workforce

HOLDINGS LIMITED

Integrated annual report 2019

Uplifting people.
Growing business.

SCOPE AND BOUNDARY

The boundary of our report is the financial reporting entity of Workforce Holdings Limited and its subsidiaries ("Workforce" or "the group") and covers the period from 1 January 2019 to 31 December 2019. This is our primary report to shareholders and other stakeholders and the reporting boundary covers risks, opportunities, outcomes and strategy. The financial report covers subsidiaries, joint arrangements and investments.

Our report aims to provide stakeholders with balanced, accurate and understandable information about our financial, economic, social and environmental performance during the year on matters material to our business and our ability to create and sustain value. The process used in determining and applying materiality is described on page 13. In preparing our report, we were guided by the International Integrated Reporting Framework ("IIRC") and reporting frameworks applied and were in compliance with the JSE with include JSE Listings Requirements, the King Report on Corporate Governance in South Africa ("King IV™") and the Companies Act 2008 (Act 71 of 2008), as amended ("Companies Act"). The audited financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS").

Adoption of IFRS 16

The group adopted IFRS 16 using the full retrospective method during the period under review. Workforce has lease contracts for property and motor vehicles, the comparative information in the consolidated financial statements has been restated. In compliance with the new standard the group has recognised "right-of-use assets" and "interest-bearing borrowings" for all qualifying leases.

Assurance

Process	Nature of assurance	Status	Provider	Reference
Financial/operational				
Internal audit	External assurance	Internal audit function in place	Internal Audit Department	
Annual financial statements	Internal compilation, external assurance	Assured	Crowe JHB	Independent auditor's report – page 79
Empowerment				
B-BBEE (Level 4)	BEE scorecard	Assured	Siyandisa	www.workforce.co.za/aboutus
Ethics				
Whistleblower and whistleblower protection policy		Assured by Internal Audit Department	Social, ethics and transformation committee	Social, ethics and transformation committee report – page 70

Ethics

Ethical behaviour and conduct within Workforce is governed and aligned to the social, ethics and transformation committee and across the year was found to have maintained the highest level. We firmly believe that the ethics of the organisation are entrenched with ethical behaviour driven from top management structures and with no tolerance for deviation of any kind.

Forward-looking statements

This report contains forward-looking statements which are based on assumptions and best estimates made by management with respect to the group's performance in the future. Such statements are, by their nature, subject to risks and uncertainties which may result in the group's actual performance in the future being different from that expressed or implied in any forward-looking statements. These statements have not been audited by the group's external auditors. Workforce neither accepts any responsibility for any loss arising from the use of information contained in this report, nor undertakes to publicly update or revise any of its forward-looking statements.

Board approval

The Workforce board of directors ("the board") acknowledges its responsibility to ensure the integrity of the integrated annual report for the 2019 financial year, and in the board's opinion, it addresses all material issues and presents fairly the group's integrated performance and its impacts.

John Macey *Independent chairman*	**Ronny Katz** *Chief executive officer*	**Willie van Wyk** *Financial director*

30 March 2019

Definitions and abbreviations – page 165

Queries regarding this Integrated Annual Report or its content should be addressed to:

Willie van Wyk (FD) | Tel: 011 532 0000

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workforce HOLDINGS LIMITED

THIS IS WORKFORCE

An entrepreneurial group guided by a common purpose

WHO WE ARE

Workforce Holdings Limited is a large diversified services company with various subsidiaries that provide an extensive range of innovative, integrated and diversified human capital solutions to all industry sectors in southern Africa. Workforce was founded by Ronny Katz in 1972 and listed on the JSE AltX in 2006.

What we do

The group provides employment, training, healthcare, wellness, financial services and lifestyle benefits to individuals and their employers.

What differentiates us

Entrepreneurial culture

- Innovative service solutions
- Diversified and integrated business model
- Strong customer relationships
- Extensive footprint

Our people

- intellectual capital
- depth of management
- committed workforce

Our purpose

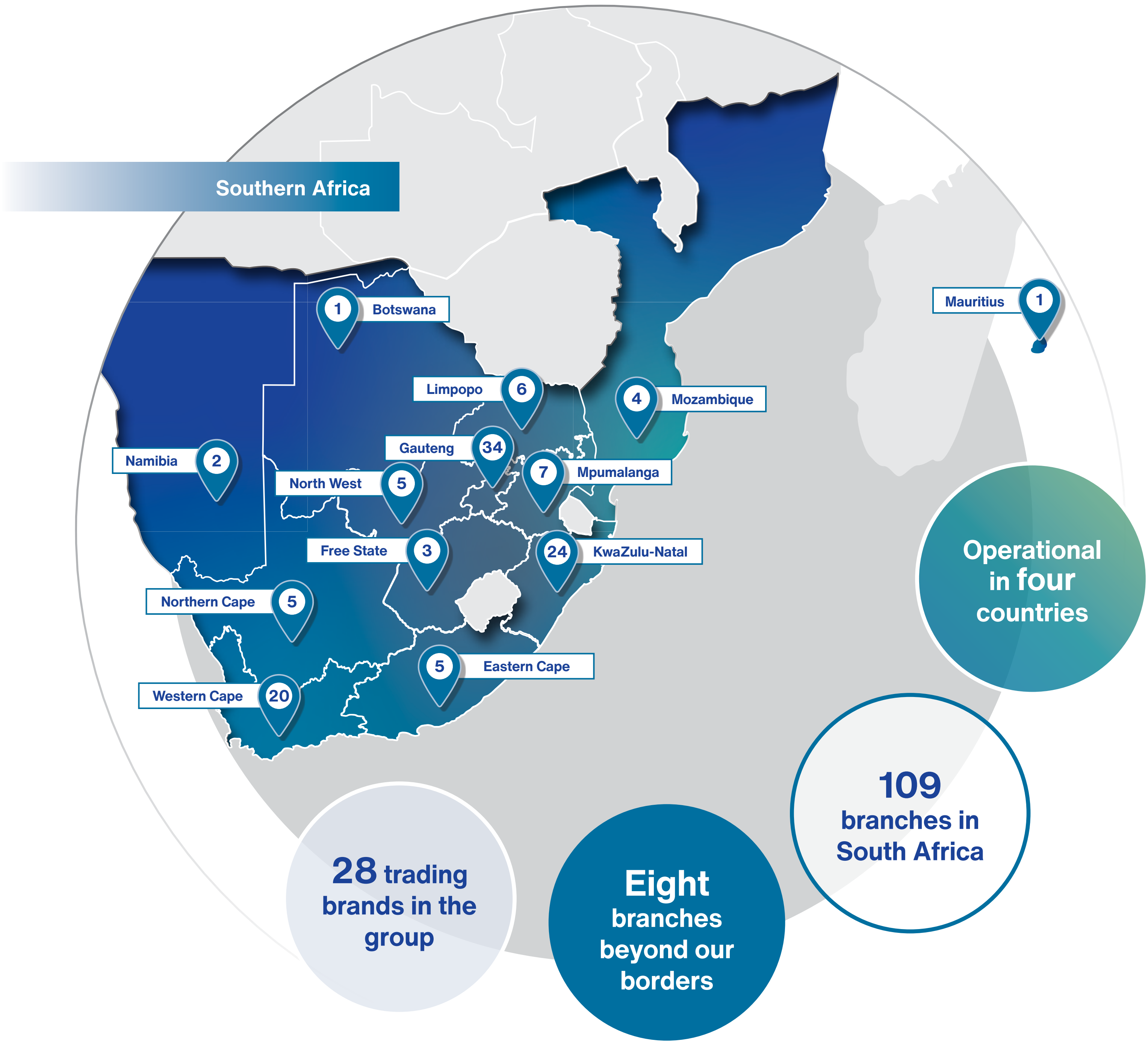
To make a meaningful and sustainable difference in people's lives – to uplift them, to find employment for them and empower them with the appropriate training, healthcare, financial services and lifestyle benefits.

Our vision

To be a progressive investment holding company managing investments in businesses that provide innovative, integrated and diversified human capital solutions globally.

WHERE WE OPERATE

The group operates predominately in South Africa, boasting an extensive national branch infrastructure that extends to all provinces of the country and currently comprises 109 branches. During the past two years, we have entrenched our presence in a number of neighbouring countries, namely Mozambique, Botswana, Namibia and further afield in Mauritius.



OUR STRUCTURE, STRATEGIC ESSENCE AND CLUSTER SUMMARY

Our business is structured for value creation with considerable emphasis placed on endeavouring to ensure that our diverse business portfolio is managed off a profitable and cash-generative basis to ensure sustainable growth. The group has a strong commitment to its core areas of competence to enable the harnessing of inter-group synergies and the diversification into new markets and territories. To support this viewpoint, we realigned our businesses into clusters during the last quarter of 2018 and appointed cluster executives to drive accelerated growth and diversification within each of the clusters.

This strategy has proven highly effective and we are extremely pleased with the progress made to galvanise strategy and business development.

Our clusters | **Our brands and offerings**

Staffing and Outsourcing

Cluster executive
Sean Momberg

This cluster's services extend beyond staffing and outsourcing to turnkey, tailor-made outsourcing solutions, including all aspects of human capital management such as payroll, industrial relations, human resources and functional outsourcing. Our contractors are at the core of our success, which is why we provide them with access to competitive benefits, career growth opportunities, skills development and invaluable experience, ultimately providing greater benefit to our valued clients.

Additional reference: See page 30, note 19 and our website for additional information

Recruitment*

Cluster executive
Evelyn Vanassche

Our companies source, attract and recruit talent through vast professional networks, supported through expertise and technology, all achieved through a cohesive working relationship with our clients.

Additional reference: See page 31, note 19 and our website for additional information

Africa*

Cluster executive
Darren Hollander

Offering the full array of Workforce's employee management services, the Africa cluster serves all industries across the African continent. By recruiting from local communities and partnering with local staffing and recruitment companies, Workforce Africa offers staffing, training, healthcare and financial services.

Additional reference: See page 31, note 19 and our website for additional information

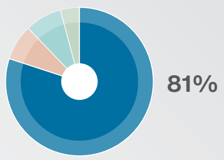
** The results for recruitment and Africa are included in the staffing and outsourcing cluster results.*

Each cluster's business offerings are delivered through multiple brands in the marketplace. Service integration of the various offerings of each of the closely aligned business units is of utmost importance to the sustainable growth of the group as it facilitates growth and diversification of our service offering and expansion into new markets and territories within and beyond South Africa's borders. This diversification strategy will remain a key priority.

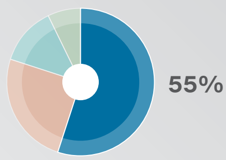
Human capital plays an integral role within our business model, with people featuring at the core of our value creation process. By achieving our strategic business goals and pursuing our purpose of making a difference in people's lives, it translates into shared value for our organisation and our stakeholders while achieving meaningful social contributions such as increased levels of employment.

- Temporary employment services ("TES")
- Risk mitigation through insurance and client driven solutions
- Functional outsourcing
- Short and long-term hires
- Payroll and other systems management
- HR and IR consulting services
- Turnkey staffing solutions
- COIDA and UIF claims support

Segmental revenue 2019



Segmental EBITDA 2019



** The results for recruitment and Africa are included in the staffing and outsourcing cluster results.*

- Specialised staffing solutions
- Executive search
- Permanent recruitment
- Temporary employment services
- Short- and long-term hires
- Payroll management
- HR and IR consulting services
- Disability solutions
- Call centre

- Entire suite of Workforce services and products

OUR STRUCTURE, STRATEGIC ESSENCE AND CLUSTER SUMMARY (CONTINUED)

Our clusters	Our brands and offerings
Training **Cluster executive** Steven Herscovitz	A growing footprint of service providers across South Africa and beyond our borders enables the diversification of our companies and allows for all manner of industry training within all sectors and professional fields. This ranges from compliance training to specialised blue collar work and basic to niche white collar skills. We aim to improve trainees' employability and earning capability of employed people to earn more in the shortest time possible with our training solutions.
Healthcare **Cluster executives** Donald McMillan and Dr Richard Malkin	The healthcare cluster has two focus areas – the first is providing occupational healthcare services encompassing workplace employee health management, high risk compliance and extending to comprehensive corporate wellness solutions across all industry sectors. The second focus is on providing a complete range of primary healthcare personnel solutions for public and private hospitals and clinics, retirement and frail-care establishments and carers for old-age and or home-based care.
Financial Services **Cluster executive** Jonathan Kruger	The financial services cluster provides optimised financial services, lifestyle benefit packages and support services that ensure both employers and employees are protected against unforeseen events.

