

Workforce Holdings Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 2006/018145/06)  
(JSE Share Code: WKF ISIN: ZAE000087847)  
("Workforce" or "the group")

Audited summarised consolidated results for the year ended 31 December 2014 and notice of annual general meeting

#### HIGHLIGHTS

- \* Revenue increased by 8,6% to R 1,802 billion compared to December 2013,
- \* Headline earnings (HEPS) increased to 26,2 cents per share from 1,6 cents per share in 2013.
- \* Group DSO improved to 42 days from 47 days in December 2013.
- \* Earnings before impairment, depreciation, amortisation, interest and taxation (EBITDA) has increased by R 50 million from R 29 million in 2013 to R 79 million in the current year.

Summarised consolidated statement of financial position  
as at 31 December

|   | Notes | 2014<br>R'000  | 2013<br>R'000  |
|---|-------|----------------|----------------|
| <b>Assets</b>                               |       |                |                |
| Non-current assets                          |       | 109,391        | 97,807         |
| Property, plant and equipment               | 7     | 7,052          | 8,001          |
| Goodwill                                    |       | 41,280         | 41,280         |
| Intangible assets                           | 8     | 23,694         | 20,252         |
| Deferred tax assets                         |       | 35,349         | 26,443         |
| Other financial assets                      |       | 2,016          | 1,831          |
| Current assets                              |       | 453,506        | 434,994        |
| Trade and other receivables                 |       | 440,039        | 418,034        |
| Inventories                                 |       | 3,085          | 2,581          |
| Taxation                                    |       | 38             | 726            |
| Cash and cash equivalents                   | 9     | 10,344         | 13,653         |
| <b>Total assets</b>                         |       | <b>562,897</b> | <b>532,801</b> |
| <b>Equity and liabilities</b>               |       |                |                |
| Equity                                      |       | 272,313        | 212,561        |
| Equity attributable to owners of the parent |       | 272,685        | 212,747        |
| Share capital and premium                   |       | 236,867        | 236,867        |
| Treasury shares                             |       | (7,616)        | (7,616)        |
| Reverse acquisition reserve                 |       | (125,499)      | (125,499)      |
| Available for sale reserve                  |       | (231)          | (416)          |
| Equity-settled employee benefits reserve    |       | 898            | 355            |
| Retained earnings                           |       | 168,264        | 109,056        |

|                              |   |         |         |
|------------------------------|---|---------|---------|
| Non-controlling interests    |   | (371)   | (186)   |
| Non-current liabilities      |   | 14,233  | 14,736  |
| Financial liabilities        |   | 8,822   | 8,970   |
| Deferred tax liabilities     |   | 5,411   | 5,766   |
| Current liabilities          |   | 276,351 | 305,504 |
| Trade and other payables     |   | 84,117  | 100,228 |
| Financial liabilities        |   | 192,210 | 204,578 |
| Taxation                     |   | -       | 693     |
| Bank overdraft               | 9 | 24      | 5       |
| Total equity and liabilities |   | 562,897 | 532,801 |

## Financial statements

### Summarised consolidated statement of comprehensive income for the year ended 31 December

|  | Notes | 2014<br>R' 000 | 2013<br>R' 000 |
|--|-------|----------------|----------------|
| Continuing operations  |       |                |                |
| Revenue  |       | 1,801,895      | 1,658,802      |
| Cost of sales  |       | (1,403,346)    | (1,324,299)    |
| Gross profit   |       | 398,549        | 334,503        |
| Other income   |       | 927            | -              |
| Operating costs  |       | (319,708)      | (304,949)      |
| Earnings before impairment,<br>depreciation, amortisation, interest and<br>taxation (EBITDA)                   |       | 79,768         | 29,554         |
| Depreciation and amortisation of non-<br>financial assets  |       | (10,501)       | (8,844)        |
| Operating profit   |       | 69,267         | 20,710         |
| Finance income   |       | 148            | 3,233          |
| Finance costs  |       | (18,194)       | (15,831)       |
| Profit before taxation   |       | 51,221         | 8,112          |
| Taxation credit  |       | 8,313          | 3,817          |
| Profit for the year from continuing<br>operations  |       | 59,534         | 11,929         |
| Loss from discontinued operations  |       | -              | (8,297)        |
| Profit for the period  |       | 59,534         | 3,632          |
| Other comprehensive income for the year,<br>net of tax:  |       | 185            | (185)          |
| Fair value loss on available-for-sale<br>financial assets to be reclassified<br>subsequently to profit or loss |       | 185            | (185)          |
| Total comprehensive income for the year  |       | 59,719         | 3,447          |
| Profit for the year attributable to:   |       |                |                |

|   |    |        |       |
|---|----|--------|-------|
| Owners of the parent                        |    | 59,209 | 3,519 |
| Non-controlling interests                   |    | 325    | 113   |
|   |    | 59,534 | 3,632 |
| Total comprehensive income attributable to: |    |        |       |
| Owners of the parent                        |    | 59,394 | 3,334 |
| Non-controlling interests                   |    | 325    | 113   |
|   |    | 59,719 | 3,447 |
| Earnings per share (cents per share)        |    |        |       |
| Basic and fully diluted                     | 10 | 26.2   | 1.6   |

