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KELLY SPARKLES WITH FIRST ANNUAL RESULTS

Johannesburg, 22 November 2007 - Comprehensive employment and outsourcing services provider the Kelly Group, listed on the JSE in April this year, made the most of buoyant conditions in the employment market to post robust results for the 12 months to September.

Revenue grew by 20.3% over the previous year to just under R2 billion and earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 31% to R128.1 million. Operating profit rose 47% to R114.8 million and the operating margin improved from 4.7% to 5.8% on the back of strong real productivity gains. A dividend of 30 cents per share was declared.

Chief executive Grenville Wilson said all the group's core businesses in South Africa, led by its flagship Kelly brand, had produced outstanding results, growing revenue by 27.6% and EBITDA by 46.9% over the previous year. The permanent placement operations' revenue was up 30.35% and the temporary staffing businesses revenue grew by 27.2%. The group's North American business, while still a major contributor to overall performance, had a drop in EBITDA, mainly as a result of the completion of a big project, but is back on a growth track.

Kelly also had a strong cash generation performance with cash generated from operating activities increasing from R26.4 million to R78.8 million. Cash balances at year end were R103.2 million.

"Over the past three years, Kelly has achieved a compound annual growth in revenue of almost 20% and has improved its operating margin significantly. This improvement is being driven by a strategy which focuses on brand power and customer service, supported by the rationalisation of back office functions, the elimination of market overlaps and substantial efficiency improvements," Wilson said.

"In the year ahead, we will continue to focus on optimising our existing businesses, developing our people, driving efficiencies, keeping costs down and improving our client and candidate acquisition channels. Given the expected continuation of favourable economic conditions, the group should sustain its organic growth momentum, but we also remain on the lookout for further acquisition opportunities."

Kelly has recently acquired specialist financial recruiter Frontline which has strengthened the group's presence in the upper end of the financial placement market. Subsequent to the year-end, Kelly has also acquired the call centre business iChoices, expanding its footprint in the business process outsourcing sector. The iChoices deal is subject to the satisfactory completion of a due diligence by 28 February 2008 and Competition Commission approval.



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