Additional reference: See page 32, note 19 and our website for additional information

Additional reference: See page 33, note 19 and our website for additional information

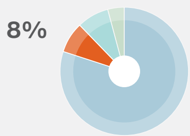
Additional reference: See page 34, note 19 and our website for additional information

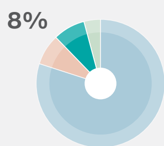
- Learnerships
- Short courses
- Skills programmes
- Online courses and bursaries
- SETA accredited
- SAQA and NQF aligned
- All divisions are registered and accredited
- Compliance and apprenticeships training
- Contractor onboarding and induction

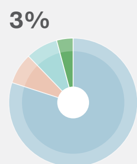
- Occupational healthcare services
- Mobile screening
- On-site clinics
- Employee wellness programmes
- Medical surveillance programmes
- Management of chronic and acute conditions
- Temporary, contract, emergency and permanent placings
- Medical staff recruitment
- Placing nurses and medical professionals
- Home-based care
- Emergency staff contingency plans
- Assistance with bed occupancy

- Funeral cover
- Day-to-day medical insurance
- Hospital cover
- Responsible lending services
- Affordable optometry and glasses programme
- Wide range of financial products

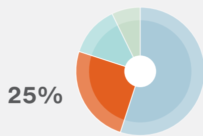
Segmental revenue 2019

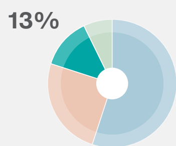


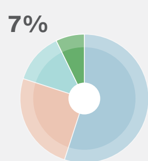




Segmental EBITDA 2019







SUMMARY OF OUR PERFORMANCE

Our people

Permanent staff employed **1 328**

64% of our permanent staff are women

70% of our permanent staff are "Black"

41% of our permanent staff are "youth"

Workforce Wellness programme:
- **2 164** visits to the clinic
- **487** voluntary health risk assessments

Our positive impact

32 878
average weekly assignees

69%
assignees are "youth"

137 679
people trained

133 249
people on short courses

2 642
people on skills programmes

47
registered learnerships

3 353
learners on learnership programmes

50 633
funeral and medical policies

113 275
medical examinations conducted

53 797
lives covered through EAP* call centre

* *Employee Assistance Programme.*

Financial

Revenue
up by 7,1%
to R3,2 billion
(2018: R3,0 billion)

EBITDA
decreased by 19,0%
to R140,9 million
(2018: R173,9 million)

Profit after tax
decreased by 4,6%
to R98,1 million
(2018: R102,9 million)

EPS
decreased by 7,6%
to 42,5 cents
(2018: 46,0 cents)

HEPS
decreased by 5,1%
to 42,4 cents
(2018: 44,7 cents)

NAV
up by 17%
to 308 cents
(2018: 264 cents)

Days sales
Outstanding 50 days
(2018: 53 days)

Acquisition
Chartall Business College ("Chartall") post year-end

Social

B-BBEE Level 4
(Workforce Holdings Limited)

51%
Black ownership

35,57%
Black women ownership

People employed during 2019:
82 588
(2018: 79 894)

INVESTMENT CASE

Sustainable level of organic growth and an **EBITDA contribution** across the segments

48 years of operating experience in the South African marketplace, demonstrates **stability and ability to adapt to changes** in the operating landscape

Listed on the JSE AltX ("Johannesburg Stock Exchange") for **14 years**

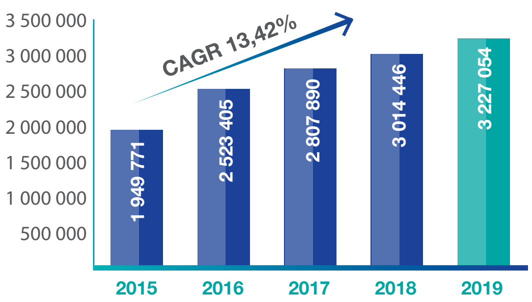
Ability to **successfully transfer operating experience** to other countries thus supporting diversification of revenue streams

Proven entrepreneurial culture with the ability to ensure brands which join Workforce are supported by head office and grown and developed into vibrant businesses

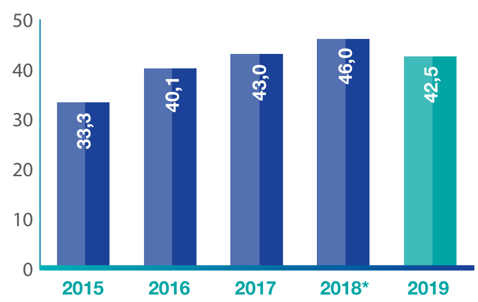
Well defined diversified offering including staffing, recruitment, outsourcing, training, healthcare, wellness, financial services and lifestyle benefits

Experience and ability to make meaningful and sustainable **differences** to people's lives

Revenue (R'000)



Earnings per share (cents)



* *Restated.*

CHAIRMAN'S REVIEW

The year under review focused on the development of leadership, information technology, geographic expansion and ensuring that the structure of the organisation is able to support the future of human capital solutions.

John Macey
Independent chairman

It is once again my pleasure to provide shareholders and other stakeholders with feedback on the performance of Workforce, which despite economic challenges in South Africa did well to navigate through this environment by establishing strong operational clusters and diversifying into new geographies.

The previous uncertainty relating to the deeming provision and the introduction of a minimum wage, together with a depressed employment market, had an adverse effect on the growth of the business. However, Workforce managed to deliver a sustained performance on the revenue line, increasing it by 7%, despite one of the most difficult operating environments in years. These challenges impacted on EBITDA, which decreased by 19%. This was primarily due to modest sales growth, flat gross margins in Rand terms and increases in operating expense to support a significant drive by the clusters to increase their capacity in areas such as human capital, technology, geographical expansion and the establishment of new verticals. This has been done to create a foundation to generate income from current and new income streams in the coming financial years.

Despite the economic challenges, Workforce, through four decades of operation, has the necessary experience and knowledge to find niche areas of operation and thus to continue to secure business. Workforce remains a company with the purpose of making meaningful and sustainable differences to people's lives by providing employment, training, healthcare, wellness, financial services and lifestyle benefits to individuals and employers across diverse industries.

Sticking the right balance

Workforce is a leader in its field, with a history dating back to 1972. The group has a strong commitment to its core areas of competence yet is also cognisant of the need to identify and move into new areas of growth. This conscious path has seen Workforce ensure that it remains relevant in the markets it serves and sustainable into the future.

In 2015 the group embarked on a process of growth through acquisition, with six acquisitions made from October 2015 to March 2017. These acquisitions were well bedded down, entrenched into the group and have since added tremendous value. The corporate finance team continues to evaluate possible opportunities, and despite the momentum of acquisitions slowing during 2018 and 2019, at the start of 2020, Workforce announced the acquisition of Chartall Business College, effective 1 January 2020. This acquisition will allow the group to further expand and diversify by bringing a niche training business with both a market-leading brand and an experienced, entrepreneurial management team into Workforce's training cluster.

It remains the group's intention to look for acquisitions to enhance diversification but to balance this with a sustainable level of organic growth. On page 35 of the integrated annual report, the success of diversification is shown in a series of pie charts. This also speaks strongly to the successful integration of previous acquisitions, as well as the cluster focus, which gained traction across the year.

The formation of operational clusters was enhanced by the appointment of cluster executives to drive performance through their deep industry knowledge and expertise. These executives are empowered to drive operational performance and look to the group for support on legal, finance and acquisition-related matters. This year, the integrated annual report has been enhanced to include a cluster-operations report to provide information on each segment of operation.

Transformation and our human capital

Workforce achieved a Level 4 B-BBEE recognition rating on the revised codes of good practice during the reporting period. Individual scorecard element performance is outlined on page 50 of this report.

It is critical for management to ensure excellent staff relations across our employee stakeholders, 1 328 (2018: 1 268) of whom are permanent staff. Of this, 64% of our permanent staff are women, and of this number 70% are 'black'. We remain proud of the effort we are making on the employment of youth (defined as those between the ages of 18 – 35), with 41% of our permanent employees classified in this group. Transformation continues to be of paramount importance to Workforce and our stakeholders, with the group striving for continuous improvement in this regard.

Workforce continues to invest in our employees to ensure that they are equipped with the necessary tools to ensure the high standard of service Workforce is known for. One example is encouraging employee health and wellness through the #WorkforceWellness programme, which includes physical fitness and health. This #WorkforceWellness programme supported 2 164 visits to the clinic and 487 voluntary health risk assessments.

During the reporting period there were 11 protected disclosures received via the whistle-blower's hotline and one disclosure was made through internal channels. Eight disclosures were fully investigated and the applicable appropriate corrective actions were taken by management. Three disclosures could not be investigated due to insufficient information, despite repeated appeals to the anonymous callers requesting the necessary details required to pursue a proper investigation. One was still under investigation at year-end.

COVID-19

The coronavirus ("COVID-19") outbreak and subsequent lockdown is being actively managed by the group and we have an operational framework and an emergency preparedness management plan and team in place to deal with all eventualities. Engagement with the people we place and with their employers is critical for Workforce to ensure that we are abreast of any impact on our business and this action is being driven from our head office through the 109 branches countrywide. (See the chief executive officer's review on page 29 for our current position on COVID-19.)

Board of directors

During the year under review there were no changes to the board of directors.

Appreciation and thanks

To my fellow board members I extend my sincere thanks for their active input and wise consideration in deliberations. The development of a sound strategy and direction would not be possible without the leadership of Ronny Katz, supported by the dedicated senior management team and all Workforce employees working as a collaborative unit. Lastly, to our stakeholders, including customers, shareholders, suppliers, local communities, assignees and providers of capital, thank you for your continued support.

John Macey
Independent chairman

30 March 2020

OUR STRATEGY

Our diversification strategy and achievements are supported by our cluster focus

STRATEGIC TRENDS IMPACTING OUR BUSINESS

The context in which we operate directly impacts our ability to deliver on our strategy and create value. To remain competitive and meet the demands of our stakeholders, we align our strategies to be responsive to both local and global trends that impact our business.

	Operating context	Link to material issue, risk category or mitigation factor
Macro environment	Low economic growth with poor business confidence	Economy
	Economic policy and spending uncertainty	Political stability, will and consumer confidence
	Growing unemployment levels – particularly youth	Economy
	Continued Government delays in infrastructure development investment	Economy
	Emerging market uncertainty places pressure on South Africa as an investment destination	Economy
Operating environment	Impact of minimum wage legislation	Diversification; regulatory
	Labour legislation amendments	Regulatory; diversification
	4th industrial revolution	Diversification; economy
	Negative market perception about concept of labour outsourcing	Diversification; stakeholder engagement
	Negative union and community activity	Stakeholder engagement
	Curbed spending by clients	Diversification; regulatory; economy
	B-BBEE scorecard pressure	B-BBEE; regulatory
	Reduced SETA funding for training	Financial; diversification
	Employment Tax Incentive continues until 2029	Regulatory
Legal and regulatory environment	Labour legislation amendments	Regulatory, diversification
	Employment equity and B-BBEE legislation	B-BBEE; regulatory; technology
	AEDO (Authenticated Early Debit Order) legislation compliance	Regulatory; technology

MATERIAL ISSUES

Determination of materiality

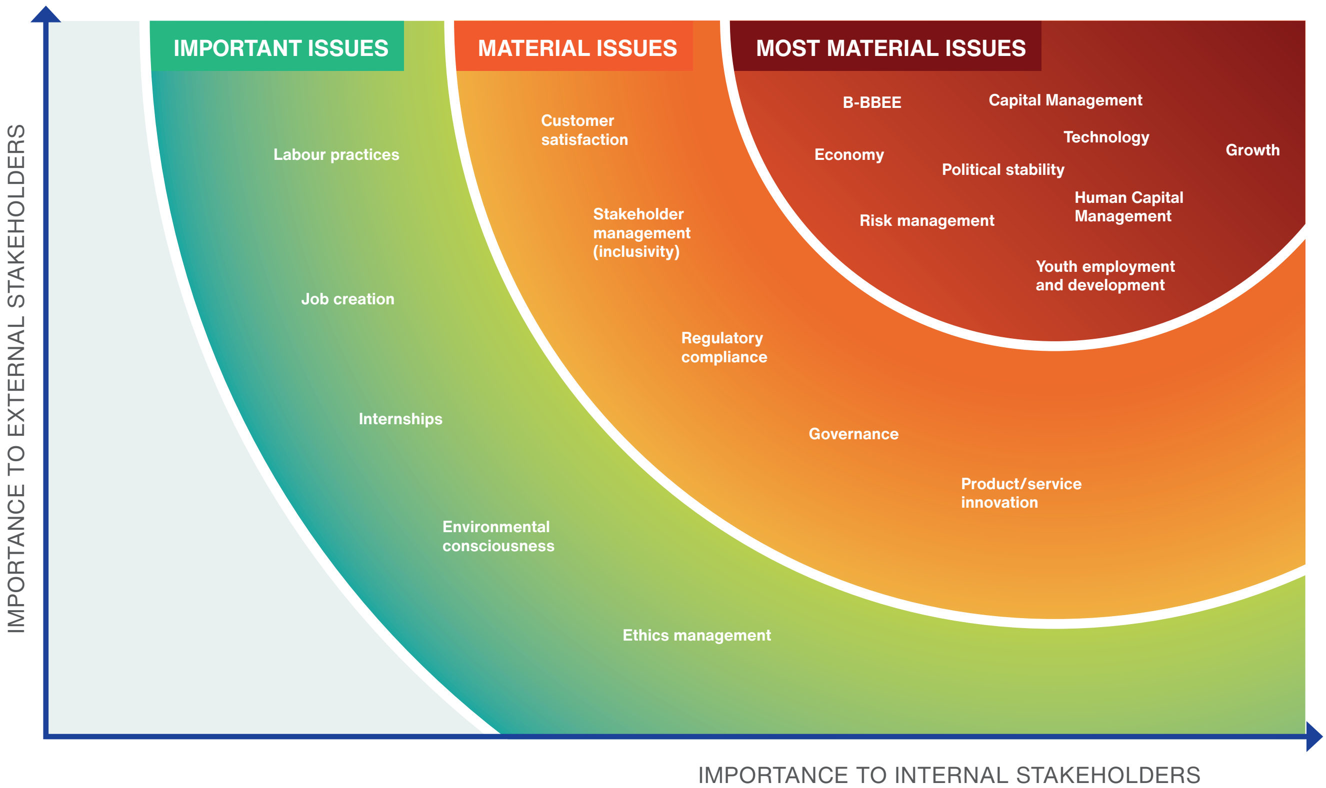
We define materiality as issues or occurrences that substantively affect our ability to create and sustain value over the short, medium and long term. Our material aspects are determined through a structured process of identifying relevant issues, evaluating their importance and prioritising which reflect Workforce's significant economic, environmental and social impacts. Our insights are gained from various sources, including but not limited to our internal and external business environment, risk management processes and from engaging with various stakeholder groups.