#### Financial statements

Summarised consolidated statement of changes in equity  
for the year ended 31 December

|   | Attributable to owners of the parent |                                       |                           |                                      |
|---|--------------------------------------|---------------------------------------|---------------------------|--------------------------------------|
|   | Share capital and premium<br>R' 000  | Reverse Acquisition Reserve<br>R' 000 | Treasury shares<br>R' 000 | Available-for-sale-reserve<br>R' 000 |
| Balance at 1 January 2013               | 236,867                              | (125,499)                             | (7,616)                   | (231)                                |
| Payment of dividends                    | -                                    | -                                     | -                         | -                                    |
| Recognition of share-based payments     | -                                    | -                                     | -                         | -                                    |
| Total comprehensive income for the year | -                                    | -                                     | -                         | (185)                                |
| Balance at 1 January 2014               | 236,867                              | (125,499)                             | (7,616)                   | (416)                                |
| Payment of dividends                    | -                                    | -                                     | -                         | -                                    |
| Recognition of share-based payments     | -                                    | -                                     | -                         | -                                    |
| Total comprehensive income for the year | -                                    | -                                     | -                         | 185                                  |
| Balance at 31 December 2014             | 236,867                              | (125,499)                             | (7,616)                   | (231)                                |

|  | Attributable to owners of the<br>parent |   |                 |  |                           |
|--|---|---|-----------------|--|---------------------------|
|  | Retained<br>earnings<br>R' 000          | Equity-<br>settled<br>employee<br>benefits<br>reserve<br>R' 000 | Total<br>R' 000 | Non-<br>Controlling<br>Interests<br>R' 000 | Total<br>equity<br>R' 000 |
| Balance at 1<br>January 2013                     | 105,537                                 | 47  | 209,105         | 251  | 209,356                   |
| Payment of<br>dividends                          | -                                       | -   | -               | (550)                                      | (550)                     |
| Recognition of<br>share-based<br>payments        | -                                       | 308   | 308             | -  | 308                       |
| Total<br>comprehensive<br>income for the<br>year | 3,519                                   | -   | 3,334           | 113  | 3,447                     |
| Balance at 1<br>January 2014                     | 109,056                                 | 356   | 212,747         | (186)                                      | 212,561                   |
| Payment of<br>dividends                          | -                                       | -   | -               | (510)                                      | (510)                     |
| Recognition of<br>share-based<br>payments        | -                                       | 543   | 543             | -  | 543                       |
| Total<br>comprehensive<br>income for the<br>year | 59,209                                  | -   | 59,394          | 325  | 59,719                    |
| Balance at 31<br>December 2014                   | 168,265                                 | 898   | 272,684         | (371)                                      | 272,313                   |

Financial statements  
Summarised consolidated statement of cash flows  
for the year ended 31 December

|   |       | 2014     | 2013     |
|---|-------|----------|----------|
|   | Notes | R'000    | R'000    |
| Cash generated from operations before net working capital changes |       | 58,751   | 6,254    |
| Cash generated from operations                                    | 11.1  | 77,750   | 18,554   |
| Finance income  |       | 148      | 3,233    |
| Finance costs   |       | (18,194) | (15,831) |
| Taxation (paid)/received  | 11.2  | (953)    | 298      |
| (Decrease)/increase in net working capital                        | 11.3  | (38,620) | 10,492   |
| Cash flows from operating activities                              |       | 20,131   | 16,438   |
| Cash flows from investing activities                              |       | (10,432) | (12,831) |
| Property, plant and equipment acquired                            |       |          |          |
| - maintaining operations  | 7     | (2,802)  | (4,329)  |
| - expanding operations  | 7     | -        | (55)     |
| Proceeds on disposal of property, plant and equipment             |       | 586      | 147      |
| Intangible assets acquired- maintaining operations                | 8     | (7,166)  | (8,194)  |
| Net cashflow on acquisition of business combination               |       | (1,050)  | -        |
| Acquisition of other financial assets                             |       | -        | (400)    |
| Cash flows from financing activities                              |       | (13,026) | (4,019)  |
| Repayment of borrowings   |       | (12,516) | (3,469)  |
| Dividends paid to shareholder in subsidiary                       |       | (510)    | (550)    |
| Net change in cash and cash equivalents                           |       | (3,328)  | (412)    |
| Cash and cash equivalents at the beginning of the year            |       | 13,648   | 14,060   |
| Cash and cash equivalents at the end of the year                  | 11.4  | 10,320   | 13,648   |

## Financial statements

Notes to the summarised consolidated financial statements  
for the year ended 31 December 2014

### 1. Nature of operations and general information

Workforce Holdings Limited is a holding company. Its subsidiaries carry on the business of staff outsourcing, recruitment and specialist staffing, training and consulting, process outsourcing, employee health management and financial and lifestyle products.

### 2. Basis of preparation and significant accounting policies

This report is extracted from audited information, but is not itself audited. The board of directors of Workforce takes full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying annual financial statements. The audited underlying group financial statements are available for inspection at the company's registered office. The summarised consolidated financial statements have been prepared in accordance with the JSE Limited's Listing Requirements for annual financial statements, International Accounting Standard (IAS) 34, Annual Financial Reporting and the South African Companies Act, No 71 of 2008, as well as the SAICA Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The summarised annual financial statements for the 12 months ended 31 December 2014 were compiled under the supervision of W van Wyk, the Group Financial Director. The summarised consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and have been applied consistently with the accounting policies applied in the Annual Financial Statements for the year ended 31 December 2013.

