



Summarised condensed results

for the year ended 31 December 2018

Uplifting people.
Growing business.

This is Workforce

With a history that can be traced back to 1972, the Workforce group has grown from a labour provider into a large progressive organisation with subsidiaries that provide an extensive range of innovative, integrated and diversified human capital solutions.

Our innovative and entrepreneurial culture creates a progressive business environment in which cluster executives and their decentralised management teams have a great deal of autonomy to drive the growth and sustainability of the business.

What we do

We strive to be the leading, trusted provider of employment, training, healthcare, wellness, financial services and lifestyle benefits to individuals and their employers.

What differentiates us

- Entrepreneurial culture
- Technology-based innovative service solutions
- Diversified and integrated business model
- Strong customer relationships
- Extensive footprint
- Our people: intellectual capital, depth of management, committed workforce

Workforce in numbers

➔ **37 603** average weekly assignees

➔ **76%** assignees are youth

➔ **1 268** permanent employees

➔ **1 600** active clients

➔ **25** trading brands in the group

➔ **4** countries of operations beyond our borders

➔ **122** branches in South Africa

➔ **20** training centres

➔ **135 344** people trained

➔ **128 499** people on short courses

➔ **3 967** learners on learnership programmes

➔ **38 231** funeral and medical policies

➔ **79 798** funeral policy lives covered

➔ **94 690** medical examinations conducted

➔ **43 306** lives covered through employee assistance programme ("EAP") call centre

Structured for accelerated growth and diversification

During the reporting period we realigned our diversification and growth strategy and formed clusters of the different business activities within the group and placed each cluster under the leadership of a cluster executive. In addition, a group executive committee was established to support the CEO in strategic decision-making.



Profit with a purpose

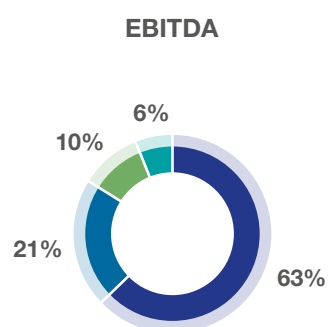
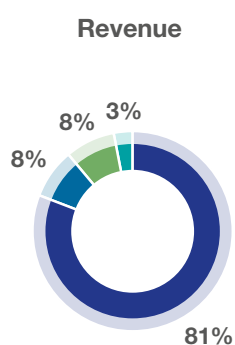
We are driven by our purpose of making a meaningful difference in peoples' lives; to uplift them, to find employment for them and empower them with the appropriate training, healthcare, financial services and lifestyle benefits.

Uplifting people.
Growing business.

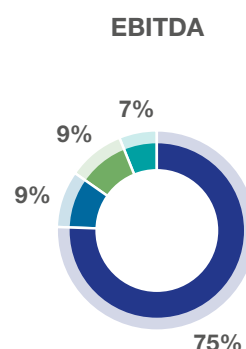
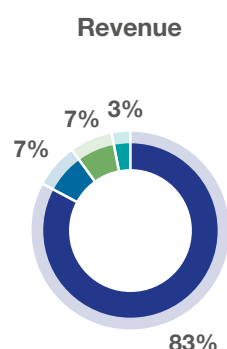
Diversification strategy in progress

We are pleased that our 2018 results show a sustainable level of organic growth and an improved EBITDA contribution across our reporting segments. Strategic acquisitions made during the past three years in particular, have buoyed the group's growth strategy and it is our intention to continue to look towards acquisitions to enhance diversification.

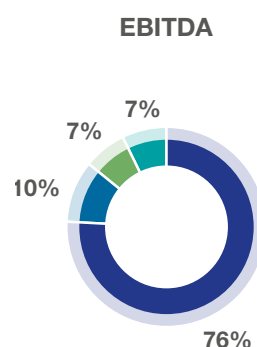
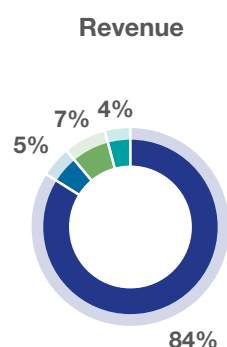
2018



2017



2016

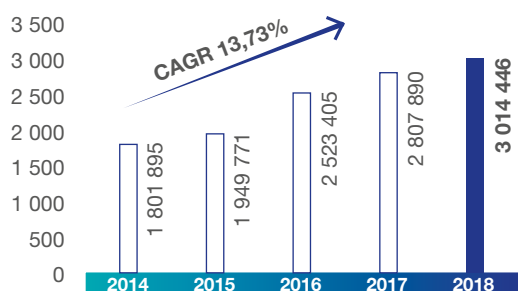


■ Staffing and Outsourcing, Recruitment and Africa ■ Training ■ Healthcare ■ Financial services

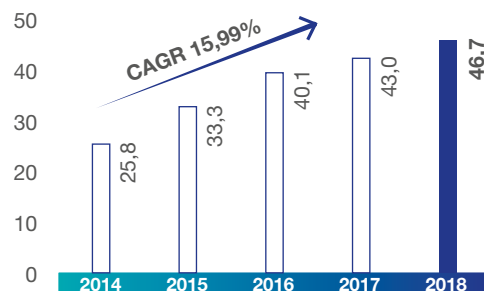
Performance indicators over time (five-year review)

Compound annual growth rate ("CAGR")

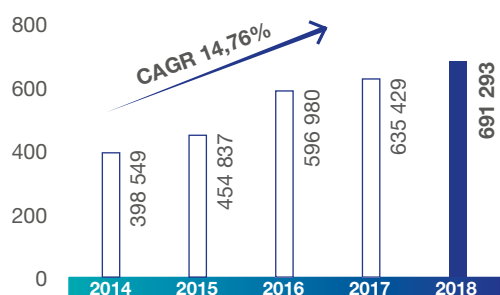
Revenue (R'000)



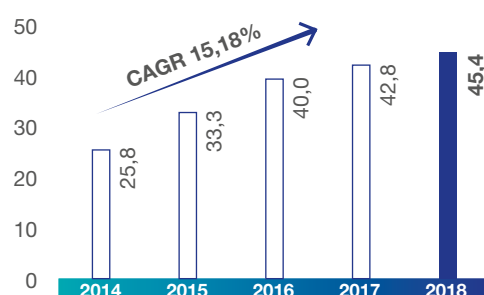
Earnings per share (cents)



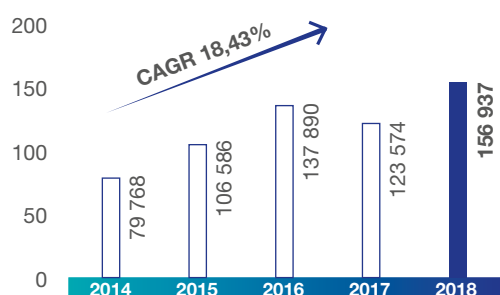
Gross profit (R'000)



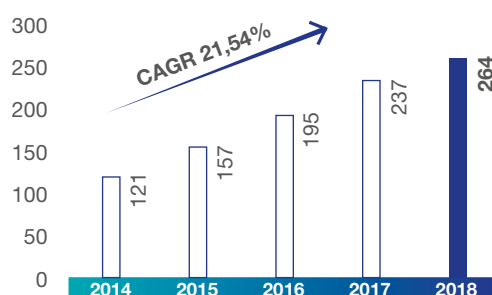
Headline earnings per share (cents)



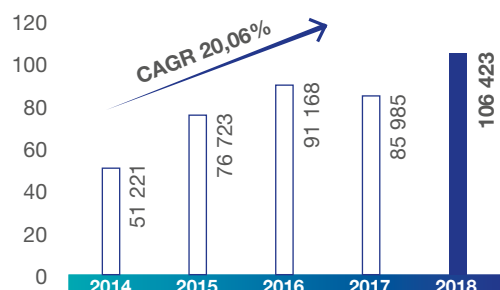
EBITDA (R'000)



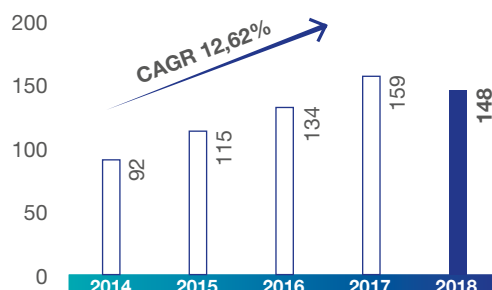
Net asset value per share (cents)



Profit before tax (R'000)



Net tangible asset value per share (cents)



Investment case

The group's primary goal is to build a sustainable business in order to generate wealth for all our stakeholders. For our shareholders, Workforce remains a good investment for future growth.

47 years of operating experience in the South African marketplace shows stability.

Proven entrepreneurial culture with ability to ensure brands that join Workforce are supported by head office.

Well defined diversified offering reduces risk.

Cash flow generation is strong.

Current PE ratio – 3,3.

Sustainable level of organic growth and an improved EBITDA contribution across segments.

Extremely good management team which operates on a decentralised management structure.

Infrastructure development in South Africa and Southern African Development Community ("SADC") countries provides growth potential for our core businesses.

Culture of reinvestment in the business in order to fund growth.

Dividend declaration

A dividend of 1,5 cents per ordinary share was declared as follows for the year ended 31 December 2018:

	2019
Declaration date	Tuesday, 26 March
Last day to trade <i>cum</i> dividend	Monday, 6 May
Ex dividend date	Tuesday, 7 May
Record date	Friday, 10 May
Payment date	Monday, 13 May

Share certificates may not be dematerialised or rematerialised during the period Tuesday, 7 May 2019 to Friday, 10 May 2019, both days inclusive.