During the reporting period, Workforce conducted a materiality assessment to review and identify key aspects which impact our materiality. This assessment involved engaging stakeholder groups, a review of our risk universe documents, a study of the key agenda items of our various operating subsidiaries and discussions with management and the board.

In determining which aspects are most material to Workforce, we considered the impact the aspects could have on our strategy, our business model and the forms of capitals we utilise and our ability to create value over time. Once we completed the prioritisation process, a materiality matrix of those aspects most material to Workforce was presented to the board for review and approval.

Current aspects most material to Workforce's ability to create value over the short, medium and long term and which could substantively affect the future sustainability of the group are outlined in our materiality matrix and the table below.

Materiality matrix



MATERIAL ISSUES (CONTINUED)

Material matter	Why is it material?	Strategic imperative
Technology	Promotes sustainability and reporting effectiveness as well as ensures our value proposition remains relevant.	Ensure that IT is an enabler for all our businesses. Invest in our existing and new IT infrastructure, network security and new initiatives to remain relevant.
Growth	Diversified product range and geographic growth is essential in the support of organic growth, diversification of income and risk and a key factor of the group's long-term sustainability plan.	Drive growth within our diversified business portfolio through cluster structure. Pursue accretive acquisitions that complement existing business and enable entry into new markets. Ensure growth focus is supported by technology.
Capital management	Risk of insufficient funding and continued reliance on Government incentives to fund the business.	Diversification of revenue streams and product streams. Acquisitions of cash-generative businesses. ETI continues to 2029.
Economy	Low economic growth affects business confidence, negatively impacts customer spending and fuels unemployment.	Cluster executives tasked to accelerated growth drive. Continue to market innovative employer-centric solutions.
Political stability and will	Political landscape and policy uncertainty coupled with a lack of infrastructure spend negatively affects investor and business confidence.	Continue active membership and involvement in industry forums. Continue stakeholder engagement.
B-BBEE	Poor B-BBEE rating can result in a negative impact on the sustainability and growth of our business.	Divisional strategy aligned to B-BBEE codes.
Human capital management	Inability to attract, motivate and retain key staff. Potential to lose intellectual capital. Inability to execute and deliver on business strategy.	Position Workforce as an employer of choice and create a high-performance culture through investment and development of the human capital that flows through our business. Cluster structure proving valuable.
Youth employment/ development	First-time job seekers use temporary assignments as an entry into the job market and improve their future employability resulting from on-the-job training and skills development provided.	Continue to support Government initiatives to facilitate youth employment and development. 69% of total assignees are considered "youth" (between the ages of 18 and 35). 100% of our Youth Employment Services Programme ("YES Programme") learners are "youth".

MANAGING OUR RISKS AND OPPORTUNITIES

In 2018 the group adopted a combined risk assurance model which was approved by the audit and risk committee. The model was designed to provide an assurance map to indicate who assures what risk and to whom this assurance is reported. It is a tool to assess and improve the functionality of the "lines of defence" applicable to each risk.

In addition during 2019, the risk policy was amended to make provision for a risk champion, accountable for driving awareness of risk on a cluster and business unit level.

The "four lines of defence" are reflected in the model below.

	People and processes	Management, supervision and oversight	Risk management and compliance	Internal audit action	Board committee oversight	Independent external assurance
Top-down approach	Risk register combined risk assurance model	Subsidiary boards	Financial director	Review, advisory, report to audit and risk	Audit and risk	Review, advisory, report to audit and risk
Combined risk assurance process	Line 1		Line 2	Line 3		Line 4
Bottom-up approach	Enterprise risk assessment process by subsidiaries, feeding into risk register	Subsidiary boards	Financial director	Audit and risk	Audit and risk	Audit and risk

This combined risk assurance process has provided us with a better understanding and control of our risks and has provided management with a tool to address the group's significant risks as part of the "top-down" approach.

The group also formalised its enterprise risk management process in 2018, which in the form of a "bottom-up" approach, inculcates a risk awareness and risk management process throughout the autonomously managed business units of the group. Each business unit completes a detailed risk register which is reviewed by the internal audit department and managed by the respective business units.

As part of the above processes, significant risks identified during the reporting period, together with significant risks identified by senior management, were compiled into a group risk register. This register is monitored by the risk and audit committee on a regular basis.

The board is satisfied with management's process of determining material issues, risks, and opportunities and that the risk management is effective in continuously identifying and evaluating risks and opportunities and ensuring that these risks are managed in line with our business strategy.

MANAGING OUR RISKS AND OPPORTUNITIES (CONTINUED)

Our risk table reflects a summary of our key risks, aligned to our materiality (see page 13), in no particular order.

Risk category	Risk and impact on business	Mitigation and control strategy
Cash management and credit risk	Inability of clients to meet their payment obligations timeously or at all. Inability to sustain and grow the business.	Manage profitable cash-generative businesses; reduce capital costs; reduce debtors' days outstanding; improve credit control and cash management; ensure healthy debt-to-equity ratio; maintain sustainable funder relationships.
Capital and funding	Inability to raise adequate debt or equity capital to sustain and grow existing business. Short-term nature of debt facilities.	Continue to explore new sources of funding.
Financial	The group relies on significant Government incentives that would impact its profitability if withdrawn.	Driving organic and acquisitive growth to become less reliant on Government incentives.
Acquisitions	Failure to integrate and realise full value from acquisitions.	Acquisitions are considered against Workforce's defined acquisition criteria and continue to support the diversification drive successfully.
Technology	Relevance of our IT infrastructure and systems on our business model directly impacts our ability to deliver and support our client base and our own businesses.	Roadmap to improve IT governance and maturity established.
Economic	Weak economic growth is negatively impacting employment levels.	Promote temporary employment as a strategy to mitigate the effect of slow economic growth. Continue to drive organic and geographic growth within our other diversified businesses.
Transformation	Poor B-BBEE rating can result in a negative impact on the sustainability and growth of our business.	Transformation committee with senior management representation; strategy aligned to revised B-BBEE codes. Participation in the YES Programme.
Regulatory	There exist a few minor changes in regulations within some of the businesses which will not have a material impact on the group.	In the past Workforce has dealt with and successfully navigated many regulatory changes as a part of doing business in our field. The well-established diversification drive has mitigated the regulatory risk.
Political	The political landscape is inextricably connected to economic performance which remains poor in South Africa. It is further impacted by the lack of infrastructure project roll-out by Government.	Undeniably, unemployment is one of South Africa's most challenging realities. The cluster and the group assist through training, placement and support across sectors. Of the 32 878 average weekly assignees deployed, 69% of these assignees are "youth" and the group remains involved in the YES Programme.

OUR STRATEGY

Structured for value creation

To realise our vision (see page 2), enhance profitability and continue the advancement of the group, we structured the business into clusters (see page 4) with the underlying goal of uplifting people and growing business. Each cluster is led by a cluster executive with its own independent management team with the directive to grow these businesses into substantial independent and resilient entities.

Our competitive differentiation lies in the diversified and integrated service offering we deliver, the use of technology, human capital, intellectual property built up over four decades of operation, the extent of our footprint (including a large national and mindful international presence) and the quality relationships we have with key stakeholders.

CREATION

Four decades of support to South African employers in the form of placements, training and relevant services

Established 1972 and publicly listed in 2006

FOUNDATION OF DIVERSIFICATION

2015 – 2018

Six acquisitions made to ensure diversification of service and product offerings and to improve EBITDA

Post year-end event:

Acquisition of

Chartall Business College

(See page 35 for EBITDA graphs)

ADVANCEMENT OF GROWTH THROUGH

People, management and leadership	Organisation structure
Geographic location and new sectors	Information Technology

(See additional information on the advancement of our growth strategy in the CEO's Report on page 26)

Accelerate growth and diversification of our business clusters

- Staffing and Outsourcing
- Recruitment
- Africa
- Training
- Healthcare
- Financial Services

Our strategic intent is to drive growth, diversification and profitability of each business cluster. This is already prevalent with contributions from clusters trending positively towards greater diversification (see graphs on page 35).

We aim to create value by being effective in our management of the short and medium-term environment in order to achieve our long-term growth ambitions. Our capability will continue to be extended to operate across a broad spectrum of industries and geographies, reinforcing our competitive positioning through strong brands and our cluster structure.

Strategic focus areas

- Capital management
- Growth
  - Organic
  - Acquisitive
  - Geographic
- Technology
- Human capital management
- B-BBEE

Operational priorities:

- Protect and grow existing business.
- Use technology as a differentiator.
- Unlock the value of our client base through inter-group collaboration.
- Manage our costs and achieve operational efficiencies.
- Deliver unique and innovative customer solutions.
- Grow into new territories.
- Human capital management.
- Leadership development.
- Black talent management.
- Youth employment and development.

OUR STRATEGY (CONTINUED)

Strategic focus areas and our performance

Strategic intent	2019 performance	Looking forward
Technology		
Technology is a key differentiator for our business and supports our ability to remain relevant and competitive. ▪ Network security. ▪ Investment. ▪ Innovation. ▪ Intellectual capital.	▪ Strategic and operational alignment achieved. ▪ Roadmap established for development initiatives. ▪ Data warehouse completed. ▪ Client data interface completed.	▪ Improve development project management methodology. ▪ Accelerate digital transformation. ▪ Cloud-enable key software. ▪ Improve IT governance framework.
Organic growth		
Ensure that we continue to protect and grow our existing business and continue to diversify income streams across the diversity of our clusters as well as exploit gaps in the market. ▪ Drive intergroup synergies and collaboration. ▪ Improve working capital management to optimise cash generation.	▪ Investment in capacity to support future growth. ▪ Clusters leadership in place to drive accelerated growth and diversification. ▪ ISO accreditation enabling improved service delivery.	▪ Business clusters focused on growth strategies. ▪ Centralise key administrative functions. ▪ Protect and grow existing business. ▪ Drive intergroup synergies and collaboration.
Acquisitive growth		
Identify and target quality businesses that are underpinned by strong management teams that share Workforce's entrepreneurial culture and value systems. ▪ Diversification and entry into new markets. ▪ Accretive acquisitions to complement existing business.	▪ Acquisition of Chartall Business College to bolster the training cluster (effective date 1 January 2020 – see pages 10, 28 for additional information as well as note 27 – subsequent event).	▪ Continue to identify and target businesses that will augment our growth and diversification strategy.
Geographic diversification		
Geographic diversification, particularly into African territories, is one of our key priorities. ▪ Deepen African presence. ▪ Grow revenue and profit base from existing territories. ▪ Follow our local clients offshore.	▪ Improved multiple cluster involvement in Africa expansion initiative. ▪ Botswana project successfully implemented which resulted in additional work. ▪ Opened three additional offices in Mozambique.	▪ Extend and leverage our operational skill set and know-how outside of South Africa.

Strategic intent	2019 performance	Looking forward
Capital management		
Ensure that we are operating with the optimal capital structure appropriately weighted between debt and equity. ▪ Debt capital markets. ▪ Equity capital.	▪ Maintained healthy relationship with our bankers. ▪ Obtained additional funding for our Chartall acquisition. ▪ Active engagement with current and potential equity funders. ▪ Cluster ownership of cash management.	▪ Source offshore-based funding for offshore expansion purposes. ▪ Establish disciplined framework to cash and capital allocation and monitoring. ▪ Continuous engagement with current and potential debt and equity funders.
Human capital management		
We aim to make Workforce a great place to work by building a mutually beneficial working environment that is stable and secure and underpinned by a high-performance, ethics-based culture.	▪ Inculcating role and responsibilities of cluster executives. ▪ Formalise talent management and career development programmes.	▪ Leadership development. ▪ Create a high-performance culture. ▪ Youth employment and development. ▪ Significantly enhancing internal training programmes.
B-BBEE		
B-BBEE is of paramount importance to the group and we continue to strive to achieve our transformation objectives.	▪ Maintained a Level 4 B-BBEE scorecard rating. ▪ Enterprise-wide communication, awareness and training on all the pillars of B-BBEE.	▪ B-BBEE scorecard improvement. ▪ Achieve greater diversity through achievement of employment equity numerical goals and targets. ▪ Successfully deliver on the YES Programme initiative.

OUR VALUE CREATION BUSINESS MODEL

Inputs

Financial capital
- Debt-to-equity funding
- Divisional funding structures
- Access to capital

Organisational capital
- National branch network
- Training facilities and courses
- Licences, bespoke software and systems
- Copyrights
- Diversified brands
- Trademarks
- Unique customer solutions
- Industry knowledge

Human capital
- Permanent staff; assignees
- Leadership
- Depth of management
- Industry specialists

Social/relationship capital
- Stakeholder relationships
- Customer satisfaction
- Suppliers
- Ethical conduct
- Governance
- Community support
- Environmental stewardship

For the purposes of reporting, Workforce has chosen to combine intellectual and manufactured capital to create "organisational capital" and to incorporate natural capital with social and relationship capital as the nature of our activities have a low environmental impact. The IIRC's Integrated Reporting Framework allows for this.

Value creation through business activities

How we create value

We create value through our interactions and relationships with our stakeholders and within the commercial environment in which we operate and on which we depend; and which in turn is impacted by our business activities.

We operate strategically through clusters of excellence, expertise and market knowledge, enabled by technology, with a nimble attitude of fast decision-making and continuous learning

Business activities
- Temporary employment services
- Permanent placement recruitment
- Functional outsourcing
- Specialist staffing
- Disability staffing solutions
- Business process outsourcing
- Training and skills development
- Financial services
- Lifestyle products
- Employee death and disability benefits
- Primary healthcare solutions
- Occupational healthcare solutions
- Employee health and wellness

Cluster focus
- Staffing and Outsourcing
- Recruitment
- Africa
- Training
- Healthcare
- Financial Services

Underpinned by a common purpose and values

Our values
- Integrity
- Collaboration
- Accountability
- Determination
- Diligence
- Gratitude
- "Can do" attitude

Enabling entry into the job market for youth.

