non-executive director with effect from 6 September 2018.

\* Appointment of H Singh as an independent non-executive director with effect from 6 September 2018.

The board would like to thank our outgoing board members for their contribution over the years, and welcomes the new board members.

The analyst presentation and results booklet are available on the Group's website: [www.adcorpgroup.com/Pages/Results/Interim-Results.aspx](http://www.adcorpgroup.com/Pages/Results/Interim-Results.aspx)

On behalf of the Board

GT Serobe  
Chairman

I Dutiro  
Chief Executive Officer

CJ Kujenga  
Chief Financial Officer

12 October 2018

Condensed consolidated statement of financial position  
as at 31 August 2018

|   | Notes | Unaudited                                   | Restated                                     | Audited                                 |
|---|-------|---|--|---|
|   |       | six months to<br>31 August<br>2018<br>R'000 | six months to<br>31 August<br>2017<br>R'000* | year to<br>28 February<br>2018<br>R'000 |
| <b>Assets</b>   |       |   |  |   |
| Non-current assets  |       | 1 774 671                                   | 2 382 922                                    | 1 719 016                               |
| Property and equipment  | 9     | 65 137                                      | 89 027                                       | 65 756                                  |
| Intangible assets   |       | 265 934                                     | 540 329                                      | 275 785                                 |
| Goodwill  |       | 1 222 110                                   | 1 390 022                                    | 1 162 010                               |
| Investments   |       | 13 670                                      | 10 000                                       | 13 244                                  |
| Investment in associate   |       | –   | 154 994                                      | –                                       |
| Other financial assets  |       | 10 361                                      | 31 497                                       | 10 361                                  |
| Deferred taxation   |       | 197 459                                     | 167 053                                      | 191 860                                 |
| Current assets  |       | 3 000 848                                   | 2 799 937                                    | 2 801 348                               |
| Trade receivables   |       | 2 170 205                                   | 2 195 886                                    | 2 272 550                               |
| Other receivables   |       | 141 732                                     | 235 856                                      | 77 208                                  |
| Other financial assets  |       | –   | –  | 12 191                                  |
| Taxation prepaid  |       | 89 541                                      | 44 445                                       | 79 071                                  |
| Cash and cash equivalents   |       | 599 370                                     | 323 750                                      | 360 328                                 |
| Assets from continuing operations                                       |       | 4 775 519                                   | 5 182 859                                    | 4 520 364                               |
| Assets held-for-sale  | 6     | –   | 196 691                                      | 10 434                                  |
| Total assets  |       | 4 775 519                                   | 5 379 550                                    | 4 530 798                               |
| <b>Equity and liabilities</b>   |       |   |  |   |
| Capital and reserves  |       | 1 851 214                                   | 2 132 843                                    | 1 602 589                               |
| Share capital and share premium   |       | 1 740 858                                   | 1 740 858                                    | 1 740 858                               |
| Reserves  |       | 110 356                                     | 391 985                                      | (138 269)                               |
| Interest-bearing liabilities  |       | 1 231 757                                   | 1 617 599                                    | 1 218 559                               |
| Non-current liabilities   |       | 892 985                                     | 1 378  | 978 196                                 |
| Long-term loans   |       | 892 985                                     | 1 378  | 978 196                                 |
| Current liabilities   |       | 338 772                                     | 1 616 221                                    | 240 363                                 |
| Short-term portion of long-term loans                                   |       | 338 046                                     | 1 273 513                                    | 228 687                                 |
| Bank overdraft  |       | 726   | 342 708                                      | 11 676                                  |
| Non-interest-bearing current liabilities                                |       | 1 692 548                                   | 1 558 076                                    | 1 680 405                               |
| Non-current liabilities   |       | 91 878                                      | 107 936                                      | 100 074                                 |
| Share-based payment liability   |       | –   | 6 151  | –                                       |
| Deferred taxation   |       | 91 878                                      | 101 785                                      | 100 074                                 |
| Current liabilities   |       | 1 600 670                                   | 1 450 140                                    | 1 580 331                               |
| Trade and other payables  |       | 1 242 858                                   | 1 148 928                                    | 1 225 030                               |
| Share-based payment liability   |       | –   | 11 203                                       | 8 133                                   |
| Provisions  |       | 309 506                                     | 257 606                                      | 287 202                                 |
| Derivative financial instruments  |       | –   | 3 857  | –                                       |
| Taxation  |       | 48 306                                      | 28 546                                       | 59 966                                  |
| Equity and liabilities from continuing operations                       |       | 4 775 519                                   | 5 308 518                                    | 4 501 553                               |
| Liabilities directly associated with assets classified as held-for-sale | 6     | –   | 71 032                                       | 29 245                                  |
| Total equity and liabilities  |       | 4 775 519                                   | 5 379 550                                    | 4 530 798                               |

\* Investment in associate was reclassified from assets held-for-sale to non-current assets in August 2017. Refer to note 5.