In terms of the Listings Requirements of the JSE Limited the following additional information is disclosed:

- This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves;
- The South African dividend tax ("DT") rate is 20%;
- The DT to be withheld by the company amounts to 0,3 cents per share;
- Therefore, the net dividend payable to shareholders who are not exempt from DT is 1,2 cents per share, while the gross dividend of 1,5 cents per share is payable to those shareholders who are exempt from DT;
- The issued share capital of the company at the declaration date comprises 243 731 343 ordinary shares including 17 085 379 treasury shares. The issued share capital, excluding treasury shares, at the declaration date is comprised of 226 645 964 shares;
- The company's registration number is 2006/018145/06; and
- The company's income tax reference number is 9210/286/16/8.

Summarised condensed results

for the year ended 31 December 2018

Financial highlights

↑ EBITDA increased by 26,9% to R156,9 million (2017: R123,5 million)	↑ Profit after tax increased by 8,0% to R104 million (2017: R96,8 million)	↑ Revenue up by 7,4% to R3,0 billion (2017: R2,8 billion)	↑ Cash flows from operating activities R54,9 million (2017: R11,4 million)
↑ EPS up by 8,6% to 46,7 cents (2017: 43,0 cents)	↑ HEPS up by 6,1% to 45,4 cents (2017: 42,8 cents)	↑ NAV up by 11,4% to 264 cents (2017: 237 cents)	➔ Days sales outstanding 53 days (2017: 53 days)

Acquisition during 2018 Dyna group of companies

Commentary

Vision becoming reality

During 2018, Workforce made considerable progress in realising its vision of becoming a diversified services company with various subsidiaries that provide an extensive range of innovative, integrated and diversified people solutions to all industry sectors in southern Africa. The group has a strong commitment to its core areas of competence yet remains cognisant of the need to identify and move into new areas for growth.

Organisationally, the group realigned its diversification and growth strategy and formed clusters of the different business activities within the group and placed each cluster under the leadership of a cluster executive. In addition, a group executive committee was established to support the CEO in strategic decision-making.

The non-staffing subsidiaries have made remarkable progress in positioning themselves for significant growth to realise and support this strategy. Especially pleasing was the **significant growth achieved by our training cluster**, mostly from organic growth but also aided by an acquisition effective 1 June 2018, which grew their EBITDA contribution to R49,9 million (2017: R19,4 million). **Our non-staffing clusters now represent 37% of total EBITDA contribution to the group's results.**

External operating environment

From Workforce's point of view, operating in the current environment was challenging with an economy which is stagnating at close to zero growth, the shedding of jobs, a shortage of capital and the beginning of an increasing interest rate cycle internationally.

In addition, Workforce's core businesses operated under uncertainty stemming from the interpretation of section 198A of the Labour Relations Act, better known as the "deeming provision", which led to cautiousness in the use of certain of our services. This was finalised following the Constitutional Court ruling that ultimately endorsed the legitimacy of the Temporary Employment Services ("TES") industry and supported the concept of the client becoming the employer of the outsourced staff after a period of three months for the purposes of the Labour Relations Act only.

From a regulatory point of view, we welcomed the introduction of the minimum wage legislation and although it initially created a degree of uncertainty, we believe it will, in the longer term, improve the stability of labour in the country and will provide fairer and more sustainable pay structures.

Summarised condensed results (continued)

for the year ended 31 December 2018

The Employment Tax Incentive (“ETI”) remains a significant contributor to group financial results and Workforce is pleased that Government has proposed a ten-year extension to 28 February 2029. This programme incentivises the employment of unemployed youth between the ages of 18 and 29.

Financial performance

EBITDA for the year increased by 26,9% to R156,9 million (2017: R123,5 million), on the back of a 7,4% increase in revenue to R3 014 million (2017: R2 807 million). As a result, EBITDA as a percentage of sales increased to 5,2% (2017: 4,4%). The increase in operating margins is mostly attributable to the significant growth experienced in the **training cluster**. The training sector typically operates at a much higher net margin compared to the staffing businesses.

The EBITDA contribution from the training cluster increased to R49,9 million (2017: R19,4 million). R8,4 million of this contribution was derived from the Dyna group of companies purchased on 1 June 2018, whilst the balance was purely organic.

The **staffing and outsourcing cluster** experienced a slow year, due to economic and legislative challenges as outlined above. The net result was a reduction in EBITDA contribution of 6,2% to R152,3 million (2017: R162,4 million).

The **healthcare cluster** invested in additional infrastructure and human capital which resulted in an 20% increase in operating expenses. This initiative is yielding results with a growth in EBITDA contribution of 22,3% to R23,9 million (2017: R19,6 million).

The **financial services cluster** invested in new resources with EBITDA contribution increasing by 11,2% to R14,2 million (2017: R12,8 million).

The **shared services and central costs** improved by 8,0% to R83,5 million (2017: R90,7 million) attributable to management interventions.

Fair value adjustments netted a R5,4 million expense, mostly as a result of imputed interest recognised as a result of acquisitions. This amount netted an income of R10,3 million in the previous year, due to adjustments of the contingent consideration payable on business combinations.

Depreciation and amortisation of non-financial assets remained largely on par with the previous year. R15,6 million (2017: R10,4 million) of this amount relates to the amortisation of intangible assets resulting from acquisitions.

Taxation

As with previous financial years, the group’s low tax rate arises primarily from the income derived from the ETI Programme not being taxable, and the learnership allowances claimed in terms of section 12H of the Income Tax Act. ETI has been provisionally extended to 28 February 2029 whilst the 12H learnership allowance will be in place until 1 April 2022. Ongoing initiatives are under way to employ more youth, as well as to train more learners. Going forward, the group’s tax rate will continue to be a function of our ability to utilise these two initiatives.

Cash generation

In a financial year which saw South Africa slip into a technical economic recession, with certain clients experiencing financial pressure, Workforce was nevertheless able to deliver a cash conversion ratio of 61% (2017: 38%) and generated cash flows from operating activities of R54,9 million. A noteworthy achievement is the steady improvement in the interest cover ratio since 2015, despite paying R144,4 million in cash for acquisitions since 2015.

The group’s strategy to improve cash flow continues to be driven by initiatives to improve the EBITDA to sales ratio on a sustainable basis, along with good working capital management. This translates into a healthy return on capital employed, underpinned by cash generation. The group’s days sales outstanding remained at 53 days (2017: 53 days). Unimpaired overdue debtors as a percentage of the total debtors’ book, after consideration of IFRS 9 adjustments, deteriorated slightly to 9%, (2017: 3%). Return on total capital employed improved to 18,2% (2017: 16,8%). Various strategies are being implemented by our cluster heads to improve gross margin management, reduce operating costs and better manage working capital.

Funding

The group secured an acquisition funding facility of R30 million, which enabled the acquisition of the Dyna group training businesses in June 2018. Additional funding of R15 million, secured by our micro-lending book, was obtained during the financial year under review allowing us to expand the business of Babereki in Botswana. Workforce remains encouraged that external funders support the group's acquisitive and organic growth strategies.

Gearing

Workforce has a debt to equity ratio of 0,54 compared to the previous year's 0,52. The marginal difference in this ratio occurred despite the R79,3 million increase in liabilities as a result of the Dyna group acquisition. Our interest cover ratio improved to 5,14 (2017: 4,17).

Change in accounting standards: IFRS 9

The group applied IFRS 9 for the first time in 2018. The new standard does not change the credit quality of trade and other receivables, but results in the earlier recognition of credit losses by the group. IFRS 9 has been applied retrospectively. The net effect of the above change, which was calculated together with the assistance of a JSE Limited ("JSE") accredited IFRS adviser, was a reduction of R43 million in opening retained earnings, and a corresponding reduction in the opening value of our trade and other receivables of R79,3 million, which represents a reduction of 8,4% in the value of the underlying assets.

Outlook

From what is set out above, the management of Workforce believe that the group is in the process of establishing a structure that will enable sustainable growth in all the segments of the business and which will enable Workforce Holdings Limited to act as a holding company of investments in different segments within the people services sector of the economy. We look forward to the numerous infrastructure projects, both in South Africa and in neighbouring countries, in which Workforce is able to become a meaningful, relevant and significant player.

Technology developments will set us apart in the acquisition of contracts and benefit the group in the management of our clients' business in terms of productivity and welfare.

We remain optimistic that the group will fare well in the current economy, hopeful of a smooth election and leadership transition to follow. This will stabilise the country's political environment, diminish uncertainty and in this context, the outlook is for satisfactory growth for the group.

Appreciation

We would like to thank all members of staff and their management as well as executive and non-executive directors for their significant contribution to the management of the company and its growth. We could not have achieved the year that we have, with all the difficult circumstances that prevailed, without the people involved in our business.