Empowerment of our supply chain.

Empowerment of unemployed and youth through skills training thereby improving their employability.

Payment of taxes, thereby contributing to South Africa's economic and social well-being.

Return on investment for providers of capital and shareholders.

Client satisfaction, which in turn creates demand for our products and services, improves our sustainability and strengthens our brand and reputation.

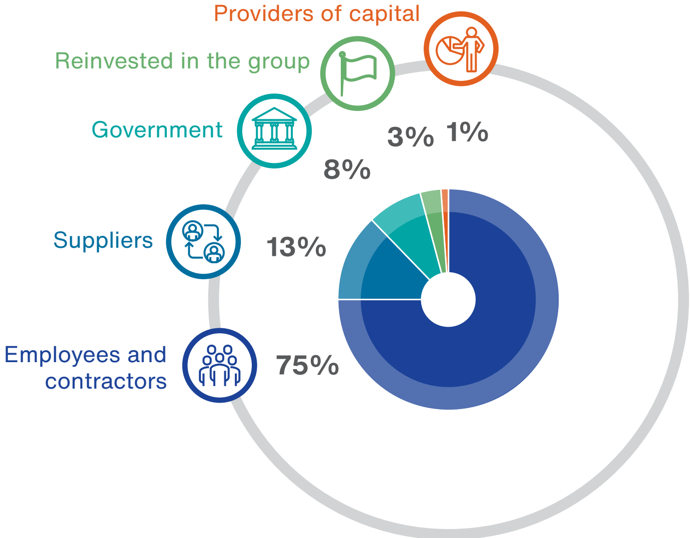
Making health, wellness, financial services and lifestyle benefits accessible to individuals thereby enhancing their lives.

Distribution of wealth, skills and experience to our employees which in turn flows through to dependent structures, such as their families and their communities.

We provide employment, training, healthcare, wellness, financial services and lifestyle benefits to individuals and their employers.

Outcomes and shared value created

Value creation for stakeholders



Wealth created
R3,0 billion

Total paid to employees and contractors
R2,3 billion

Value added from operations
R3,0 billion

OUR APPROACH TO ESG

Workforce is committed to being a responsible organisation.

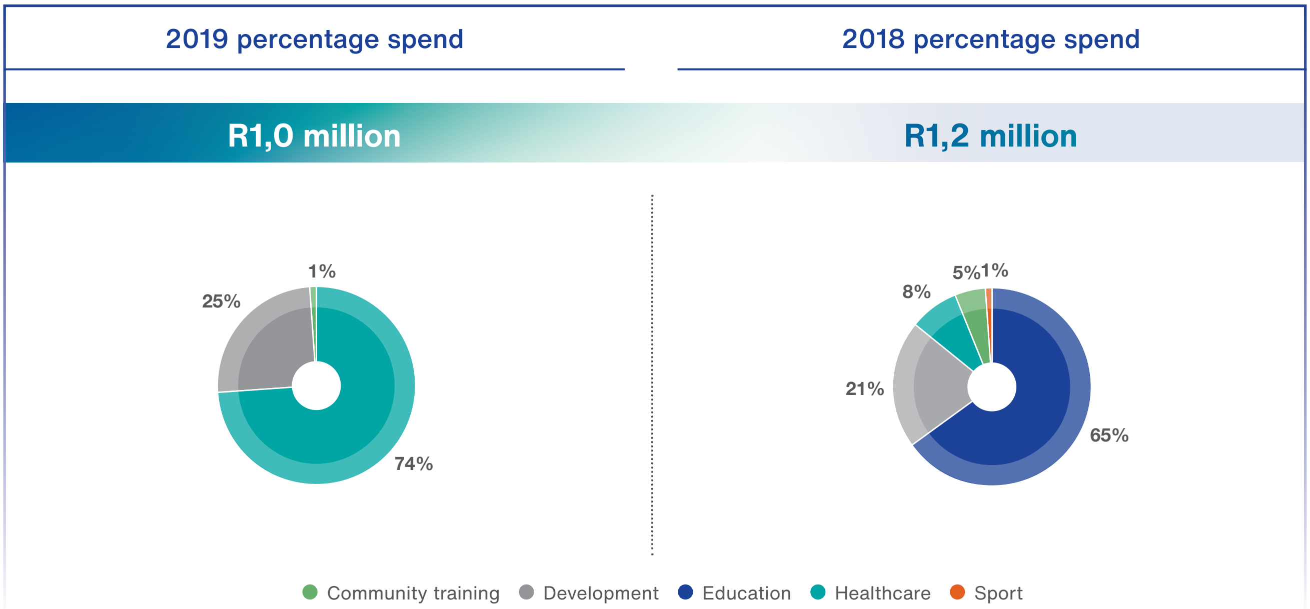
Environmental, social and governance ("ESG") issues are gaining traction amongst investors globally as the world increasingly looks to companies to play a more responsible role in ensuring the sustainability of natural resources, and to take a conscientious attitude regarding the environment, employees, and communities. Governance also weighs in, with a growing mobilisation from investors to only invest in responsibly managed organisations.

Workforce acknowledges that to be a truly sustainable company we must continually look internally and externally to remain abreast of our operating landscape and consider the impact our business has on all our stakeholders, as well as beyond. We also need to understand the impact of our business on renewable and non-renewable environmental resources. In fact, we place such importance on the sustainability of the business that the word features in our manifesto: "We are here to stay, because while we strive to make an impact we want that impact to be sustainable."

From an environmental perspective, Workforce does not have a major impact on the environment as we are a service delivery business, and are classified as a low impact business as a result. However, that does not prevent us from continuing to focus on minimising those impacts we do make. The group's efforts around environmental sustainability are aimed at mitigating the impacts of our operating divisions in order to respond to the challenge of climate change while minimising our operating costs (see further details on page 55 of this integrated annual report – Our relationship with the environment).

From a social perspective our impact is measured in terms of those we place, train or assist. The social framework in South Africa is vital for the success of the country, with high unemployment rates a cause for major concern. For four decades Workforce has directly assisted with placements, training and recruitment and, more recently, with a diversified service offering including healthcare and financial services. Our involvement in the lives of people is thus tangible and measurable. Furthermore, ethics and ethical behaviour, essential to the social contract, features high on the agenda across the organisation, from our recruitment process, through to the evaluation of performance and rewards of employees, as well as the sourcing of suppliers.

Beyond this, the group is involved in a number of corporate social investment initiatives, aimed at improving the lives of those within the communities in which we operate. Social-economic development ("SED") support allocation was as follows:



Finally, with respect to governance, our executive team and the board are committed to the principles of the King IV™ Code of Corporate Governance, and the board, as the ultimate custodian of governance, is responsible for ensuring there is effective control within the business, including compliance with applicable laws, regulations and governance practices.

For more details on our environmental, social and governance approach, please see the social, ethics and transformation committee report on pages 70 and 71, as well as our governance report on pages 56 to 65.

Actions in place to deal with COVID-19

Workforce has developed an emergency preparedness management plan to ensure the health and safety of our human capital and other stakeholders with the following objectives relating to the outbreak:

- Detecting;
- preventing;
- responding; and
- controlling.

Given the possible severity of the virus in the areas in which we operate, we have had to act swiftly to ensure the actions below are in place. The management plan is driven by head office through the 109 branch network across the country. It encapsulates:

- emergency preparedness protocols;
- operational framework and management of the COVID-19 outbreak;
- emergency response plan;
- ensuring a safe working environment for our employees and assignees; and
- maintaining our own operations, as well as client operations.

The fundamental imperative of the management plan we have in place is to prevent transmission.

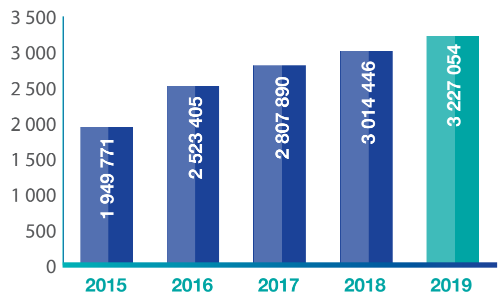
Due to the rapidly changing COVID-19 environment, please see additional information on page 29.

OUR PERFORMANCE

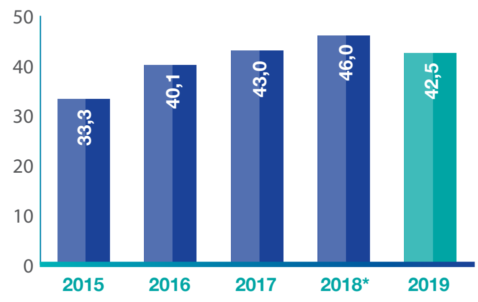
Our ability to be responsive to market dynamics has enabled our performance

PERFORMANCE INDICATORS (FIVE-YEAR REVIEW)

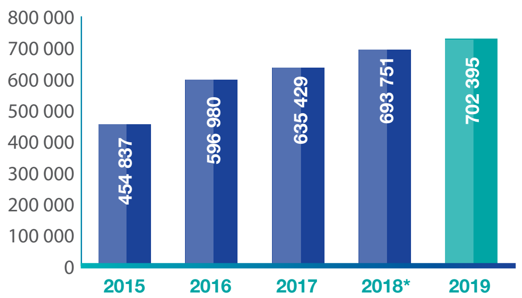
Revenue



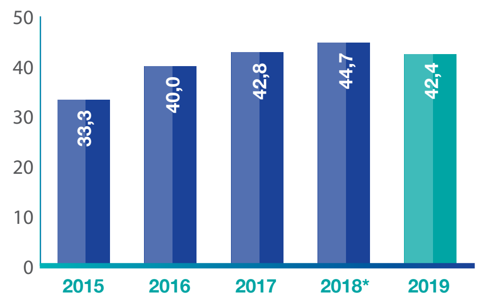
Earnings per share



Gross profit



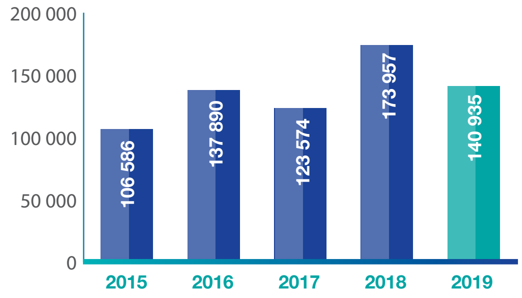
Headline earnings per share



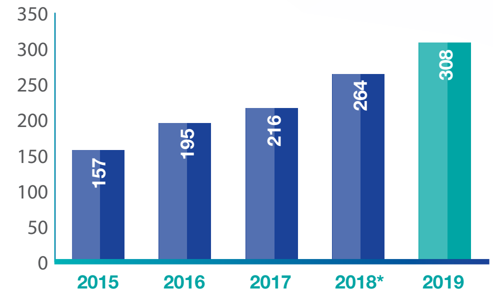
* *Restated*

Despite difficult economic operating conditions, Workforce was able to ensure sustained financial performance

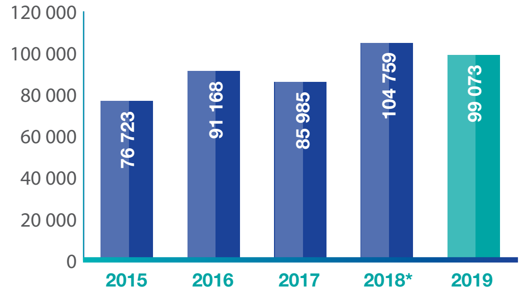
EBITDA



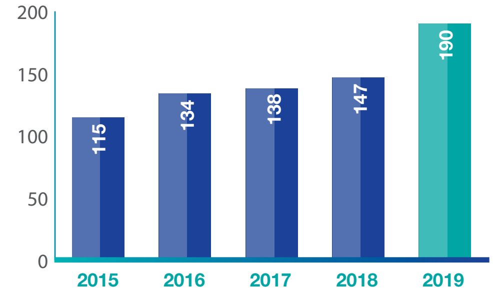
Net asset value per share



Profit before tax



Net tangible asset value per share



CHIEF EXECUTIVE OFFICER'S REVIEW

2019 cemented our drive for growth and ensured our inter-related businesses are able to perform into the future.

Ronny Katz
Chief executive officer

External operating environment

You may recall that in my report last year, I mentioned the "stark reality check" following the initial euphoria surrounding President Cyril Ramaphosa's appointment as President, and how that initial optimism had already been overshadowed by poor economic growth. If anything, this year served to magnify these issues, which have been worsened by the ongoing loadshedding that has been experienced across the country since December 2018. The seeming lack of will by the leading party and the President to make tough, yet necessary, decisions to kickstart the country's fragile economy and deal with underperforming SOEs and corruption, continues to weigh heavily on investor confidence as well as the country's businesses.

Most concerning is the steady rise in unemployment — which is stuck at record highs of 29,1% — and the economy's inability to create jobs.

From our perspective, Workforce continues to have to deal with a faltering economy, the ever-increasing unemployment rates, and poor investment sentiment.

When I wrote last year's report, the minimum wage legislation had been introduced and we were actively engaging with our clients to assist them with any implications and opportunities arising from this legislation.

From a regulatory point of view, we welcomed the introduction of the legislation, and believe it will, in the longer term, improve the stability of labour in the country and provide fairer and more sustainable pay structures. However, with the recent increase in the minimum wage has undoubtedly had an impact on our clients.