Condensed consolidated statement of comprehensive income  
for the six months ended 31 August 2018

|   | Notes | Unaudited                                   | Restated                                    | Audited                                 |
|---|-------|---|---|---|
|   |       | six months to<br>31 August<br>2018<br>R'000 | six months to<br>31 August<br>2017<br>R'000 | year to<br>28 February<br>2018<br>R'000 |
| <b>Continuing operations</b>                  |       |   |   |   |
| Revenue                                       |       | 7 972 619                                   | 7 750 162                                   | 15 325 391                              |
| Cost of sales                                 |       | (6 892 763)                                 | (6 613 968)                                 | (13 097 630)                            |
| Gross profit                                  |       | 1 079 856                                   | 1 136 194                                   | 2 227 761                               |
| Other income                                  |       | 28 073                                      | 30 043                                      | 58 067                                  |
| Operating expenses                            |       | (895 504)                                   | (1 071 006)                                 | (2 149 209)                             |
| Earnings before depreciation and amortisation |       | 212 425                                     | 95 231                                      | 136 619                                 |
| Depreciation and amortisation                 |       | (36 864)                                    | (67 853)                                    | (128 589)                               |
| Operating profit                              |       | 175 561                                     | 27 378                                      | 8 030                                   |

|   |          |           |           |
|---|----------|-----------|-----------|
| Interest income   | 7 072    | 4 199     | 16 614    |
| Interest expense  | (56 424) | (59 631)  | (140 643) |
| Impairment of intangible assets, goodwill and bonds                       | -        | (22 528)  | (477 797) |
| Profits from the sale of associate  | -        | -         | 184 960   |
| Profit on disposal of non-core assets                                     | 1 999    | -         | -         |
| Share of profits from associates*   | -        | 14 186    | 16 476    |
| Profit/(loss) before taxation   | 128 208  | (36 396)  | (392 360) |
| Taxation  | (29 137) | 528       | (28 350)  |
| Profit/(loss) for the period/year from continuing operations              | 99 071   | (35 868)  | (420 710) |
| Discontinued operations   |          |           |           |
| Loss for the period/year from discontinued operations                     | 6 (351)  | (92 585)  | (140 322) |
| Net profit/(loss) for the period/year                                     | 98 720   | (128 453) | (561 032) |
| Other comprehensive income/(loss)**                                       |          |           |           |
| Exchange differences on translating foreign operations                    | 72 302   | 6 895     | (50 677)  |
| Exchange differences arising on the net investment of a foreign operation | 71 253   | 18 002    | (30 964)  |
| Fair value adjustment of derivative financial instrument                  | -        | (1 603)   | 1 102     |
| Other comprehensive income/(loss) for the period/year, net of tax         | 143 555  | 23 294    | (80 539)  |
| Non-controlling interest  | (421)    | (3 467)   | (2 246)   |
| Total comprehensive income/(loss) for the period/year                     | 241 854  | (108 626) | (643 816) |
| Earnings/(loss) attributable to:  |          |           |           |
| Owners of the parent from continuing operations                           | 98 650   | (39 335)  | (422 955) |
| Owners of the parent from discontinued operations                         | (351)    | (92 585)  | (140 322) |
| Non-controlling interest  | 421      | 3 467     | 2 246     |
| Total comprehensive earnings/(loss) attributable to:                      |          |           |           |
| Owners of the parent from continuing operations                           | 242 626  | (12 574)  | (501 248) |
| Owners of the parent from discontinued operations                         | (351)    | (92 585)  | (140 322) |
| Non-controlling interest  | (421)    | (3 467)   | (2 246)   |
| Total basic earnings/(loss) per share (cents)                             |          |           |           |
| Basic earnings/(loss) per share   | 90,2     | (120,7)   | (517,0)   |
| Diluted earnings/(loss) per share   | 87,3     | (118,8)   | (504,2)   |

\* Share of profits from associates was reclassified from the prior period to be consistent with year-end disclosure. Refer to note 5.

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

Condensed consolidated statement of cash flow  
for the six months ended 31 August 2018

| Notes   | Unaudited         | Restated     | Audited   |
|---|-------------------|--------------|-----------|
|   | six months to six | Unaudited    | year to   |
|   | 31 August         | 31 August 28 | February  |
|   | 2018              | 2017         | 2018      |
|   | R'000             | R'000        | R'000     |
| Operating activities                                |                   |              |           |
| Profit/(loss) before taxation                       | 127 857           | (128 565)    | (473 044) |
| From continuing operations                          | 128 208           | (36 396)     | (392 359) |
| From discontinued operations                        | 6 (351)           | (92 169)     | (80 684)  |
| Adjusted for:                                       |                   |              |           |
| Depreciation  | 15 219            | 17 211       | 31 696    |
| Amortisation of intangibles                         | 21 645            | 50 641       | 96 893    |
| Impairment of intangible assets, goodwill and loans | -                 | 87 866       | 477 797   |
| Profit on the sale of business                      | (1 999)           | -            | -         |