John Macey
Independent chairman



Ronny Katz
Chief executive officer



Willie van Wyk
Financial director

26 March 2019

Group statement of financial position

as at 31 December 2018

	Notes	2018 R'000	2017 R'000
Assets			
Non-current assets		350 687	251 912
Property, plant and equipment	7	20 266	23 559
Goodwill		191 230	134 480
Intangible assets	8	74 128	44 247
Deferred tax assets		58 757	44 251
Other financial assets		6 306	5 375
Current assets		783 521	744 246
Trade and other receivables		734 787	714 389
Inventories		4 965	3 546
Taxation		2 221	763
Cash and cash equivalents	9	41 548	25 548
Total assets		1 134 208	996 158
Equity and liabilities			
Equity		603 020	542 345
Equity attributable to owners of the parent		605 829	543 806
Stated capital		234 051	234 051
Treasury shares		(11 158)	(7 658)
Fair value through other comprehensive income		752	923
Foreign exchange differences on translation of foreign operations		549	–
Equity-settled employee benefits reserve		9 288	6 793
Retained earnings		372 347	309 697
Non-controlling interests		(2 809)	(1 461)
Non-current liabilities		107 933	38 173
Financial liabilities		87 585	26 407
Deferred tax liabilities		20 348	11 766
Current liabilities		423 255	415 640
Trade and other payables		141 535	136 914
Financial liabilities		281 720	278 726
Total equity and liabilities		1 134 208	996 158

Group statement of comprehensive income

for the year ended 31 December 2018

	Notes	2018 R'000	Restated 2017 R'000
Revenue		3 014 446	2 807 890
Cost of sales		(2 323 153)	(2 172 461)
Gross profit		691 293	635 429
Other income		278	1 032
Operating costs		(534 634)	(512 887)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")		156 937	123 574
Fair value adjustments		(5 360)	10 365
Depreciation and amortisation of non-financial assets		(25 179)	(26 080)
Finance income		2 829	1 486
Finance costs		(25 626)	(23 360)
Profit on sale of subsidiary		2 822	–
Profit before taxation		106 423	85 985
Taxation		(1 854)	10 819
Profit after tax		104 569	96 804
Other comprehensive income after tax			
Items that are reclassified to profit or loss:		549	–
Exchange differences on translating foreign operations		549	–
Items that are not reclassified to profit or loss:		(171)	461
Fair value gain through other comprehensive income financial assets		(171)	461
Total comprehensive income for the year		104 947	97 265
Profit for the year attributable to:			
Owners of the parent		105 917	98 542
Non-controlling interests		(1 348)	(1 738)
		104 569	96 804
Total comprehensive income attributable to:			
Owners of the parent		106 295	99 003
Non-controlling interests		(1 348)	(1 738)
		104 947	97 265
Earnings per share (cents per share)			
Basic earnings per share	10	46,7	43,0
Diluted earnings per share	10	45,7	41,2

Group statement of changes in equity

for the year ended 31 December 2018

	Attributable to owners of the parent							Non-control-ling interests R'000	Total equity R'000
	Share capital and premium R'000	Treasury shares R'000	Fair value reserve R'000	Foreign currency trans-lation reserve R'000	Equity-settled employee benefits reserve R'000	Retained earnings R'000	Total R'000		
Balance at 1 January 2017	241 867	(9 330)	462	–	2 337	211 155	446 491	277	446 768
Recognition of share-based payments	(7 816)	–	–	–	5 227	–	(2 589)	–	(2 589)
Buy-back of shares	–	(3 124)	–	–	–	–	(3 124)	–	(3 124)
Issue of ordinary shares under employee share option plan	–	4 796	–	–	(771)	–	4 025	–	4 025
Total comprehensive income for the year	–	–	461	–	–	98 542	99 003	(1 738)	97 265
Balance at 1 January 2018 as previously reported	234 051	(7 658)	923	–	6 793	309 697	543 806	(1 461)	542 345
Recognition of IFRS 9 adjustment (refer to note 14)	–	–	–	–	–	(43 267)	(43 267)	–	(43 267)
Balance at 1 January 2018 restated	234 051	(7 658)	923	–	6 793	266 430	500 539	(1 461)	499 078
Recognition of share-based payments	–	–	–	–	2 495	–	2 495	–	2 495
Buy-back of shares	–	(3 500)	–	–	–	–	(3 500)	–	(3 500)
Sale of subsidiary (refer to note 16)	–	–	–	–	–	1 383	1 383	1 439	2 822
Total comprehensive income for the year	–	–	(171)	549	–	104 534	104 912	(2 787)	102 125
Balance at 31 December 2018	234 051	(11 158)	752	549	9 288	372 347	605 829	(2 809)	603 020

Group statement of cash flows

for the year ended 31 December 2018

	Notes	2018 R'000	Restated 2017 R'000
Cash generated from operations before net working capital changes		135 425	103 111
Cash generated from operations	11.1	158 858	128 860
Finance income		2 829	1 486
Finance costs		(25 626)	(23 360)
Settlement of share-based payments		–	(4 513)
Taxation paid	11.2	(636)	638
Increase in net working capital	11.3	(80 496)	(91 706)
Cash flows from operating activities		54 929	11 405
Cash flows from investing activities		(69 258)	(57 611)
Property, plant and equipment acquired – maintaining operations	7	(6 742)	(8 969)
Proceeds on disposal of property, plant and equipment		132	1 109
Dividend income		278	1 032
Intangible assets acquired – maintaining operations	8	(13 670)	(7 645)
Net cash flow on acquisition of business combinations	11.4	(49 256)	(43 138)
Cash flows from financing activities		30 329	(3 375)
Repayment of borrowings		(2 086)	(5 535)
Proceeds from borrowings		35 915	488
Payment for buy-back of shares		(3 500)	(3 124)
Proceeds on disposal of shares		–	4 796
Net change in cash and cash equivalents		16 000	(49 581)
Cash and cash equivalents at the beginning of the year		25 548	75 129
Cash and cash equivalents at the end of the year		41 548	25 548

Notes to the summarised consolidated results

for the year ended 31 December 2018

1. Nature of operations and general information

Workforce Holdings Limited ("the company") is a holding company incorporated in South Africa. The registered address and principle place of business is disclosed under corporate information in the integrated annual report. The principal activities of the group are human capital solutions that include temporary employment services, permanent placement recruitment, training and skills development, contractor on-boarding, healthcare and wellness, disability solutions, financial services, lifestyle benefits and business process outsourcing solutions.

2. Basis of preparation

The summary group financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for preliminary financial statements and the requirements of the Companies Act applicable to summary financial statements. The summary financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee ("APC") and the Financial Pronouncements as issued by the Financial Reporting Standard Council ("FRSC"), and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The summarised consolidated results for the year ended 31 December 2018 were compiled under the supervision of Willie van Wyk, the group financial director. The summarised consolidated results have been prepared in accordance with the IFRS and have been applied consistently with the accounting policies in the annual financial statements for the year ended 31 December 2018.

3. Audit opinion

The group annual financial statements for the year ended 31 December 2018 have been audited by the group's auditors, Crowe JHB, and their unqualified audit report is available for inspection at the registered office of the group. This summarised report is extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of these consolidated results and the financial information has been correctly extracted from the underlying annual financial statements.

4. Posting of integrated annual report and notice of annual general meeting

The integrated report for the year ended 31 December 2018 will be available on the group's website at www.workforce.co.za on 29 March 2019.

Audited summarised condensed results for the year ended 31 December 2018 including notice of annual general meeting is expected to be mailed to shareholders on 29 March 2019.

5. Events after reporting date

A dividend of R3 399 689 was declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the period under review.

The dividend declared equates to 1,5 cents per share.

6. Principal accounting policies

The group has adopted all the new, revised or amended accounting pronouncements as issued by the International Accounting Standards Board ("IASB") which were effective for the group from 1 January 2018. The following standards had an impact on the group:

- IFRS 9: *Financial Instruments* ("IFRS 9"); and see note 14
- IFRS 15: *Revenue from Contracts with Customers* ("IFRS 15"). See note 14.

	2018			2017		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
7. Property, plant and equipment						
Computer equipment	10 067	(5 319)	4 748	28 328	(21 765)	6 563
Industrial equipment	7 248	(4 765)	2 483	8 636	(6 057)	2 579
Land and buildings	2 700	–	2 700	2 700	–	2 700
Leasehold improvements	866	(247)	619	1 736	(1 175)	561
Motor vehicles	5 540	(2 596)	2 944	10 005	(5 550)	4 455
Office equipment	7 216	(3 097)	4 119	18 265	(14 194)	4 071
Training manuals	5 405	(2 752)	2 653	9 807	(7 177)	2 630
	39 402	(18 776)	20 266	79 477	(55 918)	23 559

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

	Computer equipment R'000	Industrial equipment R'000	Land and buildings R'000	Leasehold improvements R'000	Motor vehicles R'000	Office equipment R'000	Training manuals R'000	Total R'000
Carrying value at 1 January 2017	4 140	1 872	2 700	130	3 693	2 827	2 653	18 015
Additions	5 166	1 060	–	534	3 099	1 177	1 032	12 068
Disposals	(22)	–	–	(6)	(317)	(24)	(147)	(516)
Acquired through business combinations	718	686	–	–	421	985	–	2 810
Depreciation	(3 439)	(1 039)	–	(97)	(2 441)	(894)	(908)	(8 818)
Carrying value at 31 December 2017	6 563	2 579	2 700	561	4 455	4 071	2 630	23 559
Additions	2 537	1 247	–	242	88	1 666	962	6 742
Disposals	(21)	(5)	–	–	(62)	(1)	–	(89)
Acquired through business combinations	76	–	–	–	–	73	–	149
Depreciation	(4 407)	(1 338)	–	(184)	(1 537)	(1 690)	(939)	(10 095)
Carrying value at 31 December 2018	4 748	2 483	2 700	619	2 944	4 119	2 653	20 266

All depreciation charges are included in “Depreciation and amortisation of non-financial assets” in the statement of comprehensive income. No property, plant and equipment has been impaired during the year (2017: Nil).

The net book value of motor vehicles held under instalment credit agreements at 31 December 2018 amounted to R2 402 542 (2017: R3 785 842). Motor vehicles acquired under instalment credit agreements amounted to R Nil (2017: R3 099 000). The instalment sales relate primarily to motor vehicles.

A 100% interest in Dyna group was acquired on 1 June 2018, in order to expand the group's skilled artisan and technical segments in the engineering industry. Property, plant and equipment to the value of R149 000 was acquired as part of the business combination.

The directors have determined that the residual value of the buildings is equal to or exceeds the carrying value, therefore no depreciation has been provided for this category.

The group has no further contractual commitments to acquire property, plant and equipment at reporting date.