Also to be noted again for reference to our results is the extension to 28 February 2029 of the Employment Tax Incentive ("ETI") by Government last year, as this remains a significant contributor to the group's financial results.

On a positive note, the finality of the court ruling on the deeming provision created stability in the marketplace as the rules of engagement are now clearly defined. Initially, there were numerous court challenges on the interpretation of section 198A of the Labour Relations Act, better known as the "deeming provision", but this all came to a head with the determination by the Constitutional Court ruling on 26 July 2018 that ultimately endorsed the legitimacy of the TES industry, supporting the concept of the client becoming the employer of their outsourced staff after a period of three months for the purposes of the Labour Relations Act only. This stability bodes well for the future growth in our industry.

The year under review

When I look back at what I wrote in the 2018 report, I indicated that much of the legislative change in the market had been anticipated and catered for by Workforce. For the 2019 year I am proud to say that this was once again the case. We anticipated that to a minor degree, the number of staff that we outsourced would decline and it did, but we were able to offset, to some extent, that decline with project work, as well as increased activity in Africa. Currently Botswana is the one country outside of South Africa in which the full Workforce product offering is in place. In Mozambique we grew our footprint and are now present in four locations in the country.

A detailed financial review by the financial director on page 36 is followed by cluster reports. This is a new section to our integrated annual report reinforcing just how quickly our clusters have established themselves since 2018.

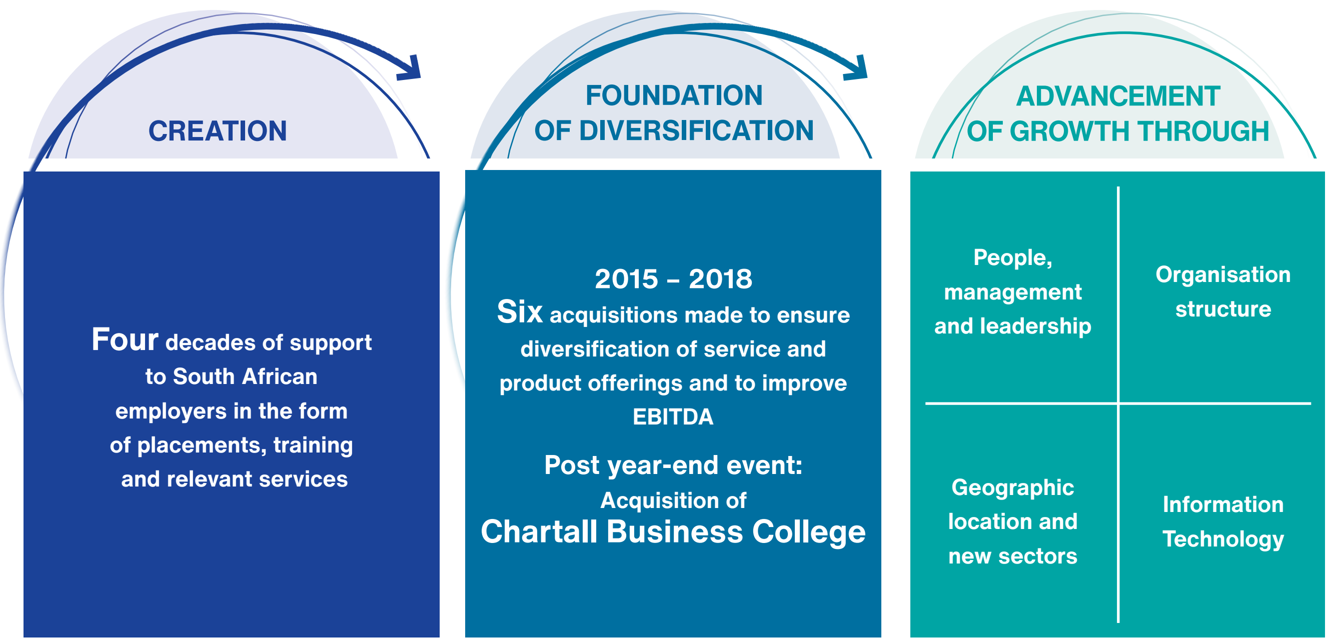
The group's results are marked with an increase in revenue of 7% but also with an increase in operating expenses of roughly the same amount. This increase was primarily to support the development strategy and to position the clusters to take advantage of opportunities in the market that present themselves. EBITDA declined by 19% as a result of the increase in operating expenses, flat gross margins and only a modest sales growth of 7%. Headline earnings per share decreased by 5,1% on the back of decline in profitability.

Group structure for value creation

As noted last year, one of the strategies we adopted to enhance the profitability and ensure the continued growth of the group was to form clusters of the different business activities and place each cluster under an independent management team with the directive to grow these businesses into substantial independent entities. I am pleased to report that this strategy is working extremely well and took another step forward in the year under review with the appointment of dedicated cluster executives to further drive the holistic Workforce offering. The clusters are positioned in such a way that many are able to cross-sell services.

In choosing these clusters and the businesses that they represent, there is a common thread, which is to maintain and improve our position in the marketplace and to develop businesses that are interactive with our well-developed staffing business.

The establishment of clusters and the challenges set for cluster heads conforms to the next phase of Workforce's development. The approach will ensure that we assess where the business is currently, interrogate all possible risks and opportunities and ensure that we set Workforce on a path for the future. The infographic below shows the areas that we will focus on to ensure suitability and adaptation for the future.



CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Information technology

Across the Workforce group technology is being implemented that allows for decentralised decision-making. This will speed up processes, improve visibility and decision-making, all in order to support our planned growth and diversification and to retain our leadership position. In all the clusters we have, we place significant emphasis on the further development of our information technology systems focusing on development, network and infrastructure, project management and application architecture and in this regard, I would like to commend our team of developers.

Human capital and social development

Our philosophy is to build a mutually-beneficial working environment that is stable and secure, underpinned by an ethics-based culture that is equitable, supportive and diverse, to enable our employees to achieve their full potential through decent and challenging work and to recognise their contribution and enable them to share in the growth of the organisation. We provided employment for 1 328 permanent employees and deployed on average over 32 878 assignees weekly to our clients on an outsourced basis.

From a social perspective our impact is measured in terms of those we place, train or assist. The social framework in South Africa is vital for the success of the country, with high unemployment rates a cause for major concern. For four decades Workforce has directly assisted with placements, training and recruitment and, more recently, with a diversified service offering including healthcare and financial services. Our involvement in the lives of people is thus tangible and measurable. Furthermore, ethics and ethical behaviour, essential to the social contract, features high on the agenda across the organisation, from our recruitment process, through to the evaluation of performance and rewards of employees, as well as the sourcing of suppliers.

Acquisitions

During 2015 to 2018 Workforce concluded six acquisitions to support diversity of service and product offerings and to improve EBITDA. This strategy to support diversification continues and post the year-end we acquired Chartall Business College to enhance our education and training offering through the training cluster. Chartall's education and training is focused on the financial services industry, offering higher education accredited qualifications which, in terms of the new B-BBEE skills development requirements, are becoming sought after by customers seeking to maximise their B-BBEE ratings. Additionally, Chartall has skills and expertise in digital training, which Workforce plans to utilise in order to enhance e-learning in its various other existing training businesses.

> Integrated and inter-related businesses, separated into clusters, ensure that Workforce is able to supply a holistic suite of products and services to employers and individuals in South Africa and in neighbouring countries.

Africa

Workforce is operational in Botswana, Mozambique, Namibia and Mauritius.

Locational development is an area of careful and selected focus, although we are finding it quite easy to do business in certain African countries. The information technology solutions the group offers are pertinent to resolving some hurdles in the countries Workforce is operational in. An example is the Workforce insurance solutions. Once the technology is set up, the processes are fluid and additional product offerings can be loaded without any additional issues arising.

Margins are attractive and demand for the group's services, solutions and products is high. There is no doubt that there is a real need for training in other African countries and for these countries to then retain these skills. This is something that Workforce is conscious of and working hard to implement.

Funding

Our capital and debt structure is sufficient for our current level of business. In last year's report I indicated that acquisitions and growth in our individual businesses will continue to demand development and acquisition funding. Additional funding for our Chartall acquisition was obtained without a problem, and we continue to maintain healthy relationships with our providers of capital and remain engaged with current potential debt and equity providers to look at mechanisms to improve the availability of funding for further growth.

COVID-19

The Covid-19 pandemic has created an unprecedented global crisis and an uncertain and unpredictable business environment for the entire South African economy.

We have taken steps to protect the income of our employees using both internal resources and those that have been made available by government. We have also been proactive in securing ongoing cash flow for the business by focusing on overhead reduction, cash preservation and stringent credit management.

Despite the national lockdown negatively impacting some of our clients and certain of our business activities, we also have a fair portion of clients and our own business clusters that are deemed to be essential services and we are experiencing strong demand in these areas. Considering these factors, management is confident that the business has the necessary capabilities and resources in place to cope with this situation.

Outlook

From the explanations above, we are progressing well in our development phase with a clear focus on people management and leadership, ensuring a robust structure able to quickly adapt and make decisions, to ensure we are positioned in locations where clients need us and where our services can be rolled out and effectively supported by technology. We believe this will set Workforce apart in the marketplace.

We remain hopeful that governments will deliver on the additional infrastructure projects both in South Africa and neighbouring countries in which we can be a very relevant and significant player.

Our technology developments will set us apart in the acquisition of contracts and benefit us in the management of our client's business in terms of productivity and welfare.

Going forward we acknowledge that we have to remain dedicated to our core competencies as market conditions will remain challenging. Workforce has the staying power underpinned by four decades of experience, a very strong network of teams across the business and a common purpose to ensure that we continue to succeed.

Appreciation

To all members of staff, cluster executives and my immediate executive committee members, thank you for your dedication during the year to ensuring our Workforce values are maintained across the business. To the executive and non-executive directors on the board, your guidance and input is appreciated. We could not have achieved the year that we have, with all the difficult circumstances that prevailed, without dedicated people involved in our business

Ronny Katz
Chief executive officer

30 March 2020

CLUSTER OPERATIONS REPORT

Additional segment information can be found in note 19 on pages 129 and 130.

Staffing and Outsourcing

	2019 %	2018 %
Financial contribution		
Percentage of revenue	**81**	81
Percentage of EBITDA	**55**	63

(including the results for Africa and Recruitment)

Highlights of the year

The previous uncertainty relating to the deeming provision, and the minimum wage introduction, together with depressed employment market, had an adverse effect on the staffing and outsourcing cluster. Despite this, the cluster produced improved revenue 6%, to R2,6 billion (2018: R2,5 billion) and EBITDA of R125,9 million (2018: R161,8 million). Towards the end of the financial year a clawback in the headcount number serviced by the cluster was already prevalent with growth in turnover in November to December.

The cluster delivered 4% of organic growth by gaining new clients and maintaining a high service delivery standard. There was a strong improvement in cash management and an improvement in overdue percentage from 9,67% in 2018 to 6,44% in 2019.

A noteworthy performer was the Quyn Group of Companies ("Quyn"), which delivered a strong result through supporting infrastructure, solar and renewable projects in South Africa.

Positive traction has been gained in the mining, oil and gas, renewable energy and power generation sectors across all the brands in this cluster, including Workforce Staffing, Oxyon Human Capital Solutions ("Oxyon"), Quyn and Programmed Processed Outsourcing ("PPO").

The cluster made excellent progress in Botswana with a second office being established. Similarly operations gained traction in Mozambique by supplying services to subcontractors involved in the Liquefied Natural Gas ("LNG") project.

Effectively managing the challenges

Businesses in this cluster actively engaged clients during the year, which served to reinforce its positioning as experts in industrial relations and commercial matters, while strengthening relationships and highlighting its value proposition. This focus on engagement also allowed the cluster to showcase alternative solutions with clients.

Outlook

Technology and the investment in human capital, coupled with a strong focus on client retention through the cluster's value proposition, are focus areas in the coming year. The cluster operates in a fragmented industry where opportunities exist to increase market share.

In line with the group, business outside the borders of South Africa is approached in a careful manner and this will be the case with respect to Mozambique. As the LNG project rolls out, the cluster and the Workforce group are well positioned to benefit from it.

Recruitment

The recruitment cluster had another difficult year, primarily as a result of the dire economy and high unemployment. The latter disrupted the market and put pressure on margins, with many corporates opting not to pay recruitment fees. This was countered by a change in the model to focus on the Temporary Employment Services ("TES") market, which positively impacted the cluster's largest contributor, Fempower Personnel. Focus areas during the year under review included improving client retention through exclusive arrangements, a growth in headcount due to the adoption of TES, and cost cutting.

The recruitment cluster reacted positively to the structural change in the recruitment landscape, repositioning quickly and making better use of technology as a custodian of candidate information, making the recruitment process relevant to corporates and usable for candidates. Key focus areas for the coming year will include further cost cutting, growth of the executive search model and increased headcount through TES.

Africa

Workforce Africa is responsible for business development outside of South Africa and represents all the Workforce group services and products. The approach taken with respect to Africa is to acknowledge that each country is different in terms of culture, language, legislation and ethnicity.

Operational across four countries in Africa (see map on page 3), we are pleased to report that good progress was made in Botswana, which now has the most complete service offering outside of South Africa including staffing, outsourcing and recruitment, employee benefits (such as funeral policies) and microfinance. Products and services are offered to government departments as well as corporates and we are encouraged by the uptake of our offering.

In Mozambique, three additional offices were opened, placing Workforce on the ground in Maputo, Palma, Tete, and Pemba. We have established a profitable business in Mozambique with the ability to further drive services such as staffing, outsourcing, recruitment, training and healthcare.

Our presence in Namibia and Mauritius remains relatively small.