|   |          |           |             |
|---|----------|-----------|-------------|
| Share of profits from associates                              | -        | (14 186)  | (16 476)    |
| (Profit)/loss on the sale of property and equipment           | (116)    | 248       | 839         |
| Share-based payments  | 11 913   | (4 920)   | 8 767       |
| Share-based payment expense                                   | 11 913   | 6 899     | 12 822      |
| Revaluation of share-based payment liability                  | -        | (11 819)  | (4 055)     |
| Unrealised foreign exchange (profit)/loss                     | (2 005)  | 1 902     | 451         |
| Non-cash portion of operating lease rentals                   | 63       | (531)     | (1 361)     |
| Profit on the sale of associate                               | -        | -         | (184 960)   |
| Net movement on assets held-for-sale                          | (18 811) | 58 771    | 203 701     |
| Fair value adjustment   | (427)    | -         | (3 298)     |
| Increase in bad debt provision                                | (2 405)  | (35 967)  | (21 274)    |
| Interest income   | (7 072)  | (6 281)   | (16 614)    |
| Interest expense  | 56 424   | 71 266    | 140 643     |
| Cash generated from operations before working capital changes | 200 286  | 97 455    | 243 760     |
| Decrease in trade and other receivables                       | 115 285  | 63 693    | 45 930      |
| Decrease in other financial assets                            | -        | 6 919     | -           |
| Increase/(decrease) in trade and other payables               | 20 170   | (39 646)  | 56 091      |
| Increase/(decrease) in provisions                             | 22 304   | (5 979)   | 44 674      |
| Cash generated by operations                                  | 358 045  | 122 442   | 390 455     |
| Interest income   | 7 072    | 6 281     | 16 614      |
| Interest expense  | (56 424) | (71 266)  | (140 643)   |
| Cash settlement of share options exercised                    | (7 199)  | (17 141)  | (31 384)    |
| Taxation paid   | (67 815) | (44 257)  | (100 692)   |
| Dividend paid   | (1 403)  | -         | (1 293)     |
| Net cash generated/(utilised) by operating activities         | 232 276  | (3 941)   | 133 057     |
| Investing activities  |          |           |             |
| Additions to property, equipment and intangible assets        | (13 937) | (24 794)  | (27 234)    |
| Proceeds from sale of property and equipment                  | 1 048    | 962       | 2 133       |
| Net proceeds on the sale of business                          | 4 051    | -         | 858         |
| Net cash outflow on acquisition of subsidiaries               | -        | (5 000)   | (12 060)    |
| Net cash inflow on disposal of associate                      | -        | -         | 305 702     |
| Decrease/(increase) in investment in subsidiary               | 2 654    | (854)     | -           |
| Net cash (utilised)/generated from investing activities       | (6 184)  | (29 686)  | 269 399     |
| Financing activities  |          |           |             |
| Payment from the issue of treasury shares                     | -        | 12 884    | 13 961      |
| Facility payment  | (66 444) | (96 319)  | (1 790 664) |
| Drawdown of facility  | 91 957   | -         | 1 626 468   |
| Other non-current liabilities ñ interest-bearing              | (1 613)  | (598)     | (2 271)     |
| Net cash generated/(utilised) by financing activities         | 23 900   | (84 033)  | (152 506)   |
| Net increase/(decrease) in cash and cash equivalents          | 249 992  | (117 660) | 249 950     |
| Cash and cash equivalents at the beginning of the period/year | 348 652  | 98 702    | 98 702      |
| Cash and cash equivalents at the end of the period/year       | 598 644  | (18 958)  | 348 652     |

Condensed consolidated statement of changes in equity for the six months ended 31 August 2018

|  | Share capital<br>R'000 | Share premium<br>R'000 | Treasury shares<br>R'000 |
|--|------------------------|------------------------|--------------------------|
| Balance as at 28 February 2017 (restated)        | 2 749                  | 1 738 109              | (36 963)                 |
| Disposal of shares                               | -                      | -                      | 12 884                   |
| Movement in BEE shareholders' interest           | -                      | -                      | -                        |
| Loss for the period                              | -                      | -                      | -                        |
| Other comprehensive income/(loss) for the period | -                      | -                      | -                        |

|   |       |           |          |
|---|-------|-----------|----------|
| Non-controlling interest                                  | -     | -         | -        |
| Balance as at 31 August 2017 (unaudited)                  | 2 749 | 1 738 109 | (24 079) |
| Issue of treasury shares under employee share option plan | -     | -         | 1 077    |
| Dividend distributions                                    | -     | -         | -        |
| Recognition of BBBEE and staff share-based payments       | -     | -         | -        |
| Loss for the period                                       | -     | -         | -        |
| Equity due to change in control                           | -     | -         | -        |
| Other comprehensive (loss)/income for the period          | -     | -         | -        |
| Non-controlling interest                                  | -     | -         | -        |
| Balance as at 28 February 2018 (audited)                  | 2 749 | 1 738 109 | (23 002) |
| Recognition of BBBEE and staff share-based payments       | -     | -         | -        |
| Dividend distributions                                    | -     | -         | -        |
| Profit for the period                                     | -     | -         | -        |
| Other comprehensive income/(loss) for the period          | -     | -         | -        |
| Change in control   | -     | -         | -        |
| Non-controlling interest                                  | -     | -         | -        |
| Balance as at 31 August 2018 (unaudited)                  | 2 749 | 1 738 109 | (23 002) |

|   | Share-based payment reserve R'000 | Foreign currency translation reserve R'000 | Cash flow hedging reserve R'000 |
|---|-----------------------------------|--|---------------------------------|
| Balance as at 28 February 2017 (restated)                 | 128 993                           | 24 289                                     | (1 102)                         |
| Disposal of shares  | -                                 | -  | -                               |
| Movement in BEE shareholders' interest                    | 3 603                             | -  | -                               |
| Loss for the period                                       | -                                 | -  | -                               |
| Other comprehensive income/(loss) for the period          | -                                 | 6 895                                      | (1 603)                         |
| Non-controlling interest                                  | -                                 | -  | -                               |
| Balance as at 31 August 2017 (unaudited)                  | 132 596                           | 31 184                                     | (2 705)                         |
| Issue of treasury shares under employee share option plan | -                                 | -  | -                               |
| Dividend distributions                                    | -                                 | -  | -                               |
| Recognition of BBBEE and staff share-based payments       | 4 714                             | -  | -                               |
| Loss for the period                                       | -                                 | -  | -                               |
| Equity due to change in control                           | -                                 | -  | -                               |
| Other comprehensive (loss)/income for the period          | -                                 | (57 572)                                   | 2 705                           |
| Non-controlling interest                                  | -                                 | -  | -                               |
| Balance as at 28 February 2018 (audited)                  | 137 310                           | (26 388)                                   | -                               |
| Recognition of BBBEE and staff share-based payments       | 11 913                            | -  | -                               |
| Dividend distributions                                    | -                                 | -  | -                               |
| Profit for the period                                     | -                                 | -  | -                               |
| Other comprehensive income/(loss) for the period          | -                                 | 72 302                                     | -                               |
| Change in control   | -                                 | -  | -                               |
| Non-controlling interest                                  | -                                 | -  | -                               |
| Balance as at 31 August 2018 (unaudited)                  | 149 223                           | 45 914                                     | -                               |