Notes to the summarised consolidated results (continued)

for the year ended 31 December 2018

	2018			2017		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
8. Intangible assets						
Brands	82	(6)	76	3 209	(3 209)	–
Client relationships	42 194	(27 842)	14 352	31 522	(15 260)	16 262
Computer software	74 733	(45 069)	29 664	62 146	(45 081)	17 065
Training course accreditations	20 620	(2 406)	18 214	–	–	–
Development costs	11 822	–	11 822	10 920	–	10 920
	149 451	(75 323)	74 128	107 797	(63 550)	44 247

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

	Brands R'000	Client relationships R'000	Computer software R'000	Training course accreditations R'000	Development costs R'000	Total R'000
Carrying value at 1 January 2017	756	14 067	15 755	–	8 552	39 130
Additions	–	–	1 677	–	2 368	4 045
Disposals	–	–	(39)	–	–	(39)
Acquired through business combinations	–	12 012	2 761	–	–	14 773
Additions from internal development	–	–	3 600	–	–	3 600
Amortisation	(756)	(9 817)	(6 689)	–	–	(17 262)
Carrying value at 31 December 2017	–	16 262	17 065	–	10 920	44 247
Additions	82	–	1 355	–	12 233	13 670
Additions from internal development	–	–	11 331	–	(11 331)	–
Acquired through business combinations	–	10 672	3	20 620	–	31 295
Amortisation	(6)	(12 582)	(90)	(2 406)	–	(15 084)
Carrying value at 31 December 2018	76	14 352	29 664	18 214	11 822	74 128

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 (2017: Nil). Computer software is mostly internally generated.

A 100% interest in Dyna group was acquired on 1 June 2018, in order to expand the group's skilled artisan and technical segments in the engineering industry. Intangibles to the value of R31 295 000 was acquired as part of the business combination.

The group has no further contractual commitments to acquire intangible assets at reporting date. No restrictions exists over intangibles assets.

9. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2018 R'000	2017 R'000
Cash at bank and in hand	41 525	25 488
Short-term deposits	23	60
	41 548	25 548

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:

	2018 R'000	2017 R'000
Profit attributable to equity shareholders of the parent company (R'000)	105 917	98 542
Weighted average number of ordinary shares in issue ('000)	226 856	229 336
Diluted weighted average number of shares in issue ('000)	231 634	238 973
Basic earnings per share (cents)	46,7	43,0
Diluted earnings per shares (cents)	45,7	41,2
The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:		
Weighted average number of ordinary shares in issue ('000)	226 856	229 336
Shares deemed to be issued for no consideration in respect of:		
Employee options	4 778	9 637
Weighted average number of ordinary shares in the calculation of diluted earnings per share	231 634	238 973
Headline earnings per share		
The earnings used in the calculation of headline earnings per share are as follows:		
Profit attributable to equity shareholders of the parent company (R'000)	105 917	98 542
Headline earnings adjustment (R'000)	(2 822)	(400)
Gain on disposal of property, plant and equipment (R'000)	–	(555)
Sale of subsidiary (R'000)	(2 822)	–
Tax effects of adjustments (R'000)	–	155
Total headline earnings (R'000)	103 095	98 142
Weighted average number of shares in issue ('000)	226 856	229 336
Headline earnings per share (cents)	45,4	42,8

Notes to the summarised consolidated results (continued)

for the year ended 31 December 2018

	2018 R'000	2017 R'000
11. Notes to the statement of cash flows		
11.1 Cash generated from operations		
Profit before taxation	106 423	85 985
Interest income	(2 829)	(1 486)
Other income	(278)	(1 032)
Finance costs	25 626	23 360
Adjusted for non-cash items:		
Gain on disposal of property, plant and equipment	–	(555)
Depreciation and amortisation of non-financial assets	25 179	26 080
Loss/(gain) arising on financial liability at fair value through profit or loss	5 360	(10 385)
Foreign exchange differences on translation of foreign operations	549	–
Expense recognised in respect of cash-settled share-based payment	(3 667)	1 666
Expense recognised in respect of equity-settled share-based payment	2 495	5 227
	158 858	128 860
11.2 Taxation paid		
Charged to profit or loss	(1 854)	10 819
Adjusted for deferred tax	2 256	(9 210)
Movement in taxation balance	(1 038)	(971)
	(636)	638
11.3 Working capital changes		
Change in trade and other receivables	(80 047)	(100 527)
Change in inventories	(1 419)	(486)
Change in trade and other payables	970	9 307
	(80 496)	(91 706)
11.4 Net cash flow on acquisition of business combinations		
Net cash outflow on the acquisitions of business combination – refer to note 13.1.5	(28 888)	(21 959)
Net cash outflow on the acquisitions of subsidiaries	(20 368)	(21 179)
	(49 256)	(43 138)

11.5 Equity-settled share-based payments

Employees received shares in settlement of the equity-settled share-based payment scheme. The employees were given the option of retaining the shares they were granted, or selling their shares on the open market. The company sold the shares on the employees' behalf and paid to them the proceeds from the sale.

	1 January 2018	Cash flows	Non-cash flows	31 December 2018
11.6 Changes in liabilities arising from financing activities				
Non-current treasury share loan	7 783	–	262	8 045
Interest-bearing borrowings	258 037	(7 652)	–	250 385
Instalment sales liabilities	3 066	(721)	–	2 345
	268 886	(8 373)	262	260 775

12. Segment reporting

During the reporting period, the group re-organised its segments and formed six business clusters comprising the different business activities, and placed each cluster under an independent management team. As the formation of these clusters has been in transition since late last year, our financial segmental reporting for the 2018 year will not reflect the new cluster structure identically, but is structured as follows:

- Staffing and outsourcing (includes recruitment and Africa) – comprising temporary employment services, functional outsourcing, permanent recruitment, executive search, specialist staffing, payroll management, HR and IR consulting and turnkey staffing solutions.
- Training – comprising accredited short courses, skills programmes, full qualifications, learnerships and apprenticeship programmes, adult education training and contractor on-boarding.
- Financial services – comprising death and disability cover, funeral cover, hospital cover, day-to-day medical insurance and financial and mobile products and services.
- Healthcare – comprising recruitment and placement of medical professionals for hospitals and frail-care homes, primary and occupational healthcare services, employee health and wellness programmes and health risk assessment.

These reporting segments better represent the current core trading of the group and allows for simple understanding and communication of the performance of the business.

These segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

Due to the above change in reporting segments, the prior year's segment information has been restated.

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

	Staffing and outsourcing R'000	Training R'000	Financial services R'000	Healthcare R'000	Shared Services and Central costs R'000	Consoli- dation entries R'000	Total R'000
2018							
Segment revenues	2 437 008	230 909	101 873	244 461	195	–	3 014 446
Inter segment revenue	27 894	16 187	–	1 582	–	(45 663)	–
Cost of sales	(2 001 994)	(111 317)	(39 364)	(174 508)	4 030	–	(2 323 153)
Inter-segment cost of sales	(25 875)	–	–	(62)	–	25 937	–
Operating costs	(282 880)	(69 833)	(48 242)	(45 938)	(87 741)	–	(534 634)
Inter-segment operating costs	(1 958)	(16 186)	–	(1 582)	–	19 726	–
Other income	128	141	–	23	(14)	–	278
EBITDA	152 323	49 901	14 267	23 976	(83 530)	–	156 937
Fair value adjustment	–	(885)	884	–	(5 359)	–	(5 360)
Depreciation and amortisation of non-financial assets	(2 742)	(3 082)	(1 221)	(1 511)	(1 030)	(15 594)	(25 179)
Finance income	853	1 908	42	24	2	–	2 829
Finance costs	(2 573)	(1 549)	(12 413)	(2 241)	(6 850)	–	(25 626)
Profit on sale of subsidiary	–	–	–	–	–	2 822	2 822
Segment profit/(loss) before tax	147 861	46 293	1 559	20 248	(96 767)	(12 772)	106 423
Capital expenditure	2 446	3 761	143	1 494	12 719	31 293	51 856
Segment total assets	447 020	89 475	240 358	23 202	519 538	(185 386)	1 134 208
Segment total liabilities	(43 166)	(48 302)	(298 921)	(2 706)	(191 726)	53 632	(531 188)
Net segment assets/(liabilities)	403 855	41 173	(58 562)	20 497	327 812	(131 754)	603 020

Notes to the summarised consolidated results (continued)

for the year ended 31 December 2018

	Staffing and outsourcing R'000	Training R'000	Financial services R'000	Healthcare R'000	Shared Services and Central costs R'000	Consoli- dation entries R'000	Total R'000
12. Segment reporting (continued)							
2017							
Segment revenues	2 357 165	169 400	83 778	195 733	1 814	–	2 807 890
Inter-segment revenue	23 085	17 681	1 474	–	–	(42 240)	–
Cost of sales	(1 928 908)	(73 374)	(29 207)	(137 958)	(3 014)	–	(2 172 461)
Inter-segment cost of sales	(22 400)	(8 566)	–	–	–	30 966	–
Operating costs	(266 799)	(76 621)	(41 740)	(38 175)	(89 552)	–	(512 887)
Inter-segment operating costs	(685)	(9 115)	(1 474)	–	–	11 274	–
Other income	940	92	–	–	–	–	1 032
EBITDA	162 398	19 497	12 831	19 600	(90 752)	–	123 574
Fair value adjustment	–	(3 465)	2 206	–	11 624	–	10 365
Depreciation and amortisation of non-financial assets	(2 583)	(3 372)	(1 838)	(1 960)	(5 866)	(10 435)	(26 080)
Finance income	547	869	38	11	21	–	1 486
Finance costs	(1 242)	(2 605)	(991)	(480)	(18 042)	–	(23 360)
Segment profit/(loss) before tax	159 120	10 924	12 246	17 171	(103 015)	(10 435)	85 985
Capital expenditure	9 737	8 599	1 891	2 954	2 103	12 012	37 296
Segment total assets	519 019	110 711	220 262	24 587	312 728	(191 149)	996 158
Segment total liabilities	(116 768)	(88 885)	(262 785)	(3 845)	(21 992)	40 462	(453 813)
Net segment assets/(liabilities)	402 251	21 826	(42 523)	20 742	290 736	(150 687)	542 345

Geographical information

The group's revenue from external customers and information regarding its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are immaterial.