### 3. Audit Opinion

The consolidated results for the year ended 31 December 2014 have been audited by the Group's auditors, Horwath Leveton Boner, and their unqualified audit report is available for inspection at the registered office of the Group.

### 4. Directorate

There have been no changes to the board during the period under review, up to and including the date of this report.

## 5. Posting of integrated annual report and notice of annual general meeting

The integrated annual report for the year ended 31 December 2014 will be despatched to shareholders on 31 March 2015.

Notice is hereby given that the annual general meeting of shareholders of Workforce will be held at 11:00 on Tuesday 5 May 2015 at 11 Wellington Street, Parktown, Johannesburg, 2193 to transact the business stated in the notice of the annual general meeting, which is contained in the integrated annual report.

The board of directors of the Company determined that, in terms of section 62 (3) (a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended, the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the annual general meeting is Friday, 24 April 2015. Accordingly, the last day to trade in Workforce shares in order to be recorded in the Register to be entitled to vote at the general meeting will be Friday, 17 April 2015.

## 6. Events after reporting date

No material events occurred between the reporting date and the date of approval of these summarised financial statements.

## 7. Property, plant and equipment

|                        | 2014   |                          |                |
|------------------------|--------|--------------------------|----------------|
|                        | Cost   | Accumulated depreciation | Carrying value |
|                        | R'000  | R'000                    | R'000          |
| Motor vehicles         | 6,944  | (4,839)                  | 2,105          |
| Computer equipment     | 18,958 | (17,093)                 | 1,865          |
| Industrial equipment   | 2,700  | (2,237)                  | 463            |
| Office equipment       | 11,453 | (10,190)                 | 1,263          |
| Leasehold improvements | 1,187  | (960)                    | 227            |
| Training manuals       | 6,605  | (5,476)                  | 1,129          |
|                        | 47,847 | (40,795)                 | 7,052          |

|                        |        | 2013         |          |
|------------------------|--------|--------------|----------|
|                        | Cost   | Accumulated  | Carrying |
|                        | R' 000 | depreciation | value    |
|                        | R' 000 | R' 000       | R' 000   |
| Motor vehicles         | 6,644  | (4,257)      | 2,387    |
| Computer equipment     | 17,701 | (15,901)     | 1,800    |
| Industrial equipment   | 2,328  | (2,094)      | 234      |
| Office equipment       | 11,264 | (9,467)      | 1,797    |
| Leasehold improvements | 1,162  | (824)        | 338      |
| Training manuals       | 6,386  | (4,941)      | 1,445    |
|                        | 45,485 | (37,484)     | 8,001    |

The carrying value of property, plant and equipment can be reconciled as follows:

|                             | Motor<br>vehicles | Computer<br>equipment | Industrial<br>equipment | Office<br>equipment |
|-----------------------------|-------------------|-----------------------|-------------------------|---------------------|
|                             | R' 000            | R' 000                | R' 000                  | R' 000              |
| Carrying value at 1 January |                   |                       |                         |                     |
| 2013                        | 1,101             | 2,364                 | 133                     | 2,118               |
| Additions                   | 2,235             | 858                   | 180                     | 478                 |
| Disposals                   | (109)             | (11)                  | -                       | (59)                |
| Depreciation                | (840)             | (1,411)               | (79)                    | (740)               |
| Carrying value at 31        |                   |                       |                         |                     |
| December 2013               | 2,387             | 1,800                 | 234                     | 1,797               |
| Additions                   | 714               | 1,283                 | 372                     | 189                 |
| Disposals                   | (1)               | -                     | -                       | -                   |
| Depreciation                | (995)             | (1,218)               | (413)                   | (723)               |
| Carrying value at 31        |                   |                       |                         |                     |
| December 2014               | 2,105             | 1,865                 | 463                     | 1,263               |



|                                       | Leasehold<br>improvements | Training<br>manuals | Total   |
|---------------------------------------|---------------------------|---------------------|---------|
|                                       | R' 000                    | R' 000              | R' 000  |
| Carrying value at 1 January 2013      | 377                       | 1,564               | 7,657   |
| Additions                             | 85                        | 548                 | 4,384   |
| Disposals                             | -                         | -                   | (179)   |
| Depreciation                          | (124)                     | (667)               | (3,861) |
| Carrying value at 31 December<br>2013 | 338                       | 1,445               | 8,001   |
| Additions                             | 24                        | 220                 | 2,802   |
| Disposals                             | -                         | -                   | (1)     |
| Depreciation                          | (135)                     | (536)               | (3,750) |
| Carrying value at 31 December<br>2014 | 227                       | 1,129               | 7,052   |

All depreciation charges are included in 'Depreciation and amortisation of non-financial assets' in the statement of comprehensive income. No property, plant and equipment have been impaired during the year (2013: Nil)