|   | Retained earnings R'000 | Attributable to equity holders of the parent R'000 | Non-controlling interest R'000 |
|---|-------------------------|--|--------------------------------|
| Balance as at 28 February 2017 (restated)                 | 363 904                 | 2 219 979  | (5 249)                        |
| Disposal of shares  | -                       | 12 884   | -                              |
| Movement in BEE shareholders' interest                    | -                       | 3 603  | -                              |
| Loss for the period                                       | (131 921)               | (131 921)  | 3 467                          |
| Other comprehensive income/(loss) for the period          | 18 002                  | 23 294   | -                              |
| Non-controlling interest                                  | -                       | -  | 6 110                          |
| Balance as at 31 August 2017 (unaudited)                  | 249 985                 | 2 127 839  | 4 328                          |
| Issue of treasury shares under employee share option plan | -                       | 1 077  | -                              |
| Dividend distributions                                    | (1 293)                 | (1 293)  | -                              |
| Recognition of BBBEE and staff share-based payments       | -                       | 4 714  | -                              |
| Loss for the period                                       | (431 357)               | (431 357)  | (1 221)                        |
| Equity due to change in control                           | 858                     | 858  | -                              |
| Other comprehensive (loss)/income for the period          | (48 966)                | (103 833)  | -                              |
| Non-controlling interest                                  | -                       | -  | 801                            |
| Balance as at 28 February 2018 (audited)                  | (230 773)               | 1 598 005  | 3 908                          |
| Recognition of BBBEE and staff share-based payments       | -                       | 11 913   | -                              |
| Dividend distributions                                    | (1 403)                 | (1 403)  | -                              |
| Profit for the period                                     | 98 299                  | 98 299   | 421                            |
| Other comprehensive income/(loss)                         | -                       | -  | -                              |

|  |          |           |       |
|--|----------|-----------|-------|
| for the period                           | 71 253   | 143 555   | -     |
| Change in control                        | (6 816)  | (6 816)   | -     |
| Non-controlling interest                 | -        | -         | 2 656 |
| Balance as at 31 August 2018 (unaudited) | (69 440) | 1 843 553 | 6 985 |

|   | BEE shareholders' interest R'000 | Total R'000 |
|---|----------------------------------|-------------|
| Balance as at 28 February 2017 (restated)                 | 676                              | 2 215 406   |
| Disposal of shares  | -                                | 12 884      |
| Movement in BEE shareholders' interest                    | -                                | 3 603       |
| Loss for the period                                       | -                                | (128 454)   |
| Other comprehensive income/(loss) for the period          | -                                | 23 294      |
| Non-controlling interest                                  | -                                | 6 110       |
| Balance as at 31 August 2017 (unaudited)                  | 676                              | 2 132 843   |
| Issue of treasury shares under employee share option plan | -                                | 1 077       |
| Dividend distributions                                    | -                                | (1 293)     |
| Recognition of BBBEE and staff share-based payments       | -                                | 4 714       |
| Loss for the period                                       | -                                | (432 578)   |
| Equity due to change in control                           | -                                | 858         |
| Other comprehensive (loss)/income for the period          | -                                | (103 833)   |
| Non-controlling interest                                  | -                                | 801         |
| Balance as at 28 February 2018 (audited)                  | 676                              | 1 602 589   |
| Recognition of BBBEE and staff share-based payments       | -                                | 11 913      |
| Dividend distributions                                    | -                                | (1 403)     |
| Profit for the period                                     | -                                | 98 720      |
| Other comprehensive income/(loss) for the period          | -                                | 143 555     |
| Change in control   | -                                | (6 816)     |
| Non-controlling interest                                  | -                                | 2 656       |
| Balance as at 31 August 2018 (unaudited)                  | 676                              | 1 851 214   |

Condensed segment report of continuing operations for the six months ended 31 August 2018

|  | South Africa        |                  |                       |
|--|---------------------|------------------|-----------------------|
|  | Industrial Services | Support Services | Professional Services |
| Revenue  |                     |                  |                       |
| ñ August 2018 (unaudited)                        | 3 198 437           | 729 817          | 961 809               |
| ñ August 2017 (unaudited)                        | 3 065 667           | 774 207          | 904 166               |
| ñ February 2018 (audited)                        | 6 278 103           | 1 471 207        | 1 802 508             |
| Internal revenue                                 |                     |                  |                       |
| ñ August 2018 (unaudited)                        | 27 779              | 4 616            | 836                   |
| ñ August 2017 (unaudited)                        | 20 002              | 7 081            | 1 298                 |
| ñ February 2018 (audited)                        | 39 450              | 6 015            | 2 240                 |
| Gross profit                                     |                     |                  |                       |
| ñ August 2018 (unaudited)                        | 395 100             | 128 989          | 199 650               |
| ñ August 2017 (unaudited)                        | 442 706             | 127 665          | 203 748               |
| ñ February 2018 (audited)                        | 887 350             | 275 944          | 390 355               |
| EBITDA   |                     |                  |                       |
| ñ August 2018 (unaudited)                        | 166 037             | 27 501           | 77 898                |
| ñ August 2017 (unaudited)                        | 169 702             | 21 390           | 78 893                |
| ñ February 2018 (audited)                        | 189 232             | 46 474           | 160 624               |
| Asset carrying value from continuing operations* |                     |                  |                       |
| ñ August 2018 (unaudited)                        | 1 238 796           | 231 227          | 769 666               |
| ñ August 2017 (unaudited)                        | 1 250 679           | 319 615          | 1 102 470             |
| ñ February 2018 (audited)                        | 1 394 421           | 271 762          | 747 752               |
| Liabilities carrying value**                     |                     |                  |                       |
| ñ August 2018 (unaudited)                        | 560 470             | 93 286           | 333 759               |
| ñ August 2017 (unaudited)                        | 485 226             | 154 614          | 311 785               |
| ñ February 2018 (audited)                        | 535 976             | 153 232          | 271 081               |