Information about major customers

No single customers contributed 10% or more to the group's revenue in either 2018 or 2017.

13. Business combinations

13.1.1 Business acquired

2018	Principle activity	Date of acquisition	Portion of business acquired %	Consideration transferred R'000
Dyna Training and Industrial Development Proprietary Limited	This entity designs, conceptualises, formulates and produces training programmes and related materials and owns all the intellectual property that it licensed to the training providers within the Dyna group and Dyna franchises.	1 June 2018	100	30 532

13. Business combinations (continued)

13.1.1 Business acquired (continued)

2018	Principle activity	Date of acquisition	Portion of business acquired %	Consideration transferred R'000
Dyna Training Proprietary Limited	This entity is a franchise involved in marketing and selling the Dyna training programmes in the Western Cape territory.	1 June 2018	100	9 713
Dyna Training Namibia Proprietary Limited	This entity is a franchise involved in marketing and selling the Dyna training programmes in Namibia and the remaining SADC territory, excluding South Africa.	1 June 2018	100	22 822
NQ Plus Networks Proprietary Limited	This entity undertakes all the training assessment and moderation functions for the Dyna group and its franchises as well as conducting training learnerships.	1 June 2018	100	16 291
				79 358

Workforce has obtained control of the above mentioned entities by acquiring 100% of the equity and voting rights in each of these entities. The Dyna group was acquired in order to grow Workforce's training segment by providing leadership, supervisory and management training programmes in addition to the existing training programmes currently offered.

	Dyna Industrial Training and Development R'000	Dyna Training R'000	Dyna Training Namibia R'000	NQ Plus Networks R'000	Total R'000
13.1.2 Consideration transferred					
Cash	13 129	4 177	9 815	7 006	34 127
Contingent consideration	17 401	5 536	13 008	9 286	45 231
Total	30 530	9 713	22 823	16 292	79 358
13.1.3 Contingent consideration					
Second payment	1 947	620	1 456	1 039	5 062
Third payment	3 486	1 109	2 606	1 860	9 061
Fourth payment	5 269	1 676	3 938	2 812	13 695
Top-up payment	6 699	2 131	5 008	3 575	17 413
Total additional amount	17 401	5 536	13 008	9 286	45 231
Interest raised on future payments	1 239	1 237	1 239	1 239	4 954
	18 640	6 773	14 247	10 525	50 185

Under the contingent consideration arrangement for the Dyna group of companies, Workforce is obliged to pay an amount of up to R5 060 886 subject to the Dyna group of companies achieving an agreed upon operating profit for the 12 months ending 31 May 2019, an amount of up to R9 060 112 subject to the acquired Dyna group of companies achieving an agreed upon operating profit for the 12 months ending 31 May 2020 and an amount of up to R13 695 622 subject to the acquired Dyna group of companies achieving an agreed upon operating profit for the three-year period exceeding R42 016 084, an additional payment of up to R17 413 968 may also be payable. These payments are all calculated using agreed upon formulae. The directors believe that these payments are probable.

Notes to the summarised consolidated results (continued)

for the year ended 31 December 2018

	Dyna Industrial Training and Development R'000	Dyna Training R'000	Dyna Training Namibia R'000	NQ Plus Networks R'000	Total R'000
13. Business combinations (continued)					
13.1.4 <i>Assets acquired and liabilities recognised at the date of acquisition</i>					
Non-current assets	20 815	8 266	2 618	126	31 825
Property, plant and equipment	33	74	9	33	149
Intangible assets	20 622	8 063	2 609	–	31 294
Deferred tax asset	160	129	–	93	382
Current assets	2 418	968	1 654	1 947	6 987
Trade and other receivables	649	263	142	271	1 325
Loans and other receivables	–	–	–	1	1
Loan to shareholder	–	–	–	2	2
Taxation	–	–	420	–	420
Cash and cash equivalents	1 769	705	1 092	1 673	5 239
Non-current liabilities	(6 845)	(2 665)	(2 372)	(1 051)	(12 933)
Shareholders' loans	(1 071)	(386)	(1 641)	(1 051)	(4 149)
Operating lease liabilities	–	(21)	–	–	(21)
Deferred tax liability	(5 774)	(2 258)	(731)	–	(8 763)
Current liabilities	(1 466)	(763)	(21)	(1 021)	(3 271)
Trade and other payables	(606)	(598)	(21)	(665)	(1 890)
Taxation	(860)	(165)	–	(289)	(1 314)
Provisions	–	–	–	(67)	(67)
Total	14 922	5 806	1 879	1	22 608

The receivables acquired (principally trade receivables) in this transaction with a fair value of R1 325 000 for Dyna group is equivalent to the gross contractual amount. All contractual cash flows are expected to be collected.

	Dyna Industrial Training and Development R'000	Dyna Training R'000	Dyna Training Namibia R'000	NQ Plus Networks R'000	Total R'000
13.1.5 <i>Net cash outflow on acquisition of subsidiaries</i>					
Consideration paid in cash	13 129	4 177	9 815	7 006	34 127
Less: Cash and cash equivalent balances acquired	(1 769)	(705)	(1 092)	(1 673)	(5 239)
Total	11 360	3 472	8 723	5 333	28 888

	Dyna Industrial Training and Development R'000	Dyna Training R'000	Dyna Training Namibia R'000	NQ Plus Networks R'000	Total R'000
13. Business combinations (continued)					
13.1.6 <i>Goodwill arising on acquisition</i>					
Consideration transferred	30 530	9 713	22 823	16 292	79 358
Less: Fair value of identifiable net assets acquired	(14 922)	(5 806)	(1 879)	(1)	(22 608)
Goodwill arising on acquisition	15 608	3 907	20 944	16 291	56 750

Goodwill arose on the acquisition of the Dyna group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of the expected synergies, revenue growth and future market share. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill in the Dyna group acquisition is expected to be deductible for tax purposes.

Impact of acquisitions on the results of the group

Revenue from the above acquisition amounted to R16 441 628 and profit before tax of R8 474 556 for the period under review. Had these business combinations been effective at 1 January 2018, the revenue of the group from operations would have been R24 583 563 and profit before tax would have been R8 912 486.

14. Changes in accounting policies

Adoption of new and revised International Financial Reporting Standards ("IFRS")

New and amended standards adopted by the group

IFRS 9: Financial Instruments ("IFRS 9")

The group has adopted IFRS 9 with a date of application of 1 January 2018 which resulted in changes in accounting policies. The company has applied transitional relief and opted not to restate prior periods.

IFRS 9 replaces IAS 39: *Financial Instruments: Recognition and Measurement (IAS 39)*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

While there have been no changes to the measurement of the financial instruments with the application of IFRS 9, the naming conventions have changed.

Notes to the summarised consolidated results (continued)

for the year ended 31 December 2018

14. Changes in accounting policies (continued)

Adoption of new and revised International Financial Reporting Standards ("IFRS") (continued)

New and amended standards adopted by the group (continued)

IFRS 9: Financial Instruments ("IFRS 9") (continued)

The table below depicts the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets and liabilities as at 1 January 2018:

Financial instrument	IAS 39		IFRS 9	
	Measurement	Classification R'000	Measurement	Classification R'000
Other financial assets: listed shares	Available-for-sale	2 770	Financial assets at fair value through other comprehensive income	2 770
Other financial assets: investment in cell captive	Fair value through profit and loss	2 605	Financial assets at fair value through profit and loss	2 605
Trade and other receivables	Loans and receivables	714 389	Financial assets at amortised cost	685 438
Cash and cash equivalents	Loans and receivables	25 548	Financial assets at amortised cost	25 548
Trade and other payables	Other financial liabilities	141 535	Financial liabilities at amortised cost	141 535

The adoption of IFRS 9 has impacted the way impairment of financial assets is calculated by the introduction of the expected credit loss model. This affects the group's loans as well as its trade receivables and advances measured at amortised cost.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses ("ECL") – the ECL model. This replaces IAS 39's incurred loss model. Instruments within the scope of the new requirements included loans and other debt type financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income ("FVOCI") and trade receivables measured under IFRS 15.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead, the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime (ECLs). These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The company assesses impairment of trade receivables on a portfolio basis grouping those that possess shared credit risk characteristics. These have then been grouped based on the days past due. The company has therefore concluded that the expected loss rates calculated on the trade receivables are a reasonable approximation of the loss rates.

The group makes use of the general approach in accounting for the expected credit losses on advances. The group assesses the ECLs on the advances through the use of a three-stage approach. ECLs are determined for the next 12 months in stage 1, and over the lifetime of the advance in stages 2 and 3.

14. Changes in accounting policies (continued)

Adoption of new and revised International Financial Reporting Standards ("IFRS") (continued)

Trade and other receivables (continued)

At 1 January 2018 the life time expected loss provision for trade receivables and advances is as follows:

Amounts in R'000	Accounts receivable	Advances	Total
IFRS 9 loss provision	48 023	93 273	141 296
IAS 39 loss provision	19 072	62 515	81 587
Difference*	28 951	30 758	59 709
Tax effect of difference	7 830	8 612	16 442
Nett difference	21 121	22 146	43 267

* In our interim results, the amount recorded in the retained earnings due to the impairment provision application was R30 758 000. During the year our impairment process was refined and improved. The difference between the amount recorded as an adjustment in our interim results and in our annual financial statements is due to the improved method of determining the expected losses.

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the company financial liabilities were not impacted by the adoption of IFRS 9.