#### 8. Intangible assets

|                   | 2014   |                             |                   |
|-------------------|--------|-----------------------------|-------------------|
|                   | Cost   | Accumulated<br>amortisation | Carrying<br>value |
|                   | R' 000 | R' 000                      | R' 000            |
| Computer software | 44,467 | (26,170)                    | 18,297            |
| Brands            | 3,209  | (339)                       | 2,870             |
| Work in progress  | 2,527  | -                           | 2,527             |
|                   | 50,203 | (26,509)                    | 23,694            |
|                   | 2013   |                             |                   |
|                   | Cost   | Accumulated<br>amortisation | Carrying<br>value |
|                   | R' 000 | R' 000                      | R' 000            |
| Computer software | 39,828 | (19,732)                    | 20,096            |
| Brands            | 182    | (26)                        | 156               |
| Work in progress  | -      | -                           | -                 |
|                   | 40,010 | (19,758)                    | 20,252            |

The carrying amounts of intangible assets can be reconciled as follows:

|                             | Work in<br>progress<br>R'000 | Brand<br>R'000 | Computer<br>software<br>R'000 | Total<br>R'000 |
|-----------------------------|------------------------------|----------------|-------------------------------|----------------|
| Carrying value at 1 January |                              |                |                               |                |
| 2013                        | -                            | -              | 17,224                        | 17,224         |
| Additions                   | -                            | 182            | 8,012                         | 8,194          |
| Amortisation                | -                            | (26)           | (5,140)                       | (5,166)        |
| Carrying value at 31        |                              |                |                               |                |
| December 2013               | -                            | 156            | 20,096                        | 20,252         |
| Additions                   | 2,527                        | -              | 4,639                         | 7,166          |
| Acquired through business   |                              |                |                               |                |
| combinations                | -                            | 3,027          | -                             | 3,027          |
| Amortisation                | -                            | (313)          | (6,438)                       | (6,751)        |
| Carrying value at 31        |                              |                |                               |                |
| December 2014               | 2,527                        | 2,870          | 18,297                        | 23,694         |

The above amortisation expense is included in 'Depreciation and amortisation of non-financial assets' in the statement of comprehensive income. No intangible assets have been impaired during the year (2013: Nil). Computer software is mostly internally generated.

A 100% interest in Nursing Emergencies was acquired on 1 October 2014, in order to give the group's nursing business a foothold in Johannesburg. The brand acquired was valued at R3 027 408 which resulted in the group realising a gain on bargain purchase price of R 927 408 after taking into consideration the purchase price of R2 100 000.

The group has no further contractual commitments to acquire intangible assets at reporting date.

#### 9. Cash and cash equivalents

Cash and cash equivalents include the following components:

|                          | 2014<br>R'000 | 2013<br>R'000 |
|--------------------------|---------------|---------------|
| Cash at bank and in hand | 9,964         | 13,364        |
| Short-term deposits      | 380           | 289           |
|                          | 10,344        | 13,653        |

The carrying value of cash and cash equivalents is considered a reasonable approximation of fair value.

## 10. Earnings per share

### Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

|  | 2014    | 2013    |
|--|---------|---------|
| Profit attributable to equity shareholders of the parent Company (R'000) | 59,209  | 3,519   |
| Weighted average number of ordinary shares in issue ('000)               | 225,630 | 225,630 |
| Basic earnings per share (cents)   | 25.8    | 1.6     |

### Diluted earnings per share

There are no potential dilutive shares therefore diluted earnings per share equates to basic earnings per share.

### Headline earnings per share

The earnings used in the calculation of headline earnings per share are as follows:

|  | 2014    | 2013    |
|--|---------|---------|
| Profit attributable to equity shareholders of the parent Company (R'000) | 59,209  | 3,519   |
| Headline earnings adjustment (R'000)                                     | (1,088) | 24      |
| (Gain)/loss on disposal of property, plant and equipment                 | (584)   | 33      |
| Gain on bargain purchase   | (927)   | -       |
| Tax effects of adjustments   | 423     | (9)     |
| Total headline earnings (R'000)  | 58,121  | 3,543   |
| Weighted average number of shares in issue ('000)                        | 225,630 | 225,630 |
| Headline earnings per share (cents)                                      | 25.8    | 1.6     |

## Headline earnings per share from continuing operations

The earnings used in the calculation of headline earnings per share from continuing operations are as follows:

|  | 2014    | 2013    |
|--|---------|---------|
| Headline earnings (R'000)                                      | 58,121  | 3,543   |
| - Loss from discontinued operations                            | -       | 8,297   |
| Total headline earnings (R'000)                                | 58,121  | 11,840  |
| Weighted average number of shares in issue ('000)              | 225,630 | 225,630 |
| Headline earnings per share from continuing operations (cents) | 25.8    | 5.2     |

## 11. Notes to the statement of cash flows

### 11.1 Cash generated from operations

|  | 2014    | 2013     |
|--|---------|----------|
|  | R'000   | R'000    |
| Profit before taxation                                   | 51,221  | 8,112    |
| Interest and dividend income                             | (148)   | (3,233)  |
| Finance costs  | 18,194  | 15,831   |
| Loss from discontinued operations                        | -       | (11,523) |
| Adjusted for non-cash items:                             |         |          |
| (Gain)/loss on disposal of property, plant and equipment | (584)   | 33       |
| Depreciation and amortisation of non-financial assets    | 10,501  | 9,026    |
| Equity-settled share-based payments                      | 543     | 308      |
| Gain on bargain purchase                                 | (927)   | -        |
| Increase in contingent consideration payment             | (1,050) | -        |
|  | 77,750  | 18,554   |