|                           | South Africa Financial |          |           |
|---------------------------|------------------------|----------|-----------|
|                           | Training               | Services | Subtotal  |
| Revenue                   |                        |          |           |
| ñ August 2018 (unaudited) | 90 913                 | 84 733   | 5 065 709 |
| ñ August 2017 (unaudited) | 95 083                 | 91 685   | 4 930 808 |
| ñ February 2018 (audited) | 178 454                | 192 281  | 9 922 553 |
| Internal revenue          |                        |          |           |
| ñ August 2018 (unaudited) | 2 010                  | -        | 35 241    |
| ñ August 2017 (unaudited) | 4 237                  | -        | 32 618    |
| ñ February 2018 (audited) | 11 192                 | -        | 58 897    |
| Gross profit              |                        |          |           |
| ñ August 2018 (unaudited) | 61 839                 | 52 110   | 837 688   |
| ñ August 2017 (unaudited) | 45 065                 | 52 260   | 871 444   |
| ñ February 2018 (audited) | 85 618                 | 101 128  | 1 740 395 |
| EBITDA                    |                        |          |           |
| ñ August 2018 (unaudited) | 3 874                  | 32 112   | 307 422   |
| ñ August 2017 (unaudited) | (12 548)               | 30 549   | 287 986   |
| ñ February 2018 (audited) | (51 824)               | 58 218   | 402 724   |

|  |         |         |           |  |
|--|---------|---------|-----------|--|
| Asset carrying value from continuing operations* |         |         |           |  |
| ñ August 2018 (unaudited)                        | 57 181  | 215 095 | 2 511 965 |  |
| ñ August 2017 (unaudited)                        | 96 486  | 215 125 | 2 984 375 |  |
| ñ February 2018 (audited)                        | 94 961  | 202 951 | 2 711 847 |  |
| Liabilities carrying value**                     |         |         |           |  |
| ñ August 2018 (unaudited)                        | 120 318 | 25 928  | 1 133 761 |  |
| ñ August 2017 (unaudited)                        | 92 755  | 24 334  | 1 068 714 |  |
| ñ February 2018 (audited)                        | 149 030 | 24 650  | 1 133 969 |  |

|  |  |              |           |
|--|--|--------------|-----------|
|  |  | South Africa |           |
|  |  | Central      | Total     |
| Revenue  |  |              |           |
| ñ August 2018 (unaudited)                        |  | 1 024        | 5 066 733 |
| ñ August 2017 (unaudited)                        |  | 8 049        | 4 938 857 |
| ñ February 2018 (audited)                        |  | 16 034       | 9 938 587 |
| Internal revenue                                 |  |              |           |
| ñ August 2018 (unaudited)                        |  | 2 134        | 37 375    |
| ñ August 2017 (unaudited)                        |  | 9 010        | 41 628    |
| ñ February 2018 (audited)                        |  | 20 155       | 79 052    |
| Gross profit                                     |  |              |           |
| ñ August 2018 (unaudited)                        |  | (133)        | 837 555   |
| ñ August 2017 (unaudited)                        |  | 6 070        | 877 514   |
| ñ February 2018 (audited)                        |  | 7 327        | 1 747 722 |
| EBITDA   |  |              |           |
| ñ August 2018 (unaudited)                        |  | (166 058)    | 141 364   |
| ñ August 2017 (unaudited)                        |  | (261 960)    | 26 026    |
| ñ February 2018 (audited)                        |  | (403 264)    | (540)     |
| Asset carrying value from continuing operations* |  |              |           |
| ñ August 2018 (unaudited)                        |  | 680 536      | 3 192 501 |
| ñ August 2017 (unaudited)                        |  | 617 158      | 3 601 533 |
| ñ February 2018 (audited)                        |  | 517 306      | 3 229 153 |
| Liabilities carrying value**                     |  |              |           |
| ñ August 2018 (unaudited)                        |  | 932 890      | 2 066 651 |
| ñ August 2017 (unaudited)                        |  | 1 302 945    | 2 371 659 |
| ñ February 2018 (audited)                        |  | 1 065 596    | 2 199 565 |