African expansion is one of our priorities and we anticipate that over the next two years, this geography will result in a meaningful contribution to earnings, despite the fact that the size, diversity and inherent complexity of doing business on the continent will continue to be challenging.

CLUSTER OPERATIONS REPORT (CONTINUED)

Training

	2019 %	2018 %
Financial contribution		
Percentage of revenue	**8**	8
Percentage of EBITDA	**25**	21

Highlights of the year

Despite the training cluster facing a challenging operating environment revenue increased by 16% to R286,4 million (2018: R247,1 million) and EBITDA increased by 5% to R55,6 million (2018: R52,8 million). The companies across the training cluster trained 137 679 learners on short courses, 2 642 people on skills programmes and 3 353 learners on learnership programmes in addition to all other services offered. Operational expenses increased substantially as human capital was invested in to ensure the strategy and sales drive delivers. No branches were closed across the financial year. All the training businesses performed well besides the Dyna Group of Companies ("Dyna") which did not perform to expectation.

Training Force which focuses on delivering industry job-specific skills assessments and training interventions to businesses and their employees across a variety of industries experienced a reduction of training funding from the SETA's but an uptake into corporates to balance the business.

Positive warranty periods for KBC Health and Safety ("KBC") and Prisma Training Solutions ("Prisma") have been concluded and both sets of entrepreneurs have opted to remain on board, which provides strong continuity. The KBC business, despite the loss of jobs in the mining sector, was able to deliver organic growth supported by strong client relationships, a well-accepted training methodology and excellent service delivery.

Dyna, a provider of management and supervisory skills development programmes and learnerships, felt the brunt of poor economic activity. Most of the overall cluster's training is focused in sectors where compliance and certification are required. The Dyna model focuses on courses to improve general skills levels and this area of the market was weak across the financial period as companies reduced training spend.

In January 2020, post the financial year-end, the acquisition of Chartall was announced. It is a provider of education and training, servicing mainly the corporate market, with a focus on the financial services industry. Chartall offers higher education accredited qualifications which, in terms of the new B-BBEE skills development requirements, are becoming sought after by customers seeking to maximise their B-BBEE ratings. Through the acquisition, Workforce's training cluster gains exposure to the financial services market and is also able to offer its existing clients training qualifications that meet their requirements for bursary spend in terms of the latest B-BBEE codes. Additionally, Chartall has skills and expertise in digital training, which Workforce plans to utilise in order to enhance e-learning in its various other existing training businesses.

Effectively managing the challenges

During the year the cluster had to contend with the shedding of jobs in the mining sector. This was countered by quickly incorporating training on new code changes and bringing more corporates on board. A lag in the accreditation process with the Mining Quality Authority was counteracted through the development of additional critical required training modules in other industries.

Outlook

The training cluster is now a more mature cluster within the group structure with managing directors in place across the brands supported by strong and efficient general operations in a national network and well placed to benefit from geographic expansion. In the coming financial year, training in the agricultural sector will come into place as well as learning through virtual and augmented reality. A focus on corporate training facility management also holds promise. Within the training cluster an executive focused on the international operations will be appointed to work closely with other service offerings within the Workforce group to drive organic growth. The cluster will continue to assess earnings enhancing acquisitions.

Healthcare

	2019 %	2018 %
Financial contribution		
Percentage of revenue	**8**	8
Percentage of EBITDA	**13**	10

Highlights of the year

The healthcare cluster delivered excellent results, increasing revenue by 11% to R274,0 million (2018: R244,0 million) and EBITDA contribution increased by 16% to R29,0 million (2018: R25,0 million).

This was largely a result of previous investment in infrastructure and human capital, as well as embarking on an aggressive sales strategy, which continues to produce results. Healthcare recruitment and specialist health management had an exceptional year, placing in the region of 2 500 people (2018: 2 280) in the healthcare sector during the financial year. Growth in wellness services was supported by brand recognition and credibility. All growth was organic and resulted from focused strategic initiatives in place.

The cluster is responsible for the management of more than 70 clinics at the workplace. During the reporting period Workforce Healthcare conducted 113 275 (2018: 94 690) primary and occupational medical examinations and, through their employees assistance programme call centre, covered 53 797 (2018: 45 306) lives.

A noteworthy enterprise is the Allmed Healthcare Professionals Training Academy, an initiative spanning the healthcare and training clusters, allowing for the training and elevation of skills for carers, nurses and covers training such as basic life support training, a four-day carer upskilling course and a host of one-day courses.

Effectively managing the challenges

The National Health Insurance (“NHI”) proposal is being evaluated and like many changes in the environment, the Workforce group has learnt over four decades to find meaningful ways to work through such proposals. The NHI proposal will be no different and the healthcare cluster views it as positive.

Technology is a critical tool and constant modifications are made to systems and processes, all with the goal of improved efficiency and cost savings for the cluster as well as for clients.

Transformation is critical and a responsible consideration for any organisation in South Africa. The majority of staff that are placed are previously disadvantaged individuals. Talent management and promotion of staff from within the cluster is also an important initiative.

Outlook

The cluster’s regional presence will be expanded, going hand-in-hand with being able to assist large corporate clients with services across their points of operation. There is an expectation that sales will improve given the investment in human capital and the focus corporates now place on employee health and wellness. Hospital groups and the private sector will also require assistance to fill gaps when doctors, nurses, physiotherapists and even psychologies are required.

The cluster will consider acquisitions going forward, to support diversification, provided suitable prospects are found.

CLUSTER OPERATIONS REPORT (CONTINUED)

Financial Services

	2019 %	2018 %
Financial contribution		
Percentage of revenue	**3**	3
Percentage of EBITDA	**7**	6

Highlights and performance

The increase in overheads in the cluster is mainly attributable to hosting 60 YES Programme participants in the call centre and a 4% increase in operating expenses. This, as well as establishing a presence outside of South Africa resulted in a decline in revenue of 7% to R94,2 million (2018: R101,9 million) with flat EBITDA at R15,8 million (2018: R16,0 million). The businesses of Essential Employee Benefits ("EEB") and Debtworx produced improved turnover purely through organic growth, which in the current economy is encouraging, and is also due to the successful penetration of the Botswana market. EBITDA was flat in the period as a result of decreased product and loan sales in the Babereki business. The Debtworx business incurred additional costs through investment and participation in the YES Programme, employing an additional 60 unemployed youth.

During the financial year the EEB business won several tenders in South Africa which contributed strongly to organic growth and cemented the high calibre of service and product delivery. This business was one of the first in the Workforce group to venture outside the borders of South Africa into Botswana where a significant amount of people in the public sector are supported by EEB services and products.

In line with group initiatives extensive system development took place across the year with vastly improved technologies to underpin competitiveness in the marketplace.

In the Babereki business focus shifted during the year under review from the longer-term sale of products to shorter-term loans with increased volume which will ensure better generation of future cash.

A strategic review across the Debtworx business resulted in improved cash collection. Coupled with this, our involvement in the YES Programme contributed to the results and an increased focus on Authenticated Early Debit Order ("AEDO") collections improved the book as a result.

Effectively managing the challenges

South Africa is one of the first and currently the only country in the world to implement the AEDO collection system. The rationale of the system is to ensure fairness for all participants, through authentication of an electronic mandate using card and pin technology, rendering disputes virtually impossible. Much of the industry is still adopting the system and naturally this has created some uncertainty. The Financial Services cluster has implemented the system which is running smoothly.

Ongoing statutory risk is managed accordingly and a proactive approach to mitigate these risks.

To ensure profitability the cluster is fastidious with collections and continuously improves the external strategy to increase opportunities of collection in the market.

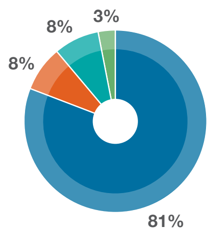
Outlook

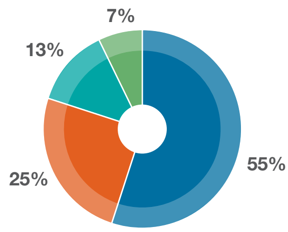
Despite the expectation of a tightening economy in the new financial year, the EEB business has developed an extensive pipeline, including cross-border activities. Babereki's expansion into Africa brought about numerous opportunities for further expansion with the necessary due diligence currently under way on certain projects. Debtworx has an extensive sales pipeline which will roll out across the new financial year.

ESTABLISHED DIVERSIFICATION STRATEGY

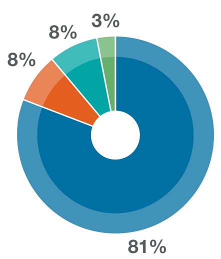
Revenue	EBITDA

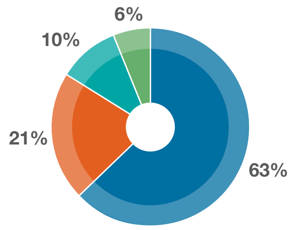
2019



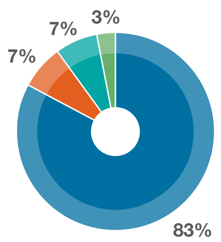


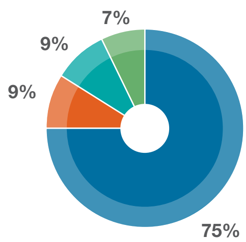
2018



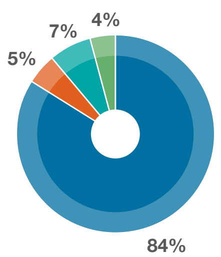


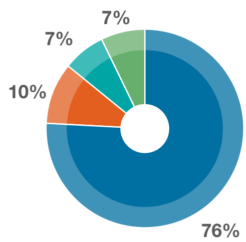
2017





2016





● Staffing and Outsourcing, Recruitment and Africa ● Training ● Healthcare ● Financial Services

FINANCIAL DIRECTOR'S REVIEW

Despite extremely difficult operating conditions in South Africa, the group delivered a satisfactory result and one which we hope to expand upon going forward, given that in 2019, there was a focus on operational resources to ensure delivery of our geographic expansion drive and an investment into technology to future-proof the group.

Willie van Wyk
Financial director

Comparative 2018 results

The 2018 results have been restated due to the adoption of IFRS 16, which was adopted using the full retrospective method during the year. Workforce has lease contracts for property and motor vehicles, and the comparative information in the consolidated financial statements has thus been restated. In compliance with the new standard, the group has recognised "right-of-use assets" and "interest-bearing borrowings" for all qualifying leases. This resulted in an opening retained earnings adjustment of R2,9 million at 1 January 2018.

Revenue

increased by 7,1% to R3,2 billion from R3,0 billion

Operating expenses

increased by 8,3% to R562,9 million from R519,8 million

HEPS

decreased by 5,1% to 42,4 cents from 44,7 cents

Net asset value

increased by 17% to 308 cents from 264 cents

Days sales outstanding

improved to 50 days from 53 days

Chartall acquisition

total acquisition value R34,8 million

Workforce will continue to assess acquisitions and, given the current climate in South Africa, we are pleased with the pipeline of possible acquisitions.

Performance

In one of the most challenging operating environments in many years, EBITDA for the year decreased by 19,0% from R173,9 million to R140,9million. The majority of the decrease is due to modest sales growth of 7,1% , flat gross margins in Rand terms and a 8,3% operating expense increase to support a significant drive from the healthcare, training and Africa clusters to increase their capacity in the areas of human capital, technology, geographical expansion and the establishment of new verticals. This was implemented to ensure a strong base from which to generate additional income from current and new income streams in future.

The **staffing and outsourcing cluster** had to navigate previous uncertainty relating to the deeming provision, the introduction of a minimum wage and a depressed employment market. Revenue increased by 6% to R2.6 billion (2018: R2,5 billion) albeit with a reduction in headcount but EBITDA reduced by 22% to R125,9 million (2018: R161,8 million). This was mainly due to margin pressures resulting of the minimum wage introduction and further maturity of the Employment Tax Incentive (“ETI”), which had a small effect. The end of the financial year saw an increase in headcount serviced by staffing and outsourcing, which was evidenced by significant growth in turnover during November and December.

The **training cluster** increased operating expenses by 32% to R109,5 million. Despite this, the cluster produced satisfactory results with an increase of 16% in revenue to R286,4 million (2018: R247,1 million) and an increase in EBITDA contribution of 5%. During the year the cluster contended with job losses in the mining sector, which was countered by quickly incorporating training arising from new B-BBEE code changes and acquiring more corporate clients.

Similarly the **healthcare cluster** increased its delivery capacity, with an increase in operating expenses of 13% to R52,8 million (2018: R46,7 million). It delivered robust results by increasing revenue by 11% to R274,0 million (2018: R244,0 million) and EBITDA contribution increased by 16% to R29,0 million (2018: R25,0 million). The cluster, year-on-year, placed more healthcare professionals and brand recognition and credibility drove growth in wellness services. All growth was organic and resulted from focused strategic initiatives in place.

The 4% increase in operating expenses in the **financial services cluster** is mainly attributable to it hosting 60 YES Programme participants in its call centre and establishing a presence outside of South Africa. In this cluster there a decline in revenue of 7% to R94,2 million (2018: R101,9 million) with EBITDA flat at R15,8 million (2018: R16,0 million). Management has spent a large

FINANCIAL DIRECTOR'S REVIEW (CONTINUED)

part of the year increasing their capability to service the Africa market outside of South Africa. Whilst some revenue was generated in Africa, management is planning for an increase in activity outside of South Africa during the coming year.

Margins

The net effective reduction in gross margin percentages is mostly due to significant, high-margin contracts coming to an end in the renewable energy sector. These projects have successfully been replaced with new contracts to compensate for the loss, but at lower margins. Management does not believe that this reduction in margin is necessarily systemic across the business.