### 11.2 Taxation (paid)/received

|                              | 2014    | 2013    |
|------------------------------|---------|---------|
|                              | R'000   | R'000   |
| Charged to profit or loss    | 8,313   | 3,817   |
| Adjusted for deferred tax    | (9,261) | (4,444) |
| Movement in taxation balance | (5)     | 925     |
|                              | (953)   | 298     |

### 11.3 Working capital changes

|                                       | 2014     | 2013     |
|---------------------------------------|----------|----------|
|                                       | R'000    | R'000    |
| Change in trade and other receivables | (22,005) | (17,773) |
| Change in inventories                 | (504)    | 617      |
| Change in trade and other payables    | (16,111) | 27,648   |
|                                       | (38,620) | 10,492   |

### 11.4 Cash and cash equivalents

|                        | 2014   | 2013   |
|------------------------|--------|--------|
|                        | R'000  | R'000  |
| Bank and cash balances | 10,344 | 13,653 |
| Bank overdraft         | (24)   | (5)    |
|                        | 10,320 | 13,648 |

### 12. Segment reporting

The group's segmental analysis is based on the following five core business segments:

- Staffing and Recruitment comprises staff outsourcing which provides human resources to clients on both a short- and long-term basis, recruitment and specialist staffing, which includes permanent and temporary placements, ad-response handling, executive search, call centre staffing and importing and exporting of skills.
- Training and Consulting, is a registered training provider focused on delivering industry and job-specific skills assessments and training interventions to business and their employees across all industry sectors. Our training programmes are aligned with SAQA (South African Qualifications Authority) and accredited with SETA Quality Assurance departments.
- Financial and Lifestyle Products, which offers a range of lifestyle products and support services to employees.
- Employee Health Management, which offers a comprehensive range of occupational and primary health management services.
- Process Outsourcing, which focusses on delivering productive and functional business process outsourcing solutions, including the statutory and legal elements associated therewith.

Segment information can be analysed as follows for the reporting periods under review:

|  | Staffing<br>and<br>Recruitment<br>R' 000 | Training<br>and<br>Consulting<br>R' 000 | Financial<br>and<br>Lifestyle<br>Products<br>R' 000 | Employee<br>Health<br>Management<br>R' 000 |
|--|--|---|---|--|
| 2014   |  |   |   |  |
| Segment revenues   | 1,570,885                                | 32,893                                  | 59,835  | 26,096                                     |
| Inter segment revenue  | 338                                      | 6,512                                   | -   | 830  |
| Cost of sales  | (1,247,702)                              | (17,946)                                | (18,257)  | (10,412)                                   |
| Operating costs  | (196,113)                                | (19,382)                                | (33,578)  | (13,972)                                   |
| Other Income   | 927                                      | -                                       | -   | -  |
| EBITDA   | 128,335                                  | 2,077                                   | 8,000   | 2,542                                      |
| Depreciation and<br>amortisation of non-<br>financial assets | (2,210)                                  | (827)                                   | (2,975)   | (325)                                      |
| Segment operating profit                                     | 126,125                                  | 1,250                                   | 6,571   | 2,217                                      |
| Capital Expenditure  | 9,686                                    | 367                                     | 774   | 488  |
| Segment Total Assets   | 255,465                                  | 8,721                                   | 145,595   | 7,411                                      |
| Segment Total<br>Liabilities                                 | (35,410)                                 | (14,666)                                | (149,723)   | (6,685)                                    |
| Net Segment Assets   | 220,056                                  | (5,945)                                 | (4,128)   | 726  |
| 2013   | R' 000                                   | R' 000                                  | R' 000  | R' 000                                     |
| Segment revenues   | 1,499,845                                | 26,798                                  | 55,983  | 24,019                                     |
| Inter segment revenue  | 36                                       | 6,454                                   | -   | 1,095                                      |
| Cost of sales  | (1,239,184)                              | (14,038)                                | (13,984)  | (9,551)                                    |
| Operating costs  | (198,625)                                | (16,284)                                | (29,444)  | (13,529)                                   |
| EBITDA   | 62,072                                   | 2,930                                   | 12,555  | 2,034                                      |
| Depreciation and<br>amortisation of non-<br>financial assets | (1,885)                                  | (931)                                   | (2,285)   | (191)                                      |
| Segment operating profit                                     | 60,187                                   | 1,999                                   | 10,270  | 1,843                                      |
| Capital Expenditure  | 4,067                                    | 936                                     | 3,284   | 325  |
| Segment Total Assets   | 277,613                                  | 3,088                                   | 121,734   | 5,978                                      |
| Segment Total<br>Liabilities                                 | (66,565)                                 | (7,152)                                 | (119,492)   | (5,700)                                    |
| Net Segment Assets   | 211,048                                  | (4,064)                                 | 2,242   | 278  |