|  |           |            |                       |          |
|--|-----------|------------|-----------------------|----------|
|  |           | Australia  |                       |          |
|  |           | Industrial | Professional Services | Subtotal |
| Revenue  |           |            |                       |          |
| ñ August 2018 (unaudited)                        | 889 510   | 2 016 376  | 2 905 886             |          |
| ñ August 2017 (unaudited)                        | 866 181   | 1 945 124  | 2 811 305             |          |
| ñ February 2018 (audited)                        | 1 696 419 | 3 690 385  | 5 386 804             |          |
| Internal revenue                                 |           |            |                       |          |
| ñ August 2018 (unaudited)                        | -         | -          | -                     |          |
| ñ August 2017 (unaudited)                        | -         | -          | -                     |          |
| ñ February 2018 (audited)                        | -         | -          | -                     |          |
| Gross profit                                     |           |            |                       |          |
| ñ August 2018 (unaudited)                        | 84 534    | 157 767    | 242 301               |          |
| ñ August 2017 (unaudited)                        | 84 838    | 173 842    | 258 680               |          |
| ñ February 2018 (audited)                        | 166 318   | 313 721    | 480 039               |          |
| EBITDA   |           |            |                       |          |
| ñ August 2018 (unaudited)                        | 30 483    | 55 213     | 85 696                |          |
| ñ August 2017 (unaudited)                        | 26 953    | 56 419     | 83 372                |          |
| ñ February 2018 (audited)                        | 58 096    | 104 059    | 162 155               |          |
| Asset carrying value from continuing operations* |           |            |                       |          |
| ñ August 2018 (unaudited)                        | 238 925   | 647 093    | 886 018               |          |
| ñ August 2017 (unaudited)                        | 364 794   | 551 562    | 916 356               |          |
| ñ February 2018 (audited)                        | (127 230) | 499 752    | 372 522               |          |
| Liabilities carrying value**                     |           |            |                       |          |
| ñ August 2018 (unaudited)                        | 51 354    | 396 619    | 447 973               |          |
| ñ August 2017 (unaudited)                        | 72 321    | 297 594    | 369 915               |          |
| ñ February 2018 (audited)                        | 42 777    | 307 809    | 350 586               |          |

|  |          |           |            |             |
|--|----------|-----------|------------|-------------|
|  |          | Australia |            |             |
|  |          | Central   | Total      | Total Group |
| Revenue  |          |           |            |             |
| ñ August 2018 (unaudited)                        | -        | 2 905 886 | 7 972 619  |             |
| ñ August 2017 (unaudited)                        | -        | 2 811 305 | 7 750 162  |             |
| ñ February 2018 (audited)                        | -        | 5 386 804 | 15 325 391 |             |
| Internal revenue                                 |          |           |            |             |
| ñ August 2018 (unaudited)                        | -        | -         | 37 375     |             |
| ñ August 2017 (unaudited)                        | -        | -         | 41 628     |             |
| ñ February 2018 (audited)                        | -        | -         | 79 052     |             |
| Gross profit                                     |          |           |            |             |
| ñ August 2018 (unaudited)                        | -        | 242 301   | 1 079 856  |             |
| ñ August 2017 (unaudited)                        | -        | 258 680   | 1 136 194  |             |
| ñ February 2018 (audited)                        | -        | 480 039   | 2 227 761  |             |
| EBITDA   |          |           |            |             |
| ñ August 2018 (unaudited)                        | (14 635) | 71 061    | 212 425    |             |
| ñ August 2017 (unaudited)                        | (14 167) | 69 205    | 95 231     |             |
| ñ February 2018 (audited)                        | (24 996) | 137 159   | 136 619    |             |
| Asset carrying value from continuing operations* |          |           |            |             |
| ñ August 2018 (unaudited)                        | 697 000  | 1 583 018 | 4 775 519  |             |
| ñ August 2017 (unaudited)                        | 664 970  | 1 581 326 | 5 182 859  |             |
| ñ February 2018 (audited)                        | 875 544  | 1 248 066 | 4 477 219  |             |
| Liabilities carrying value**                     |          |           |            |             |

|                           |         |         |           |
|---------------------------|---------|---------|-----------|
| ñ August 2018 (unaudited) | 409 681 | 857 654 | 2 924 305 |
| ñ August 2017 (unaudited) | 434 101 | 804 016 | 3 175 675 |
| ñ February 2018 (audited) | 301 382 | 651 968 | 2 851 533 |

\* Reconciliation of assets carrying value to statement of financial position on 28 February 2018

|   |           |
|---|-----------|
| Assets carrying value per segment report            | 4 477 219 |
| Other financial assets – relating to Capital Africa | 43 145    |
| Total per statement of financial position           | 4 520 364 |

\*\* Reconciliation of liabilities carrying value to statement of financial position on 28 February 2018

|  |           |
|--|-----------|
| Liabilities carrying value per segment report  | 2 851 533 |
| Deferred taxation – relating to Capital Africa | 47 431    |
| Total per statement of financial position      | 2 898 964 |

Notes to the unaudited condensed consolidated interim financial statements for the six months ended 31 August 2018

1. Basis of preparation and significant accounting policies

The Group's unaudited consolidated condensed financial statements (financial results) are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, the requirements of the Companies Act applicable to consolidated condensed financial statements, The interim report is prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. The accounting policies applied in the preparation of the financial results are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the Group's previous consolidated interim and year-end financial statements, except for the adoption of IFRS 15 and IFRS 9.

The Group adopted IFRS 15 as of 1 March 2018, and applied the modified retrospective approach. The implementation of IFRS 15 resulted in revenue and cost of sale being accounted for on a gross basis and not on a net margin basis. The gross numbers are included in revenue and cost of sales as at 31 August 2018. This has no impact on equity in the prior periods and at year-end.

The Group also adopted IFRS 9 as of 1 March 2018. An assessment was done to determine if there should be an adjustment to equity as at 1 March 2018. The difference between IAS 39 and IFRS 9 was immaterial for the Group, therefore no adjustment was made. The bad debt provision for 31 August 2018 is in line with the expected IFRS 9 provision.

The Group will adopt IFRS 16 on the required date. The Group is in the process to assess the impact on the financial statements.

The unaudited condensed interim financial statements for the six months ended 31 August 2018 were compiled under the supervision of CJ Kujenga CA(SA), MBA (Executive), the Group Chief Financial Officer.

2. Auditors' responsibility

These unaudited condensed interim financial results have not been audited nor reviewed by the Group's auditors.