Fair value adjustments

Fair value adjustments netted an income of R30,1 million compared to an expense of R5,3 million in 2018. This change is mostly due to a change in assessment of the probability of the eventual amount to be paid to the seller of an acquisition.

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 that are claimed in terms of section 12H of the Income Tax Act. The ETI has been extended to 28 February 2029 whilst the 12H learnership allowance will be in place until 1 April 2022. Ongoing initiatives are underway 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 with regards to our taxable profits. One of our strategic reasons for diversifying the business is to ensure that, should the ETI come to an end, Workforce will not be negatively impacted.

Cash generation

Cash flows from operating activities decreased substantially to R35,7 million (2018: R68,1 million). The lower EBITDA, coupled with the fact that November and December turnover for 2019 was 15% higher than the corresponding months in 2018 (compared to a 7% growth in turnover for the full financial year), largely contributed to this much lower cash generation. The increase in debtors is, however, always funded by the group's invoice discounting facility. The lower cash generation occurred despite the days sales outstanding on trade debtors improving to 50 days (2018: 53 days).

Funding and acquisition

Post the financial year-end, the group acquired Chartall Business College with funding secured through an existing facility with the group's bankers. In terms of this deal, a maximum purchase consideration of R34,8 million in cash is payable by Workforce subject to various performance conditions being achieved by Chartall Business College. The value of the net assets acquired as at 31 December 2019 equate to R6,8 million and the unaudited profit after tax attributable to these net assets was R6,9 million.

Funders understand the Workforce business model and remain supportive of our growth initiatives and through this the group has been able to raise funding successfully.

Capital allocation

The diversification of revenue and product streams through the cluster structure continues to be a focus of the group. In addition to this, the acquisition of cash generative businesses to bolster the clusters will continue. The effective use of the ETI, coupled with funding, ensures that Workforce has the necessary cash resources to undertake acquisitive growth and to ensure clusters are at critical mass to make meaningful future contributions. This is supported by funders to close any gaps in funding that might arise. Shareholders are reminded that it is Workforce's intention to replace the ETI with earnings by driving organic and acquisitive growth to become less reliant on these incentives.

No dividend was declared in light of current economic circumstances

Gearing

The group's debt to equity ratio improved to 0,45 (2018: 0,54), with a goal of maintaining a debt: equity ratio of between 0,4 and 0,7.

Looking forward

The group is conscious of the increase in operating expenses, but deems this necessary to take Workforce through the development phase it is currently in. This phase focusses on people management and leadership development, ensuring an effective organisational structure is in place, development into new geographies and sectors, as well as ensuring effective information technology is in place to support rapid decision making. This is all aimed at ensuring improved EBITDA levels and increased margins in the future.

Workforce will continue to assess acquisitions and, given the current climate in South Africa, we are pleased with the pipeline of possible acquisitions. The integration of previous acquisitions has gone well and we will continue to focus on this to ensure optimal returns inside the group. The development of workflow in Africa is pleasing, where our service and products are sought after. We will continue to focus on this strategy as many basic recruitment, training, healthcare and financial services are simply not currently available elsewhere on the continent.

We will not lose sight of organic growth, which we will continue to drive as a measurable across the cluster structure.

Willie van Wyk

Financial director

30 March 2020

ORGANISATION CAPITAL OUTCOMES

Our definition of organisational capital

We have combined intellectual and manufactured capital to create organisation capital and it comprises our extensive national branch network; our diversified business clusters; our integrated decentralised business model; training facilities; training courses; proprietary software; licences; copyrights; internally developed bespoke operating systems; unique client solutions; trademarks, brand equity, products and services and our extensive intellectual capital.

Focus areas for 2019

- Growth of business clusters
- Technology as a differentiator
- Proprietary software and operating systems
- Growth into Africa
- Product/service innovation
- ISO 9001:2015 certification
- Brands and reputation

Business clusters to drive accelerated growth and diversification

- Staffing and Outsourcing
- Recruitment
- Africa
- Training
- Healthcare
- Financial Services

Business activities of the clusters

- Temporary employment services
- Permanent placement recruitment
- Functional outsourcing
- Specialist staffing
- Disability staffing solutions
- Business process outsourcing
- Training and skills development
  - Short courses
  - Skills programmes
  - Full qualifications
  - Contractor on-boarding
- Financial services
- Lifestyle products
- Employee death and disability benefits
- Primary healthcare solutions
- Occupational healthcare solutions
- Employee health and wellness

Inputs

- Extensive intellectual capital and business know-how deployed
- Focused sales efforts to protect and grow existing business
- Labour legislative training
- Ongoing client engagement
- Product and service innovation
- Extensive national branch infrastructure
- Substantial investment in technology development.
- Integration of acquisitions
- Inter-group collaboration/ cross-selling
- Management of underperforming businesses
- Reorganise business into clusters to drive growth and diversification

Outcomes	2019
Revenue	**R3,2 billion**
EBITDA	**R140,9 million**
Trading brands in the group	**28**
Footprint extends to all provinces in SA	**9**
Branches beyond our borders	**8**
Business structure reorganised into business clusters*	**6**
Acquired Chartall Business College effective 1 January 2020, forming part of the training cluster	–
Technology is a differentiator	–
Increased intergroup synergies	**Much improved**

** Segment reporting of four clusters with the results of Africa and recruitment included into staffing and outsourcing*

Trade-offs

Our investment in technology and other organisational capital components reduces our financial capital in the short-term but is vital to improving our efficiency and competitiveness and increasing our capacity to generate stronger longer-term returns.

Key actions to manage for value

The formation of focused clusters has resulted in a clear focus for Workforce. Enhancements to this structure through the appointment of dedicated cluster executives tasked to develop the strategy, marketing, cross-selling and brand awareness in the marketplace is demonstrating excellent results. During the course of the coming year, this will be enhanced through ensuring applicable technology becomes the differentiator, that service and products offered remain relevant to the market and that organic growth is focused on.

The value we created

The direct value created by the group, through its diverse business operations and activities, is reflected in the revenue generated by our various operating subsidiaries, our operating costs, employee compensation, and payments we make to the South African Government (in the form of taxes and levies). Value is also created through our contribution to the economic systems in which we operate:

- Improving the employability of individuals through skills training;
- creating employment and entry into the job market for unemployed;
- supporting small and medium local business enterprises whenever possible; and
- paying in excess of R249,8 million in direct and indirect taxes.

See the infographic of our value creation for stakeholders on page 21 contained in our business model.

HUMAN CAPITAL OUTCOMES

Our definition of human capital

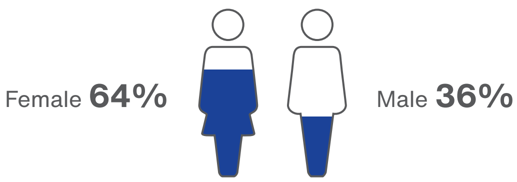
Our human capital is defined as people's competencies, capabilities, experience, and their motivations to innovate including their alignment with and support for our governance framework, risk management approach, ethical values and their ability to understand and implement our organisation's strategy.

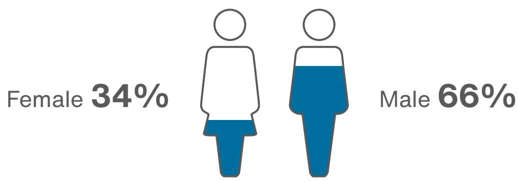
Focus areas for 2019

- Leadership development
- Attraction and retention of talent
- Employment equity
- Legislative compliance
- Diversity management
- Employee grading system
- Employee health and wellness
- Training and development
- Health and safety

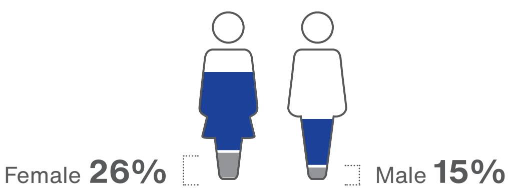
Permanent staff (1 328) | **Temporary staff (20 094)**

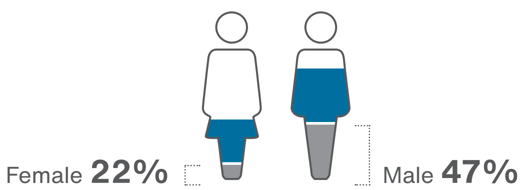
By gender



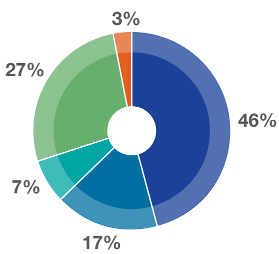


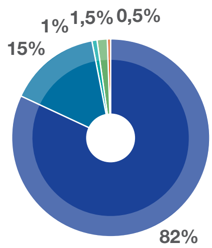
Youth employed





By ethnicity





● African ● Coloured ● Indian ● White ● Foreign nationals

Inputs	Outcomes	2019	2018
▪ Experienced divisional directors and managers ▪ Diverse, experienced and motivated workforce ▪ Motivated and skilled contractors/ assignees ▪ Safe working environment ▪ Compliant and fair labour practices ▪ Competitive remuneration packages ▪ Access to lifestyle benefits ▪ Access to death and disability benefits ▪ Skills training and upskilling of our workforce ▪ Stable work environment ▪ Health and wellness services	Total number of people remunerated during the year (IRP5s issued)	**82 588**	79 894
	Total number of permanent employees	**1 328**	1 268
	% of "Black" employees	**70%**	69%
	% of Female employees	**64%**	64%
	% of "Black" top management	**25%**	24%
	Average number of assignees deployed daily	**32 878**	37 895
	Total amount paid in salaries/wages	**R2,3 billion**	R2,3 billion
	Total number of staff/assignees trained	**3 130**	1 522

Trade-offs

Remuneration of permanent staff increased by approximately 6% across the board. While higher remuneration costs impacted our financial capital, we believe the investment in our workforce is fair and appropriate recognition for their contribution.

Our approach to managing our human capital

Our philosophy is to build a mutually beneficial working environment that is stable and secure, underpinned by an ethics-based culture that is equitable, supportive and diverse, to enable our employees to achieve their full potential through decent and challenging work and to recognise their contribution and enable them to share in the growth of the organisation.

We provided employment for 1 328 permanent employees and deployed on average over 32 878 assignees weekly to our clients on an outsourced basis. We also employ many consultants and contractors whose professional and technical skills we procure.

Human rights

In line with the South African Constitution, Labour Relations Act and the Basic Conditions of Employment Act, the group recognises the rights of employees to freedom of association, collective bargaining, dispute resolution mechanisms and protection against any form of harassment, victimisation or discrimination for exercising their rights.

There were no contraventions of these principles during the period under review.

Labour practices and decent work

Decent work refers to opportunities for women and men to obtain work in conditions of freedom, equity, security and human dignity. According to the International Labour Organisation ("ILO"), "decent work" involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

Workforce is committed to the principles of the ILO decent work agenda and we ensure that our human resources practices are aligned to the standards set by the ILO.

During the reporting period, there were no fines for non-compliance with laws and regulations.

HUMAN CAPITAL OUTCOMES (CONTINUED)

Employment equity

The group has timeously completed and submitted the necessary progress reports thereby complying with the Employment Equity Act ("EEA") requirements.

Employment equity remains an area in which the group can improve its performance with emphasis on better representation of designated groups particularly at a senior level and in alignment with economically active population ("EAP") statistics. Our low turnover of senior managers compounds the challenge. Workforce has excellent black representation across junior and middle management levels, providing an up-tapped pool of candidates for advancement. Our low turnover of senior managers compounds the challenge. Our short to medium-term focus areas will be on career path development, succession planning and in general will aim to develop talent across the "experience" gap so that junior and middle management can compete more effectively for senior positions as they arise. The appointment of a talent manager will enable the development of structured and tailored employee development Interventions.

In addition, more stringent management interventions have been put in place to reduce the number of employment equity recruitment deviations across all the trading divisions of the group.

Youth employment

We continue to play an important role in youth development and job creation, particularly at grass roots level, where first time job seekers use temporary assignments as an entry into the job market and improve their employability as a result of on-the-job training and skills development provided. During the reporting period 41% of our permanent staff and 69% of our contractors were "youth" (aged between 18 and 35), reflecting our support of Government's aim of encouraging employers to hire young and less experienced work seekers as outlined in their National Development Plan.

Training for permanent staff

During the review period our training and development continued to focus on in-house product and operational training courses for employees of our businesses. In

Training for permanent staff	Number of learners	Number of black learners	Black youth (under 36)
Learnerships			
Business Admin NQF3 (September 2018 – August 2019)	36	31	14
Business Admin NQF3 (December 2018 – November 2019)	4	4	3
Auxiliary Social Worker	3	3	2
Bursaries/external training			
Bursaries and various external training	59	48	37
Internal training	2 755	2 416	1 119

Workforce Holdings Limited employment equity statistics

Top management
Senior management
Professionally qualified, experienced specialists and mid-management
Skilled technical, academically qualified workers, junior management, supervisors, foremen and superintendents
Semi-skilled and discretionary decision making
Unskilled and defined decision making
Total permanent
Temporary employees (less than three months)
Grand total
People with disabilities

addition to the requirement for all new employees to attend induction training, much training took place on the group's bespoke in-house systems, including cross-training on various integrated systems as it is an important component of our business model and directly affects operational efficiency and performance. Training and re-training on labour legislation is another area which received much attention to ensure that our sales and operational staff are well versed with the requirements of the different legislation that impacts our business and to enable them to remain updated on any amendments that are promulgated.

Learnerships for our contractors

Many of our blue-collar contract staff were again offered the opportunity to consolidate their many years of work experience into a recognised qualification through a learnership intervention. A learnership opportunity enables a contractor to formalise and upskill in the work they are typically already doing by acquiring a qualification from a recognised Seta.