| 2014   | Process<br>Outsourcing<br>R' 000 | Central<br>cost<br>R' 000 | Consolidation<br>entries<br>R' 000 | Total<br>R' 000 |
|--|----------------------------------|---------------------------|------------------------------------|-----------------|
| Segment revenues   | 112,186                          | -                         | -                                  | 1,801,895       |
| Inter segment<br>revenue                                     | -                                | -                         | (7,680)                            | -               |
| Cost of sales  | (109,029)                        | -                         | -                                  | (1,403,346)     |
| Operating costs  | (5,842)                          | (58,501)                  | 7,680                              | (319,708)       |
| Other Income   | -                                | -                         | -                                  | 927             |
| EBITDA   | (2,685)                          | (58,501)                  | -                                  | 79,768          |
| Depreciation and<br>amortisation of non-<br>financial assets | (96)                             | (4,068)                   | -                                  | (10,501)        |
| Segment operating<br>profit                                  | (2,781)                          | (62,569)                  | -                                  | 69,267          |
| Capital Expenditure  | 12                               | 1,668                     | -                                  | 12,995          |
| Segment Total Assets   | 18,536                           | 127,169                   | -                                  | 562,897         |
| Segment Total<br>Liabilities                                 | (18,895)                         | (65,205)                  | -                                  | (290,583)       |
| Net Segment Assets   | (359)                            | 61,964                    | -                                  | 272,314         |
| 2013   |                                  |                           |                                    |                 |
| Segment revenues   | 52,157                           | -                         | -                                  | 1,658,802       |
| Inter segment<br>revenue                                     | -                                | -                         | (7,585)                            | -               |
| Cost of sales  | (47,542)                         | -                         | -                                  | (1,324,299)     |
| Operating costs  | (3,174)                          | (51,478)                  | 7,585                              | (304,949)       |
| EBITDA   | 1,441                            | (51,478)                  | -                                  | 29,554          |
| Depreciation and<br>amortisation of non-<br>financial assets | (77)                             | (3,475)                   | -                                  | (8,844)         |
| Segment operating<br>profit                                  | 1,364                            | (54,953)                  | -                                  | 20,710          |
| Capital Expenditure  | 306                              | 3,659                     | -                                  | 12,577          |
| Segment Total Assets   | 8,292                            | 116,096                   | -                                  | 532,801         |
| Segment Total<br>Liabilities                                 | (8,390)                          | (113,296)                 | -                                  | (320,595)       |
| Net Segment Assets   | (98)                             | 2,800                     | -                                  | 212,206         |

### 13. Group net asset value per share (cents per share)

The net asset value per share and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

|  | 2014    | 2013    |
|--|---------|---------|
| Group net asset value (R'000)                              | 272,683 | 212,392 |
| Weighted average number of ordinary shares in issue ('000) | 225,630 | 225,630 |
| Net asset value per share (cents)                          | 121     | 94      |

## CEO Report

### Operating environment

The economic environment in which Workforce group has traded during 2014 presented itself with multiple challenges, which are not unique to Workforce. Slower than expected growth in the South African economy as a result of slower government infrastructure spend and substantial levels of labour instability that culminated in the longest platinum strike in the history of South Africa, has compounded the impacts and effects on industry.

Instability in the regulatory environment with specific reference to the Labour Relations Amendment Act, Employment Equity Amendment Act, and the B-BBEE codes of good practice have also impacted business confidence and the timing of decisions. Rising unemployment rates specifically within our youth, driven by an inadequate education system is presenting both challenges and opportunities. The group has responded well to these challenges by identifying control measures to manage risk and by identifying opportunities for the group's various business units.

The ongoing debates around labour legislation seems to have been settled at the time of writing this report, with the Labour Relations Amendment Act, 2014 gazetted on 1 January 2015, and requiring businesses to comply as from the beginning of April 2015. We have continued, over the past two years, to invest in product and service innovation in order to protect our existing markets and to ensure growth into new markets.

Our agility and our ability as a business to rapidly respond to market environmental changes in a productive and a cost efficient way, is of primary importance to us and we continue to develop scenarios based on various market forces and risks to ensure that our business model is agile enough to respond to these various market forces so as not to impact the business in any negative way.



As part of our management process it is critical for us to identify our material risks, the impact of these on our business and our control strategies. Liquidity and our ability to generate sufficient cash flows within the business to ensure continued operation and our growth, remains one of our major areas of management. This is being managed through a control strategy of developing and maintaining sustainable funder relationships and managing our businesses for profitability and cash generation. This is measured through specific targets for debt-to-equity and reduction in our debtors days outstanding.

Technology is the cornerstone of our business and our ability to develop, roll-out and remain relevant in respect of our client's requirements and their developing needs is critical to us. Our technology systems and processes are managed through our IT steering committee which is tasked with the ongoing development of our strategy and the execution thereof.

#### Financial performance

The overall financial performance of the group at a consolidated level reflects a turnover of R1.8 billion (2013: R1.66 billion) which is an increase of 8.6%. Gross margins improved to 22% from 20%. Operating expenses remained relatively constant with an increase of 5% over this period to R320 million. EBITDA increased to R79,8 million.

The group's performance overall mirrors the challenges and opportunities presented during the year. Consolidated profitability has increased. Earnings per share increased to 26.2 cents (2013: 1.6 cents). Cash conversion is still not where management would like it - however group days sales outstanding (DSO) has reduced further to 42 days (47 days 2013).

The government's recently introduced Employment Tax Incentive (ETI) Programme, which incentivises companies for the employment of youth in new projects, has benefitted the group financially. The group continues to benefit from reduced taxation as a consequence of its roll out of learnerships, resulting in a net taxation credit of R7.9 million.