Any forward-looking statement in these results have not been reviewed or reported on by the Group's auditors.

3. Going concern

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

4. Exchange rate

The average AUD/ZAR exchange rate from 1 March 2018 to 31 August 2018, is R9,69 and the closing rate on 31 August 2018 is R10,61 (average 31 August 2017: R10,48 and closing R10,30).

5. Prior period adjustment

During the current period it has come to the Group's attention that the profit from associates were incorrectly classified under discontinued operations as at 31 August 2017, this was corrected at 31 August 2018 and had no impact on the Group's equity since it is a reclassification between discontinued and continuing operations. Since there was no impact on equity, a third balance sheet is not presented.

6. Discontinued operations

The Group took the decision to dispose of its African operations during the previous financial year and, as such, these operations have been disclosed as discontinued.

| Unaudited<br>six months to<br>31 August<br>2018<br>R'000 | Unaudited<br>six months to<br>31 August<br>2017<br>R'000 | Audited<br>year to<br>28 February<br>2018<br>R'000 |
|--|--|--|
|--|--|--|



|  |       |          |           |
|--|-------|----------|-----------|
| Profit and loss  |       |          |           |
| Revenue  | -     | 86 366   | 117 798   |
| Cost of sales  | -     | (69 620) | (91 837)  |
| Gross profit   | -     | 16 746   | 25 961    |
| Other income   | -     | 9 398    | 10 915    |
| Operating expenses   | (351) | (43 421) | (42 260)  |
| Operating loss   | (351) | (17 277) | (5 384)   |
| Net interest   | -     | (9 554)  | -         |
| Impairments  | -     | (65 338) | (75 300)  |
| Net loss before tax  | (351) | (92 169) | (80 684)  |
| Taxation   | -     | (416)    | (59 638)  |
| Net loss after tax   | (351) | (92 585) | (140 322) |
| The impairment relates to fixed assets, debtors, cash, sundry creditors and loans in Africa. |       |          |           |
| Assets and liabilities   |       |          |           |
| Non-current assets held-for-sale   |       |          |           |
| Property and equipment   | -     | 2 206    | -         |
| Intangible assets  | -     | -        | -         |
| Other financial assets   | -     | -        | -         |
| Trade and other receivables  | -     | 62 072   | 10 077    |
| Cash   | -     | 127 050  | -         |
| Tax prepaid  | -     | 5 363    | 357       |
| Total  | -     | 196 691  | 10 434    |
| Non-current liabilities associated with assets classified as held-for-sale                   |       |          |           |
| Trade and other payables   | -     | 40 747   | 11 306    |
| Bank overdraft   | -     | 338      | -         |
| Provisions   | -     | 18 741   | 4 756     |
| Tax payable  | -     | 11 206   | 13 183    |
| Total  | -     | 71 032   | 29 245    |

#### 7. Earnings and headline earnings per share

The calculation of earnings per share is based on profits/(losses) out of:

|   | Unaudited<br>six months to<br>31 August<br>2018<br>R'000 | Unaudited<br>six months to<br>31 August<br>2017<br>R'000 | Audited<br>year to<br>28 February<br>2018<br>R'000 |
|---|--|--|--|
| Continuing operations   | 98 650   | (39 335)   | (422 955)  |
| Discontinued operations   | (351)  | (92 585)   | (140 322)  |
| Weighted average number of shares ñ 000's                               | 108 946  | 109 332  | 108 946  |
| Diluted weighted average number of shares ñ 000's                       | 112 643  | 111 001  | 111 720  |
| Continuing operations (cents)   |  |  |  |
| Basic earnings/(loss) per share   | 90,5   | (36,0)   | (388,2)  |
| Diluted earnings/(loss) per share                                       | 87,6   | (35,4)   | (378,6)  |
| Discontinued operations (cents)   |  |  |  |
| Basic loss per share  | (0,3)  | (84,7)   | (128,8)  |
| Diluted loss per share  | (0,3)  | (83,4)   | (125,6)  |
| Total basic earnings/(loss) per share (cents)                           |  |  |  |
| Basic earnings/(loss) per share   | 90,2   | (120,7)  | (517,0)  |
| Diluted earnings/(loss) per share                                       | 87,3   | (118,8)  | (504,2)  |
| Reconciliation of headline earnings/(loss) from continuing operations   |  |  |  |
| Profit/(loss) for the period/year from continuing operations            | 98 650   | (39 336)   | (422 956)  |
| (Profit)/loss on sale of property and equipment                         | (116)  | 248  | (839)  |
| Taxation recovered/(charged) on the sale of property and equipment      | 32   | (69)   | 235  |
| Impairment of intangible assets, goodwill and bonds                     | -  | 22 528   | 477 797  |
| Profit on the sale of business  | (1 999)  | -  | -  |
| Profit from the sale of associate                                       | -  | -  | (184 960)  |
| Taxation charged on the sale of associate                               | -  | -  | 36 542   |
| Headline earnings/(loss)  | 96 567   | (16 629)   | (94 181)   |
| Headline earnings/(loss) per share ñ cents                              | 88,6   | (15,2)   | (86,4)   |
| Diluted headline earnings/(loss) per share ñ cents                      | 85,7   | (15,0)   | (84,3)   |
| Reconciliation of headline earnings/(loss) from discontinued operations |  |  |  |
| Loss for the period/year from discontinued operations                   | (351)  | (92 585)   | (140 322)  |
| Impairment of intangible  |  |  |  |