IFRS 15: Revenue from contracts from customers ("IFRS 15")

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18: *Revenue*, IAS 11: *Construction contracts and related interpretations*. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time requires judgements.

IFRS 15 introduced a five-step approach to revenue recognition. The requirement to recognise the significant financing component separately from the transaction price did impact the contracts for the sale of goods where the contracts exceed a period of 12 months. The group has elected to apply the practical expedient model not to separate the significant financing components from contracts where the expected period between the contract recognition and payment is less than 12 months for all other contracts. The standard requires the group to recognise the performance obligation over time or at a point in time, which did not affect the group's recognition, except as noted in the table below.

The group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (ie 1 January 2018). Accordingly, the information presented for 2017 has not been restated – ie it is presented as previously reported under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative figures.

The impact on the group is as follows:

Revenue type	Transfer of control	Changed from IAS 18
Services	Over time or point in time dependent on the service being delivered.	No
Customer loans	Over time	No
Sale of goods	Point in time for delivery of handsets and over time for financing services as interest is earned.	Yes, significant financing component adjustments now separated from the revenue.

Revenue now separated to be recognised at a point in time when the handset is delivered and over time for the financing provided on the sales.

Notes to the summarised consolidated results (continued)

for the year ended 31 December 2018

15. Financial instruments

Recognition and derecognition

Financial instruments are recognised when the group becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments (other than those at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Where the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

15.1 Financial assets

Classification and initial measurement of financial assets

Financial assets, are classified into the following categories:

- Amortised cost;
- Fair value through profit or loss ("FVTPL"); and
- Fair value through other comprehensive income ("FVTOCI").

The classification is determined by both:

- The group's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income.

Subsequent measurement

Financial assets at amortised cost

Financial assets are measured at amortised cost where the group's business model is to hold the financial assets and collect its contractual cash flows and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the period between the service and the expected payment date is less than 12 months and the effect of discounting is immaterial. The group's advances, trade and receivables and cash and cash equivalents fall into this category of financial instruments.

Cash and cash equivalents comprise cash on hand, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Advances

Advances are non-derivative financial assets with fixed payments that are not quoted in the active market. The advances arise when the group provides money or goods directly to a debtor through the lending services and sale of goods. These advances are in the form of personal unsecured loans and are paid back in fixed equal instalments. Origination fees and monthly service fees that are integral to the effective interest rate are capitalised to the value of the loan and amortised to profit or loss over the contractual life of the loan using the effective interest rate method.

Advances are measured at amortised cost using the effective interest rate method, less any impairment losses through the use of an allowance account whereby the amount of the losses are recognised in profit or loss.

The significant financing component on the sale of goods is recognised using the effective interest method over the period of the contract.

15. Financial instruments (continued)

Recognition and derecognition (continued)

15.1 Financial assets (continued)

Financial assets at fair value through profit or loss ("FVTPL") – mandatory

The group holds an investment in an unconsolidated structured entity in the form of a cell captive. This investment does not fall within the business model to "hold to collect" or "hold to collect and sell" and its contractual cash flows are not solely payments of principal and interest. It is therefore accounted for as a financial asset mandatorily measured at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

Financial assets at fair value through other comprehensive income ("FVTOCI")

The group has elected to designate its equity investments in listed shares at FVTOCI. This is an irrevocable election permitted where the instruments meet the definition of equity under IAS 32: *Financial Instruments: Presentation* and are not held for trading.

Dividends received on these investments are recognised in profit or loss. Any gains or losses recognised in other comprehensive income ("OCI") will not be reclassified to profit or loss upon derecognition of the asset.

Impairment of financial assets

The group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are probability weighted estimates based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables and advances, where the carrying amount is reduced through the use of an allowance account. When the trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit and loss. Changes to the carrying amount of the allowance account are recognised in profit and loss.

Trade and other receivables

The group uses an allowance account to recognise its credit losses on trade and other receivables. It applies the simplified approach of recognising lifetime ECLs for the trade receivables. The group applied a practical expedient in measuring the expected credit loss, using a provision matrix in determining the impairment. This matrix uses the historical credit loss, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast conditions at the reporting date. Historically, the recoverability of the accounts receivable has been impacted by large losses in some of the acquired entities. We believe that these historical losses have been cleared and do not expect the high loss rates to continue.

These credit losses are the expected shortfalls in contractual cash flows, contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Advances

The group uses an allowance account to record its credit losses on advances. It applies the general impairment approach in determining the ECLs. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Notes to the summarised consolidated results (continued)

for the year ended 31 December 2018

15. Financial instruments (continued)

Recognition and derecognition (continued)

15.1 Financial assets (continued)

Due to the nature of the advances, the group considers an advance in default when they are handed over to the legal process. However, in certain cases, the group may also consider an advance to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. An advance is written off when there is no reasonable expectation of recovering the contractual cash flows.

The group has established a policy to perform an assessment, at the end of each reporting period, of whether an advance's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the group groups its advances into stage 1, stage 2 and stage 3, as described below (the advances can alternate between stages):

- Stage 1: When advances are first recognised, the group recognises an allowance based on 12-month ECLs. Stage 1 advances also include facilities where the credit risk has improved, and the advance has been reclassified from Stage 2. The advances included within Stage 1 are those for temporary employees that are currently working, and the payments are paid from their salaries consistently.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the group records an allowance for the life time ECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3. The advances included within this stage are those that the group still manages on a portfolio basis. Based on the history of the group, these might include advances where the client has not made payments, mainly due to non-employment. This is considered to increase the credit risk of the client, but advances are still expected to be recovered through a debt management process.
- Stage 3: Loans considered credit-impaired. The group records an allowance for the life time ECLs.

The advances can move between stages based on their performance, ie an advance in Stage 2 in the current year can move to a Stage 1 loan in the next period if the lender's risk decreases, for example, the lender recovers and makes regular payments again.

The entity considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower enters the legal stage of the advance management process. At this time the loans are managed individually.

The ECL calculations are performed on a portfolio basis, grouping the advances into those with similar credit risks and within those portfolios, using statistics derived from a five-year historical past performance of that portfolio, validated by external borrowers and taking into account any changes to collection procedures and projected future market conditions.

15.2 Financial liabilities

Financial liabilities at amortised cost

The company's financial liabilities include trade and other payables.

Financial liabilities are measured at fair value, and where applicable, adjusted for transaction costs.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

15.3 Fair value estimation

A number of the group's accounting policies and disclosures require the measurement of fair values. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

15. Financial instruments (continued)

Recognition and derecognition (continued)

15.3 Fair value estimation (continued)

The classification into different levels is based on the extent that quoted prices are used in the calculation of fair value and the levels have been defined as follows:

- Level 1: fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- Level 3: fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Investment in cell captive	Contingent consideration	Total
<i>Reconciliation of level 3 fair value measurements</i>			
As at 31 December 2018			
Opening balance	2 605	(25 562)	(22 957)
Gain/(loss) in profit or loss*	211	(8 403)	(8 192)
Additions	–	(79 358)	(79 358)
Release on liability	–	46 351	46 351
Closing balance	2 816	(66 972)	(64 136)
As at 31 December 2017			
Opening balance	400	(17 406)	(17 006)
Gain/(loss) in profit or loss	2 205	6 844	9 049
Additions	–	(21 326)	(21 326)
Release on liability	–	6 326	6 326
Closing balance	2 605	(25 562)	(22 957)

* Included in fair value adjustments in profit or loss.

16. Disposal of subsidiary

On 22 August 2018, the group disposed of its interest in Qunu Staffing Proprietary Limited. The net assets of Qunu Staffing Proprietary Limited at the date of disposal were as follows:

	R'000
Property, plant and equipment	82
Trade receivables	3 333
Cash and bank balances	48
Deferred tax asset	802
Trade payables	(7 092)
Gain on disposal	2 827
Total consideration	–

There were no disposals of subsidiaries made in 2017. The impact of Qunu Staffing Proprietary Limited on the group's results in the current year is a loss of R854 361.

Notes to the summarised consolidated results (continued)

for the year ended 31 December 2018

17. Reclassification of prior year presentation

Certain reclassification has been made to the prior period's condensed consolidated statement of comprehensive income in order to enhance the comparability to the current period's financial results. The recognition of fair value adjustments has subsequently been disclosed separately in the group statement of comprehensive income and the group statement of cash flows resulting in certain line items being reclassified.

	Previously reported 31 December 2017 R'000	Restated 31 December 2017 R'000	Adjustment R'000
Group statement of comprehensive income			
Fair value adjustments	10 365	–	10 365
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	133 939	123 574	10 365
Fair value adjustments	–	10 365	(10 365)
Depreciation and amortisation of non-financial assets	(26 080)	(26 080)	–
Finance income	1 486	1 486	–
Finance costs	(23 360)	(23 360)	–
Profit before taxation	85 985	85 985	–
Group statement of cash flows			
Cash flows from operating activities	15 918	11 405	4 513
Cash flows from investing activities	(60 710)	(57 611)	(3 099)
Cash flows from financing activities	(4 789)	(3 375)	(1 414)
Net change in cash and cash equivalents	(49 581)	(49 581)	–
Cash and cash equivalents at the end of the year	25 548	25 548	–

Notice of annual general meeting

Workforce Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2006/018145/06)

Share code: WKF ISIN: ZAE000087847

("Workforce" or "the company" or "the group")

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant, or other professional adviser immediately.

Notice is hereby given that the annual general meeting of the company's shareholders will be held at 11 Wellington Road, Parktown on Monday, 6 May 2019 at 10:00 ("annual general meeting").

Purpose

The purpose of the meeting is to transact the business set out in this notice of annual general meeting ("annual general meeting notice") by considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions hereunder.