#### Operations

Workforce group creates and adds value through the transformation of certain inputs via activities and through an operational structure which comprises of five main segments namely, staffing and recruitment; process outsourcing; training and consulting; employee health management; and financial and lifestyle products. This structure is aligned to respond to

the various challenges and opportunities that exist within our core markets.

We believe that our business model is a robust business model, and we are able to deliver on our business model through our various brands; we also believe our value proposition is a compelling value proposition that will ensure and deliver sustainable positive returns for our stakeholders.

#### Staffing and recruitment

Staff outsourcing speaks directly to our ability to facilitate job creation and provide our clients and our assignees with value in respect of productivity for our clients and the opportunity for our assignees to earn a decent wage for the work that is being carried out. Recruiting the right level of skill and the continued focus on scarcity of skills and the sourcing of those skills, remains a major challenge for most industries in South Africa and our various niche focused brands included in the recruitment segment are able to deliver on our client's requirements in respect to this.

Our scope of services in respect of staffing and recruitment incorporates our ability to provide flexible staffing accompanied by tailored staff outsourcing solutions or access to a wide range of temporary, contract or permanent staff across various skills levels.

We currently manage in excess of 33,000 assignees on average on a daily basis, this is managed across a client base extending nationally to 3500 clients and which incorporates SMME's and corporate clients. The operational delivery of these solutions takes place through multiple branches; we currently have a footprint of approximately 100 branches located throughout South Africa and are in the process of establishing a footprint in sub-Saharan Africa specifically in the areas of Mozambique and Botswana.

The much debated legislation, specifically Labour Relations Amendment Act; Employment Services Act and Employment Equity Act, which have all recently been gazetted, most definitely did pose our staff outsourcing business with a challenge of continuing to provide our clients with a value proposition around staff flexibility. We have continued, over the past two years, to invest in product and service innovation in order to protect our existing markets and to ensure growth into new markets. This entailed the re-development of systems and processes and the review of contracts that would enable our clients to be able to access our services, while the roll-out of these solutions to clients began in all earnest in the third quarter of 2014. We are pleased to report that the major portion of our

client-base has adopted our new solutions; however we do believe there could be a drop off in some segments as businesses decide to 'permatise' portions of their labour. Having said this, market share in respect of labour outsourcing still has substantial room for growth and we do expect, given our very aggressive sales strategy, to make up any of these losses.

Executive level and senior management level skills are in short supply - executive talent search is on the increase and this involves and incorporates recruitment process outsourcing, and managed service offerings which effectively provide our clients with the ability to access scarce skills utilising technology and systems and is something that we are actively developing.

During the year under review Workforce acquired a small nursing agency called Nursing Emergencies with a footprint in the greater Gauteng region. This small transaction was concluded in October 2014 and we expect that this brand will assist us in extending our footprint into the health professions and nursing markets.

The consolidated financial review for the staffing and recruitment segment reflects an increase in turnover to R1,57 billion (2013: R1,50 billion) which represents an increase in percentage terms of 4.7%. The major contributor towards this increase came from the blue-collar brand of Workforce Staffing, with the white collar brands of Only the Best, Teleresources and Fempower contributing towards this.

Gross margins across this segment, if one excludes the effect of the employment tax incentive (ETI), remained relatively constant at 18%. Operating expenses as a percentage of sales were in line with our target for this segment coming in at 12.5 % and our overall contribution and earnings at an EBITDA level was R128 million.

#### Process outsourcing

Clients are demanding more specialised processes and models for the management of their staffing and resourcing requirements. This is a growing trend internationally as we see clients' human resources and operations becoming more mature in the value chain. Business process outsourcing and management outsourcing see the provider taking on more risk and responsibility for processes and the resultant outputs.

Our brand Programmed Process Outsourcing, which seeks to deliver outsourced solutions for our clients that incorporate labour, management, processes and systems, has established itself in respect of its team and has successfully secured some major contracts in this space, with representation across our major markets throughout the country. It is

envisaged that Programmed Process Outsourcing will gain a lot more traction as the market matures towards these models of outsourcing and with the necessary investment of time and resources, will become a bigger part of our business in 2015 and 2016.

Programmed Process Outsourcing made a marginal contribution towards profitability in 2014; however its turnover contribution indicated that there definitely is value within this market. A process of education of the market is required and we believe this will yield results into the future.

Turnover for the Programmed Process Outsourcing business increased to R112 million (2013: R52 million) which contributed R715 000 to profitability. The segment was however pushed into a loss of R2.7 million by bad debts written off in the discontinued Programmed Construction business, and losses in the Workforce Payroll business, which was subsequently sold.

#### Training and consulting

The group continued to play an intrinsic role in respect of skills development; we hosted more than 1000 learnerships and over 200 internships both internally and within our client-base during 2014. Our ability to deliver on these learnerships and internships has been proven and we will continue to strive for 100% successful exit rates.

Skills development and training are a core challenge for our country. We are required to develop capability in our people so as to ensure they are sufficiently qualified in order to add value to the economy. The skills gap within the artisan category of work is critical - and it is therein that opportunities exist for small and medium business creation.

Our specialist training brand Training Force has over the past few years built a capability to deliver on this challenge and take advantage of the opportunity at large. We have been successful in obtaining various accreditations and qualifications across multiple SETA's. To date we have training operations in all the major centres across South Africa and have more recently conducted training for clients in Mozambique and Ghana.