|  |         |           |           |
|--|---------|-----------|-----------|
| assets, goodwill and bonds   | -       | 65 388    | 75 300    |
| Headline loss  | (351)   | (27 197)  | (65 022)  |
| Headline loss per share ñ cents                                    | (0,3)   | (24,9)    | (59,7)    |
| Diluted headline loss per share ñ cents                            | (0,3)   | (24,5)    | (58,2)    |
| Reconciliation of headline earnings/(loss) from total operations   |         |           |           |
| Profit/(loss) for the period/year from total operations            | 98 299  | (131 921) | (563 278) |
| (Profit)/loss on sale of property and equipment                    | (116)   | 248       | (839)     |
| Taxation recovered/(charged) on the sale of property and equipment | 32      | (69)      | 235       |
| Impairment of intangible assets, goodwill and bonds                | -       | 87 866    | 553 097   |
| Profit on the sale of business                                     | (1 999) | -         | -         |
| Profit from the sale of associate                                  | -       | -         | (184 960) |
| Taxation charged on the sale of associate                          | -       | -         | 36 542    |
| Headline earnings/(loss)   | 96 216  | (43 876)  | (159 203) |
| Headline earnings/(loss) per share ñ cents                         | 88,3    | (40,1)    | (146,1)   |
| Diluted headline earnings/(loss) per share ñ cents                 | 85,4    | (39,5)    | (142,5)   |

#### 8. Disposal of business

During the period the Group sold one of its subsidiaries in the financial segment. The carrying value of the assets and liabilities disposed of is as follows:

|  | Unaudited<br>six months to<br>31 August<br>2018<br>R'000 |
|--|--|
| Analysis of assets and liabilities disposed of:                              |  |
| Property and equipment   | 2 587  |
| Trade and other receivables  | 2 139  |
| Intangible assets  | 1 195  |
| Goodwill   | 7 444  |
| Trade and other payables   | (2 947)  |
| Deferred taxation  | (117)  |
| Net asset value of subsidiary disposed of                                    | 10 301   |
| Loss on disposal of subsidiary:  |  |
| Net asset value of subsidiary disposed of by a major subsidiary of the Group | 10 301   |
| Proceeds on disposal   | (7 250)  |
|  | 3 051  |

#### 9. Total interest-bearing liabilities of the Group

|  | Unaudited<br>six months to<br>31 August<br>2018<br>R'000 | Unaudited<br>six months to<br>31 August<br>2017<br>R'000 | Audited<br>year to<br>28 February<br>2018<br>R'000 |
|--|--|--|--|
| Net gearing (%)  | 35   | 61   | 54   |
| Net bank balances  | 598 644  | (18 958)   | 348 652  |
| Other non-current liabilities                                  | -  | 1 378  | -  |
| Long-term loans  | 892 985  | -  | 978 196  |
| Long-term loans ñ South Africa                                 | 850 000  | -  | 925 000  |
| Long-term loans ñ Australia                                    | 42 985   | -  | 53 196   |
| Obligations under finance lease                                | 111  | 328  | (280)  |
| Leasehold liabilities  | 13 925   | 16 412   | 14 647   |
| Current portion of interest-bearing liabilities                | 338 046  | 1 273 513  | 228 687  |
| Current portion of interest-bearing liabilities ñ South Africa | -  | 871 486  | -  |
| Current portion of interest-bearing liabilities ñ Australia    | 338 046  | 402 027  | 228 687  |
| Total interest-bearing liabilities                             | 1 245 067  | 1 291 631  | 1 221 250  |
| Total net interest-bearing liabilities                         | 646 423  | 1 310 589  | 872 598  |
| Total long-term debt (%)                                       | 72   | ñ  | 80   |
| Total short-term debt (%)                                      | 28   | 100  | 20   |
| Total  | 100  | 100  | 100  |

#### 10. Financial instruments

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

The following table gives information about how the fair values of these

financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used):

|                        | Unaudited<br>six months to<br>31 August<br>2018<br>R'000 | Unaudited<br>six months to<br>31 August<br>2017<br>R'000 | Audited<br>year to<br>28 February<br>2018<br>R'000 |
|------------------------|--|--|--|
| Investment             | 13 670   | 10 000   | 13 244   |
| Other financial assets | 10 361   | 31 497   | 10 361   |

|                           | Fair value<br>hierarchy | Valuation technique(s)<br>and key inputs                             |
|---------------------------|-------------------------|--|
| Investment                | Level 2                 | Fair value based on insurance payments                               |
| Other financial<br>assets | Level 2                 | Market valuation subject to management<br>assessment for impairments |

#### 11. Property and equipment

During the current period the Group purchased assets of R13,9 million (August 2017: R24,7 million). At 31 August 2018 the Group has no capital commitments to purchase property and equipment.

#### 12. Contingent liabilities and commitments

The bank has guaranteed R5,5 million (August 2017: R5,6 million) on behalf of the Group to creditors. As at balance sheet date the Group has outstanding operating lease commitments totalling R187 million (August 2017: R104,1 million) in non-cancellable property leases.

The nature of the Group's business may result in certain employment cost that is not provided for.

#### 13. Related parties

No other related parties than those disclosed in the segment report were identified.

#### 14. Events after the reporting date

No material transactions or events took place subsequent to the end of the interim financial period and prior to the approval of these unaudited financial statements.

#### 15. Dividends paid

No dividend was paid by the holding company during the period under review. One of the Group's subsidiaries in Australia paid a dividend to its minority shareholders.

#### Corporate information

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##### Non-executive directors

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##### Independent non-executive directors

SN Mabaso-Koyana, P Mnganga, FS Mufamadi, ME Mthunzi, H Singh, MW Spicer (Lead Independent)

##### Company Secretary

Kevin Fihrer

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