Record date, attendance and voting

	2019
Record date in order to be eligible to receive the annual general meeting notice	Friday, 22 March
Annual general meeting notice posted to shareholders	Friday, 29 March
Last date to trade in order to be eligible to vote at the annual general meeting	Tuesday, 23 April
Record date in order to be eligible to vote at the annual general meeting	Friday, 26 April
Last day to lodge forms of proxy for the annual general meeting (by 10:00) for administration purposes	Thursday, 2 May
Annual general meeting (at 10:00)	Monday, 6 May
Results of the annual general meeting released on SENS	Monday, 6 May

- Shareholders entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the company. A form of proxy, in which is set out the relevant instructions for its completion, is enclosed for the use of a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the annual general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the annual general meeting.
- The instrument appointing a proxy and the authority (if any) under which it is signed must reach the company's transfer secretaries at the address given below by not later than 10:00 on Thursday, 2 May 2019.
- Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the annual general meeting in person will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
- Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the annual general meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and the CSDP or broker in the manner and time stipulated therein.
- Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.
- In terms of the Companies Act 2008 (Act 71 of 2008), as amended ("the Companies Act"), any shareholder or proxy who intends to attend or participate at the annual general meeting must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the annual general meeting. A green bar-coded identification document or identity card issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted at the annual general meeting as sufficient forms of identification.

Notice of annual general meeting (continued)

Agenda

Presentation and consideration of the annual financial statements of the company, including the reports of the auditors and directors and the audit and risk committee for the year ended 31 December 2018 as set out in the company's integrated annual report 2018 which is available on the company's website at www.workforce.co.za; and

To consider and, if deemed fit, approve, with or without modification, the following special and ordinary resolutions:

Note:

For any of the ordinary resolutions numbers 1 to 11, excluding ordinary resolution number 10, to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.

For any of the special resolutions numbers 1 to 3 to be adopted, more than 75% of the voting rights exercised on each such special resolution must be exercised in favour thereof.

For ordinary resolution number 10 to be adopted, more than 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

Ordinary business

1. Ordinary resolution number 1: Confirmation of the appointment of Inshaaf Ross

"Resolved that Inshaaf Ross, who was appointed as a non-executive director of the company effective 13 August 2018, be and is hereby elected as a director."

An abbreviated *curriculum vitae* in respect of Inshaaf Ross may be viewed on page 51 of the integrated annual report which is available on the company's website at www.workforce.co.za.

Reason for ordinary resolution number 1

The reason for ordinary resolution number 1 is that article 7.1.9 of the memorandum of incorporation of the company and, to the extent applicable, the Companies Act, requires that director appointments must be approved by shareholders at the next annual general meeting.

2. Ordinary resolution number 2: Re-election of John Macey

"Resolved that John Macey, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible and offering himself for re-election, be and is hereby re-elected as director and chairman."

An abbreviated *curriculum vitae* in respect of John Macey may be viewed on page 50 of the integrated annual report which is available on the company's website at www.workforce.co.za.

The remuneration and nominations committee has considered John Macey's past performance, contribution to the company and his independence and, in accordance with article 38.3 of the memorandum of incorporation of the company, recommends that John Macey be re-elected as a director of the company.

3. Ordinary resolution number 3: Re-election of Shaun Naidoo

"Resolved that Shaun Naidoo, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible and offering himself for re-election, be and is hereby re-elected as director."

An abbreviated *curriculum vitae* in respect of Shaun Naidoo may be viewed on page 51 of the integrated annual report which is available on the company's website at www.workforce.co.za.

The remuneration and nominations committee has considered Shaun Naidoo's past performance and contribution to the company and, in accordance with article 38.3 of the memorandum of incorporation of the company, recommends that Shaun Naidoo be re-elected as a director of the company.

Reason for ordinary resolution numbers 2 and 3

The reason for ordinary resolution numbers 2 and 3 is that article 36 of the memorandum of incorporation of the company and, to the extent applicable, the Companies Act, requires that one-third of the non-executive directors rotate at the annual general meeting and, being eligible, may offer themselves for re-election as directors.

4. Ordinary resolution number 4: Confirmation of the reappointment of the auditors

“Resolved that the reappointment of Crowe JHB (previously Horwath Leveton Boner) as independent auditors of the company for the ensuing year (the designated auditor being Gary Kartsounis) on the recommendation of the company’s audit and risk committee, be ratified.”

Reason for ordinary resolution number 4

The reason for ordinary resolution number 4 is that the company, being a public listed company, must have its annual financial statements audited and such auditor must be appointed or reappointed each year at the annual general meeting of the company as required by the Companies Act.

5. Ordinary resolution number 5: Appointment of Kyansambo Vundla as member and chairman of the audit and risk committee

“Resolved that Kyansambo Vundla be elected a member and chairman of the audit and risk committee, with effect from the conclusion of this annual general meeting in terms of section 94(2) of the Companies Act.”

An abbreviated *curriculum vitae* in respect of Kyansambo Vundla may be viewed on page 51 of the integrated annual report which is available on the company’s website at www.workforce.co.za.

6. Ordinary resolution number 6: Appointment of John Macey as a member of the audit and risk committee

“Resolved that, subject to the passing of ordinary resolution number 2, John Macey be elected a member of the audit and risk committee, with effect from the conclusion of this annual general meeting in terms of section 94(2) of the Companies Act.”

An abbreviated *curriculum vitae* in respect of John Macey may be viewed on page 50 of the integrated annual report which is available on the company’s website at www.workforce.co.za.

7. Ordinary resolution number 7: Appointment of Shelley Thomas as a member of the audit and risk committee

“Resolved that Shelley Thomas be elected a member of the audit and risk committee, with effect from the conclusion of this annual general meeting in terms of section 94(2) of the Companies Act.”

An abbreviated *curriculum vitae* in respect of Shelley Thomas may be viewed on page 51 of the integrated annual report which is available on the company’s website at www.workforce.co.za.

Reason for ordinary resolution number 5 to 7

The reason for ordinary resolution numbers 5 to 7 (inclusive) is that the company, being a public listed company, must appoint an audit committee as prescribed by sections 66(2) and 94(2) of the Companies Act, which also requires that the members of such audit committee be appointed, or reappointed, as the case may be, at each annual general meeting of a company.

8. Ordinary resolution number 8: Endorsement of remuneration policy and implementation report

Ordinary resolution 8.1

“Resolved that the company’s remuneration policy, as set out in the remuneration report on pages 53 and 54 of the integrated annual report which is available on the company’s website at www.workforce.co.za, be and is hereby approved by way of a non-binding advisory vote of shareholders of the company in terms of the King IV Report on Corporate Governance.”

Ordinary resolution 8.2

“Resolved that the implementation report, as set out on page 55 of the integrated annual report which is available on the company’s website at www.workforce.co.za, be and is hereby endorsed as a non-binding advisory vote of shareholders of the company in terms of the King IV Report on Corporate Governance.”

Reason for ordinary resolution numbers 8.1 and 8.2

The reason for ordinary resolution numbers 8.1 and 8.2 is that King IV recommends that the remuneration policy of the company be endorsed through separate non-binding advisory votes by shareholders at the annual general meeting of a company. Failure to pass these resolutions will not have legal consequences relating to existing arrangements. However, the board of directors of the company (“the board”) will take the outcome of the vote into consideration when assessing the company’s remuneration policy and implementation report.

Notice of annual general meeting (continued)

9. Ordinary resolution number 9: Placing unissued shares under directors' control

"Resolved that the unissued shares in the company, limited to 15% of the number of shares in issue at 29 March 2019, be and are hereby placed under the control of the directors until the next annual general meeting and that they be and are hereby authorised to issue any such shares as they may deem fit, subject to the Companies Act, the memorandum of incorporation of the company, and the provisions of the Listings Requirements of the JSE Limited ("JSE"), save that the aforementioned 15% limitation shall not apply to any shares issued in terms of a rights offer."

Reason for ordinary resolution number 9

The reason for ordinary resolution number 9 is that the board requires authority from shareholders in terms of article 3 of its memorandum of incorporation to issue shares in the company. This general authority, once granted, allows the board from time to time, when it is appropriate to do so, to issue ordinary shares as may be required, *inter alia*, in terms of capital raising exercises, and to maintain a healthy capital adequacy ratio that may be required from time to time. This general authority is subject to the restriction that it is limited to 15% of the number of shares in issue at 29 March 2019.

10. Ordinary resolution number 10: General authority to issue shares for cash

"Resolved that the directors of the company be and are hereby authorised by way of a general authority, to allot and issue any of its unissued shares for cash placed under their control as they in their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements of the JSE, and subject to the provision that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 15% of the issued share capital at 29 March 2019 (net of treasury shares), provided that:

- The approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond fifteen months from the date of this resolution ("issue period");
- an announcement giving full details, including the impact on net asset value and earnings per share, will be published after any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of shares in issue prior to such issue;
- the general issues of shares for cash in aggregate in the issue period may not exceed 15% of the company's issued share capital (number of securities) of that class (net of treasury shares);
- in the event of a sub-division or consolidation of issued shares during the issue period, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities. The JSE should be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties; and
- any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue."

The reason for ordinary resolution number 10

For listed entities wishing to issue shares, it is necessary for the board not only to obtain the prior authority of the shareholders as may be required in terms of their memorandum of incorporation contemplated in ordinary resolution number 9 above but it is also necessary to obtain the prior authority of shareholders in accordance with the Listings Requirements of the JSE. The reason for this resolution is accordingly to obtain a general authority from shareholders to issue shares in compliance with the Listings Requirements of the JSE. The authority granted in terms of this ordinary resolution number 10 must accordingly be read together with authority granted in terms of ordinary resolution number 9 above and any exercise thereof will be subject to the conditions contained in this ordinary resolution number 10.