In our view the demand for specialist and professional training will continue and increase substantially and hence our investment in creating capacity within this business will continue. Management's time and efforts during 2014 has been on consolidating a solid foundation for growth. As a result thereof our focus on growing this business is substantial and we believe there exists opportunities for us to grow both on an organic basis as well as from an acquisition stand point.

The training division's turnover amounted to R39.4 million (2013: R33.2 million). Gross margins reduced to 54% (2013: 72%), whilst operating expenses increased by 19%, resulting in an operating profit of R1.3 million (2013: R2.0 million).

#### Employee health management

Businesses are obligated to provide occupational healthcare to their employees to prevent the risk of liability and to avoid the implications of non-compliance to the Occupational Health and Safety Act. The group's employee health management division, Workforce Healthcare, offers a comprehensive range of on-site and off-site primary and occupational healthcare services structured in such a way that clients can select the healthcare elements they need.

Workforce Healthcare's DNA Wellness brand enables a specialist approach to employee health management as it incorporates a physical and psycho-social focus into its employee assistance and wellness programmes. This includes, a 24 hour call centre with counselling and case management; face-to-face counselling; education programmes; HIV/Aids management; substance abuse management, counselling, support and referrals; state-hospital admissions and emergency assistance programme.

More and more companies are recognising the impact that employee wellness has on their business. It has been proven that employee health management programmes not only reduces absenteeism, but also improves productivity and the quality of life of employees.

This division's turnover amounted to R26.9 million (2013: R25.1 million). Gross margins remained constant at 61% (2013: 62%), whilst operating expenses increased marginally by 3.3%, resulting in an operating profit of R2.2 million (2013: R1.8 million).

#### Financial and lifestyle products

The ongoing demand within South Africa from consumers and from our assignees for a better quality of life is being delivered on through our financial and lifestyle businesses, incorporating Babereki, which is a registered credit provider. Babereki's continuously evolving product range enhances employee loyalty programmes and currently comprises financial (micro loans), mobile communications and home appliances.

The Babereki business which primarily provides loans and products to our assignees on credit and to employees of our clients, has experienced challenges during 2014, specifically in the areas of debt rehabilitation and collection. Overall profitability of the business has been stagnant;

however there has been a strong focus on cash flows and the development of sustainable systems to ensure that we are able to manage the business from a cash positive point moving forward.

Management's efforts and time in respect of ongoing development of these systems and ensuring that our ratio in respect of the collections of outstanding debt and non-performing debt improves, is ongoing.

Babereki's turnover amounted to R56.0 million (2013: R54.1 million). Gross margins were slightly lower at 70% (2013: 76%), whilst operating expenses increased marginally by 13%, resulting in an operating profit of R4.7 million (2013: R9.2 million).

Within the financial and lifestyle products segment, our recently formed niche business division, Essential Employee Benefits, continued to grow its product range of employee benefits by responding to various market opportunities within our existing employee-base as well as within our client's employee base, and offering in particular a range of insurance-based death and disability plans, including cover for family members.

Essential Employee Benefits focuses on identifying and providing employees with access to affordable value-added benefits normally associated with permanent employment; an important offering for our core business, specifically relating to the new requirements of the recently amended labour and employment equity legislation which requires employers to provide equitable benefits to both permanent and fixed term contract staff.

#### Transformation

Workforce remains focused on achieving its transformation goals and objectives. During the reporting period the group established a transformation committee mandated to ensure implementation of strategies and achievement of transformation across all operating divisions of the organisation and in line with the amended B-BBEE codes of good practice. One of our transformation pillars focuses on the development of talent across the 'experience' gap so that our junior managers can compete more effectively for middle and senior positions as they arise. Our current B-BBEE rating is a Level 3 and we anticipate receiving a Level 2 rating in the next reporting period.

#### Outlook

Our overall outlook for the group is positive and we believe that 2015, specifically the first half of the year will be a bedding down period in respect of the new legislation and we expect there will be a slight fall

off in our head-count as a result of this legislation. Stemming from a highly fragmented industry, relative market shares remain low and we believe with our core focus on protecting and growing our business through the enablement of our extensive sales and business development strategy, we will see our overall market share increase within our core markets during 2015.

We do believe that a number of acquisition opportunities exist in the market across our portfolio of businesses and these acquisition opportunities will be pursued with a view to extending our share of the market and increasing our profitability.

For and on behalf of the board

R.S Katz  
(Chairman)

L.H Diamond  
(Chief Executive Officer)

W.P van Wyk  
(Group Financial Director)

20 March 2015  
Johannesburg

Designated Advisor  
Merchantec Capital

Auditor  
Horwath Leveton Boner

Transfer secretaries  
Link Market Services South Africa Proprietary Limited

Directors  
Ronny Katz (Chairman)  
Lawrence Diamond (Chief executive officer)  
Willie van Wyk (Financial Director)  
Mark Anderson (Non-executive director)  
Lulu Letlape (Independent non-executive director)  
Kyansambo Vundla (Independent non-executive director)  
John Macey (Independent non-executive director)

Company Secretary  
Sirkien van Schalwyk

Registered office address  
11 Wellington Road  
Parktown  
2193

PO Box 11137  
Johannesburg  
2000