Note:

In terms of the Listings Requirements of the JSE, this resolution requires the approval of not less than 75% of the votes cast by shareholders present or represented by proxy and entitled to vote at this annual general meeting.

11. Ordinary resolution number 11: Authority to action

"Resolved that any one director of the company and/or the company secretary is hereby authorised to do all such things and sign all such documents as deemed necessary to implement the ordinary and special resolutions as set out in this notice convening the annual general meeting at which these resolutions will be considered."

The reason for ordinary resolution number 11

The reason for ordinary resolution number 11 is to ensure that the resolutions voted favourably upon are duly implemented through the delegation of powers provided for in terms of article 29 of the company's memorandum of incorporation.

Special business

12. Special resolution number 1: Remuneration of non-executive directors

"Resolved that the remuneration payable to the non-executive directors be approved on the following basis, effective 1 January 2019:

Category	Recommended remuneration
Board chairman	R408 312 annual retainer R15 135 per meeting attended
Board member	R47 790 annual retainer R15 135 per meeting attended
<i>Ad hoc fee</i>	R2 120 per hour
Audit and risk committee	
Chairman	R14 304 per meeting attended
Member	R12 720 per meeting attended
Remuneration committee	
Chairman	R14 304 per meeting attended
Member	R12 720 per meeting attended
Social and ethics committee	
Chairman	R14 304 per meeting attended
Member	R12 720 per meeting attended
Investment committee	
Chairman	R14 304 per meeting attended
Member	R12 720 per meeting attended"

Reasons for and effect of special resolution number 1

The reason for the proposed special resolution is to comply with section 66(9) of the Companies Act, which requires the approval of directors' fees prior to the payment of such fees.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next annual general meeting.

13. Special resolution number 2: Financial assistance to related and inter-related companies

"Resolved that the board be and is hereby authorised in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval (which approval will be in place for a period of two years from the date of adoption of this special resolution number 2), to authorise the group to provide any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to such term in section 45(1) of the Companies Act) that the board may deem fit to any related or inter-related company of the group ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act), on the terms and conditions and for the amounts that the board may determine."

Reason for and effect of special resolution number 2

The reason for and the effect of special resolution number 2 is to provide a general authority to the board for the group to grant direct or indirect financial assistance to any company forming part of the group, including in the form of loans or the guaranteeing of their debts.

Notice of annual general meeting (continued)

14. Special resolution number 3: Authority to repurchase shares by the company

“Resolved that as a special resolution that the company and its subsidiaries be and is hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of section 46 and 48 of the Companies Act, the memorandum of incorporation of the company and the Listings Requirements of the JSE, namely that:

- The general repurchase of the shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board approving the purchase, that the company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position or required shareholder spread of the group;
- the general repurchase is authorised by the company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the applicant's securities have not traded in such five business day period;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf;
- the company and its subsidiaries may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of section 5.72(g) of the Listings Requirements of the JSE; and
- the company must ensure that its designated advisor provides the JSE with the required working capital letters before it commences the repurchase of any shares.”

Reason and effect of special resolution number 3

The reason for and effect of special resolution number 3 is to grant the directors a general authority in terms of its memorandum of incorporation and the Listings Requirements of the JSE for the acquisition by the company and/or its subsidiaries of shares issued by it on the basis reflected in the special resolution.

In terms of the Listings Requirements of the JSE any general repurchase by the company and/or its subsidiaries must, *inter alia*, be limited to a maximum of 20% of the company's issued share capital in any one financial year of that class at the time the authority is granted.

Other business

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the company.

Information relating to the special resolutions

1. General authority to purchase shares

The directors of the company or its subsidiaries will only utilise the general authority to purchase shares of the company and/or the subsidiary as set out in special resolution number 3 to the extent that the directors, after considering the maximum shares to be purchased, are of the opinion that the group position would not be compromised as to the following:

- The group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this annual general meeting and for a period of 12 months after the purchase;
- the consolidated assets of the group will at the time of the annual general meeting and at the time of making such determination be in excess of the consolidated liabilities of the group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the group;
- the ordinary capital and reserves of the group after the purchase will remain adequate for the purpose of the business of the group for a period of 12 months after the annual general meeting and after the date of the share purchase; and

- the working capital available to the group after the purchase will be sufficient for the group's requirements for a period of 12 months after the date of the notice of the annual general meeting and the directors have passed a resolution authorising the repurchase, resolving that the company has satisfied the solvency and liquidity test as defined in the Companies Act and resolving that since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the group.

2. Other disclosures in terms of section 11.26 of the Listings Requirements of the JSE

For the purposes of considering special resolution number 3, and in compliance with paragraph 11.26 of the Listings Requirements, the information listed below has been included in the integrated annual report, in which this notice of annual general meeting is included, at the places indicated:

- Major shareholders (page 129); and
- Share capital of the company (page 101).

3. Direct or indirect financial assistance

For purposes of special resolution number 2, the board will only utilise the general authority bestowed upon them to provide direct or indirect financial assistance related to inter-related companies to the extent that the directors, after considering the amount of financial assistance to be granted, are of the opinion that:

- Immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test (as defined in the Companies Act, 2008, as amended);
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company; and
- all conditions or restrictions regarding the granting of financial assistance as set out in the company's memorandum of incorporation have been satisfied and that the board have passed a resolution authorising the grant of the said financial assistance ("the board resolution") under their general authority so granted, the company which will then provide written notice of the board resolution to all shareholders:
 - within 10 days after adoption of the board resolution, if the total value of all loans, debts, obligations or assistance contemplated in that resolution, together with any previous such resolution(s) during the financial year, exceeds one-tenth of 1% of the company's net worth at the time of the board resolution; or
 - within 30 business days after the end of the financial year, in any other case.

4. Litigation statement

The company is not involved in any legal or arbitration proceedings, nor are any proceedings pending or threatened of which the company is aware that may have or have had in the previous 12 months, a material effect on the company's financial position.

5. Responsibility statement

The directors, whose names are reflected in this integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts that have been made and that the notice contains all information required by the Listings Requirements of the JSE.

6. Material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the company and its subsidiaries since the date of signature of the audit report up to the date of this notice.

By order of the board



Sirkien van Schalkwyk
Company secretary

26 March 2019

Form of proxy

Workforce Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2006/018145/06)

Share code: WKF ISIN: ZAE000087847

("Workforce" or "the company" or "the group")

FORM OF PROXY – for use by certificated and "own-name" dematerialised shareholders only at the annual general meeting of shareholders to be held at 11 Wellington Road, Parktown on Monday, 6 May 2019 at 10:00 ("the annual general meeting") and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the annual general meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend the annual general meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These ordinary shareholders must not use this form of proxy.

I/We (please print name in full)

of (address)

being a shareholder/s of Workforce Holdings Limited, holding shares in the company hereby appoint:

1. or, failing him/her,
2. or, failing him/her,
3. or failing him/her,

4. the chairman of the annual general meeting, as my proxy to vote for me/us and on my/our behalf at the annual general meeting and at any adjournment thereof and to speak and act for me/us and, on a poll, vote on my/our behalf.

My/our proxy shall vote as follows:

	Number of shares		
	In favour of	Against	Abstain
To consider the presentation of the annual financial statements for the year ended 31 December 2017			
Ordinary resolution number 1: Confirmation of Inshaaf Ross's appointment			
Ordinary resolution number 2: To re-elect John Macey as director			
Ordinary resolution number 3: To re-elect Shaun Naidoo as director			
Ordinary resolution number 4: Confirmation of auditor's reappointment			
Ordinary resolution number 5: Appointment of Kyansambo Vundla as chairman to audit and risk committee			
Ordinary resolution number 6: Appointment of John Macey to audit and risk committee			
Ordinary resolution number 7: Appointment of Shelley Thomas to audit and risk committee			
Ordinary resolution number 8: 8.1 Endorsement of remuneration policy			
Ordinary resolution number 8: 8.2 Endorsement of the implementation report			
Ordinary resolution number 9: Placing of unissued shares under the directors' control			
Ordinary resolution number 10: General authority to issue shares for cash			
Ordinary resolution number 11: Authority to action			
Special resolution number 1: Remuneration of non-executive directors			
Special resolution number 2: Financial assistance to related and inter-related companies			
Special resolution number 3: General authority to the company to repurchase shares			

(indicate instruction to proxy by way of a cross in the space provided above)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this day of 2019

Signature

Notes to proxy

1. The form of proxy must only be completed by shareholders who hold ordinary shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the annual general meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the annual general meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of Workforce) of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the chairman of the annual general meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 hours before the commencement of the annual general meeting.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the annual general meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the chairman of the annual general meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the annual general meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairman of the annual general meeting.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
12. Where there are joint holders of ordinary shares:
 - Any one holder may sign the form of proxy; or
 - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. For administrative purposes only, forms of proxy should be lodged with or mailed to Link Market Services South Africa Proprietary Limited.

Hand deliveries to: 13th Floor, Rennie House 19 Ameshoff Street Braamfontein Johannesburg	Postal deliveries to: PO Box 4844 Johannesburg 2000
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14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.
15. Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:
 - A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.
 - A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
 - The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
 - The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.
 - If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the "Notes to proxy".

The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.

**Executive directors**

RS Katz

WP van Wyk

Non-executive directors

JR Macey

KN Vundla

S Thomas

I Ross

S Naidoo

Designated Adviser

Merchantec Proprietary Limited trading
as Merchantec Capital

Company secretary

S van Schalkwyk

Registered office

The registered office, which is also its
principal place of business, is:

11 Wellington Road

Parktown

2193

PO Box 11137

Johannesburg

2000

Transfer secretaries

Link Market Services (South Africa)
Proprietary Limited

11 Diagonal Street

Johannesburg

2001

Commercial bankers

ABSA Business Bank

Company registration number

2006/018145/06

www.workforce.co.za