During the reporting period, 273 Workforce contractors trained and participated in learnerships. Of these learners, 82% were "youth" (younger than 36).

Learnership completions during 2019

We are pleased to report that 37 contractors successfully completed their National Certificate in Manufacturing, Engineering & Related Activities (NQF1) while 20 contractors successfully completed their National Certificate in Production Technology (NQF2). We will continue to upskill our contract workers on learnership programmes during 2020.

Staff welfare

Management continued with its approach to create a high-performance culture by supporting employees in achieving holistic health and wellness. The group's #WorkforceWellness programme launched in 2018 continued to be well supported and utilised by staff.

Clinic utilisation statistics	2019 number of employees/cases	2018 number of employees/cases
Total clinic visits by employees	**2 164**	1 518
Health risk assessments conducted to identify employees at risk	**487**	287
Total chronic conditions identified	**27 hypertension – now on treatment 7 diabetics – now on treatment 5 asthmatics – now on treatment**	31 hypertension – now on treatment 4 diabetics – now on treatment 4 asthmatics – now on treatment
HIV/Aids counselling and testing	**133 employees tested**	84 employees tested
Total number of employees on family planning	**105**	88
Total employees who consulted clinic doctor	**33**	88

	Male				Female				Foreign Nationals		
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total
	0	0	2	20	2	4	1	7	0	0	36
	5	1	2	21	1	4	3	31	2	1	71
	12	8	10	42	27	15	8	55	4	1	182
	98	48	26	46	113	75	21	95	9	6	537
	95	13	4	5	199	64	24	43	1	8	456
	3	0	0	0	42	0	0	0	0	1	46
	213	70	44	134	384	162	57	231	16	17	1 328
	11 292	1 475	181	291	5 802	816	65	99	49	24	20 094
	11 505	1 545	225	425	6 186	978	122	330	65	41	21 422
	5	1	1	2	2	0	1	2	0	0	14

HUMAN CAPITAL OUTCOMES (CONTINUED)

Healthy minds and bodies

The #WorkforceWellness programme comprises three components:

- An on-site clinic at the group's head office in Parktown with Clinic services that include primary healthcare, family planning and the management of chronic and acute conditions;
- "Emotional Wellness" which enables our employees to access face-to-face counselling and psycho-social support. A qualified psycho-therapist is available weekly at our head office for face-to-face counselling and telephonically for outlying areas; and
- the third component of the #WorkforceWellness programme is our focus on the physical fitness whereby employees are encouraged to improve their level of physical fitness. This drive is extended to operating divisions throughout the country and encourages employees to participate in various physical fitness activities through our inter-company yoga and running clubs, all free of charge.

#workforce wellness

Workforce Wellness programme

Health and safety

Workforce is committed to compliance with the Occupational Health and Safety Act, as amended, and in so doing, ensuring the health and safety of all our employees. This is achieved through the application of health and safety processes, including a management system and ultimately by aligning our Health and Safety Management System to best practice.

The group's health and safety management policy supports the development of a safety culture throughout the entire organisation, in which all staff assume responsibility for health and safety and engage in this effort, as well as ongoing improvement at all levels and within all areas of our trading entities.

During the reporting period, much effort was invested in ensuring that health and safety compliance is maintained and included the following initiatives:

- Review of health and safety risk assessment to identify hazards and align our policy and procedures with the assessment;
- updated policy and procedures to make provision for disabled employees;
- ensured health and safety committees are functional including their sub-committees and representatives;
- ensured compliance certificates for all our operations are obtained;
- ensured health and safety is entrenched as part of the group induction programme;
- created a strong health and safety culture through regular training and awareness campaigns; and
- ensured regular documented fire and emergency drills will be conducted.

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES

Our definition of social and relationship capital

Our social and relationship capital is made up of a combination of social, relationship and natural capital and encompasses the institutions and the relationships within and between the communities in which we operate. Our stakeholders include our shareholders, funders, clients, employees, contractors, unemployed and unskilled individuals; learners, interns, suppliers, unions, Government and regulators; and all the local communities in which we operate. It also encompasses our relationship with the environment and the impact of our business on renewable and non-renewable environmental resources.

Focus areas for 2019

- Inclusive stakeholder engagement
- B-BBEE compliance
- Enterprise development
- Supplier development
- Community support
- Learnerships for unemployed
- Protection of personal information
- Management of ethics and anti-corruption
- Licence to operate
- Environmental stewardship

Inputs	Outcomes	2019	2018
▪ Taxes paid to Government	Total SED/CSI expenditure	**R1 046 454**	R1 218 500
▪ Outreach activities by our staff	B-BBEE rating	**Level 4**	Level 4
▪ Community support initiatives	Black ownership	**51%**	51%
▪ Youth empowerment via learnerships	Black women ownership	**36%**	34%
▪ Inclusive engagement with stakeholders	Learnerships for unemployed	**495**	1 110
▪ Environmental stewardship initiatives	99% of learners were black (in 2019)		
▪ Support for establishment of an ethical culture	73% of learners were “youth” (in 2019)		
	Breach of privacy and loss of consumer data	**Nil**	Nil

Trade-offs

Reducing our financial investment in socio-economic development would improve our financial capital in the short term but would have a negative impact on the communities in which we operate, which in turn would damage our brands. Over the long term, our investment creates goodwill in the communities from which we recruit the staff we need, specifically our assignees and contractors.

Inclusive stakeholder engagement

We define stakeholders as individuals or groups who affect or are affected by our organisation and its activities. Our inclusive approach to stakeholder engagement enables us to identify and prioritise our material matters, gain insights and learning, mitigate risks to the business, seek areas of potential partnership and create mutual trust and respect. It also provides us with essential information to influence the crafting of our strategies. Each of our stakeholders plays an important role in helping us fulfil our purpose of “making a difference in people’s lives”.

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES (CONTINUED)

Stakeholder group	Nature of engagement	Key issues raised	Our response and the value we create
Shareholders and providers of capital	Annual report; SENS announcements; road show presentations	Business sustainability; access to funding; share liquidity; debt-to-equity ratio; ROI	Creating shared value through managing a sustainable business with effective risk management structures and by operating within an optimal capital structure. Facilitating transparent engagement through presentations, road shows and face-to-face meetings.
Clients and prospective clients	Meetings; site visits; telephonic; email; internet; social media	Legislative and regulatory; efficiency; national minimum wage; technology; pricing; productivity management; SLA performance; talent/ skills search; cost management; B-BBEE rating	Creating value for our clients through product and service innovation to meet their needs; providing responsive customer service; treating our outsourced employees fairly and offering benefits; labour law education; training; learnership hosting; radical disability solutions; risk management; compliance; credit terms.
Employees/ assignees	Meetings; newsletters; newsflashes; email; social interactions; intranet; social media platforms; whistleblower hotline	Working conditions; benefits; employee welfare; training; mentoring; succession planning; remuneration, reward and recognition; discipline; working conditions; health and safety	Showing our commitment to creating value for all our employees and contractors by providing employment opportunities within a stable work environment that is non-discriminatory and legally compliant. Building a high-performance culture through training and skills development including ongoing legal and regulatory training for sales and operational staff. Appraising performance and aligning reward, recognition and career development opportunities. Providing access to health and wellness benefits.
Unions	Meetings; workplace forums; presentations	Employment conditions; benefits; pay rates; legislation; working conditions; employee welfare; temp to perm conversions	Creating value by being legally compliant and paying wages and benefits and not violating human rights and through transparent and meaningful engagement with employee representative forums.
Local communities	Meetings; community engagement; recruitment drives	Youth employment; training and skills development; mentoring; community leader engagement; labour desks; local recruitment; employee welfare; community support (SED/CSI)	Continuing to create value by employing people from local communities in which we operate. Showing our commitment to youth development and employment; learnership and internship programmes for unemployed; utilisation of local service providers and community support through SED/CSI initiatives.

Stakeholder group	Nature of engagement	Key issues raised	Our response and the value we create
Government and regulators	Forum participation; meetings; reporting	JSE; industry regulation; ETI (youth employment); skills development; B-BBEE; employment equity	Showing our commitment to support Government in achieving the National Development Goals by providing employment and training; contributing to the fiscal revenue; supporting the country's transformation agenda; involvement and active participation in industry regulatory bodies.
Suppliers	Electronic portals; meetings; telephonic; preferential	Funding; underwriting; preferential supplier listing; products and pricing; empowerment rating; enterprise development	Purchasing goods and services from B-BBEE accredited suppliers; and supporting supplier development initiatives.
Media	Results announcements; media statements; editorials; advertisements	Results announcements; media statements; editorials; advertisements; meetings	Working with the media as a partner in relaying relevant information to our broader stakeholder community.

Management of ethics and anti-corruption

Cultivating an atmosphere of mutual workplace respect and proper business conduct is vital to the integrity and success of the group. Our values form part of our endorsement to foster an open and ethical workplace environment throughout all our operating subsidiaries, where every opportunity is sought to promote a culture of reporting wrongdoing reinforced by a zero tolerance towards fraud and inappropriate conduct.

Maintaining effective policies is an important step in cultivating an ethical culture and the following policies were reviewed during the reporting period and found to be applicable:

- Code of Business Conduct;
- policy on fraud, theft, corruption and associated internal irregularities; and
- whistleblower and whistleblower protection policy.

These policies also support the group's observance of other anti-bribery and anti-corruption laws and regulations including, but not limited to, the South African Prevention and Combating of Corrupt Activities Act, 2004 (as amended) (Act 12 of 2004), the United National Global Compact Business Principles, and Organisation for Economic Cooperation and Development ("OECD") recommendations regarding corruption as outlined in the South African Companies Act 2008 (Act 71 of 2008), as amended.

Our whistleblower campaign continues to act as one of the components of our risk management framework. Permanent staff, contractors and our other stakeholders are encouraged to use this confidential disclosure medium through regular awareness communication elements including email footers, posters, etc. Our campaign also includes a whistleblower hotline which is independently operated by Whistle Blowers Proprietary Limited, who are also appointed to receive all reporting and confidential disclosures.

During the reporting period there were 11 protected disclosures received via the whistleblower's hotline and one disclosure through internal channels. Eight disclosures where fully investigated and the applicable appropriate corrective actions taken by management. Three disclosures could not be investigated due to insufficient information, despite repeated appeals to the anonymous callers requesting the necessary details required to pursue a proper investigation and one was still under investigation at year-end.

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES (CONTINUED)

Protection of personal information

The group is committed to protecting all our stakeholders' privacy and ensuring that their personal information is used appropriately, transparently and securely. No complaints related to breach of privacy and loss of customer data were received or reported during the period under review.

B-BBEE

Good B-BBEE credentials are vital to do business in South Africa and supports our social licence to operate. The group successfully retained its Level 4 B-BBEE rating on the revised codes of good practice.

	2019	2018
Equity ownership	**23,41**	23,48
Management and control (including employment equity)	**7,19**	7,72
Skills development	**9,86**	11,28
Enterprise and supplier development	**35,02**	33,29
Socio-economic development	**5,00**	5,00
Total score	**80,48**	80,77
B-BBEE level	**4**	4

The group's transformation efforts towards improving its B-BBEE contributor level status continues to focus on the following:

- Retaining and/or Improving on our current B-BBEE contributor level status;
- improving our B-BBEE recognition level for the benefit of our clients;
- aligning the attraction and retention of top talent at all levels with our employment equity plans and the national EAP targets;
- ensuring that skills development and skills transfer take place across all levels and that developmental Initiatives tie in with our talent management and transformation goals;
- promoting growth and sustainability through recognition and support of our black-owned, black female-owned and exempted micro enterprise ("EME") suppliers;
- rolling out our enterprise development Initiatives Involving selected black-owned business that are aligned to our core business; and
- focusing our socio-economic development Initiatives on the upliftment and assistance of the local communities In which we operate.

Enterprise development

The group's enterprise development programme is structured to provide for investment, mentoring, skills transfer and assistance for black-owned businesses that are aligned to our core business. During the reporting period Workforce continued to support the development of black-owned and black women-owned businesses as we envisage that our partnerships will result in meaningful growth and development of the historically disadvantaged people associated with these enterprises.

Supplier development

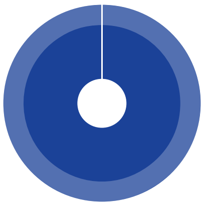
The group has supported Qunu Staffing for the last three years as its supplier development initiative with contributions towards overhead costs in the form of an interest-free loan. Qunu Staffing is 100% black-owned. On a smaller scale, Workforce Healthcare has offered two of their black-owned suppliers mentoring and support across a spectrum of business disciplines in order for those suppliers to gain skills and knowledge to grow their businesses.

Preferential procurement

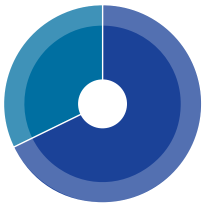
The group has 3 544 (2018: 3 398) suppliers from whom we procure the products and services we require for our day-to-day business operations throughout the country. In line with our transformation strategy we actively pursue the procurement of goods and services from suppliers with good B-BBEE credentials. This also includes extending supplier development initiatives that provide opportunities for black-owned and black women-owned businesses, including EME (exempted micro enterprise) and QSE (qualifying small enterprise) businesses, to benefit from our procurement spend.

The charts below indicate the percentage of the B-BBEE scorecard target that Workforce achieved within the specific category of spend across the period.

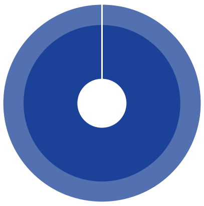
Empowered suppliers



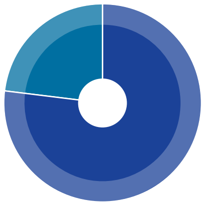
QSE empowered suppliers



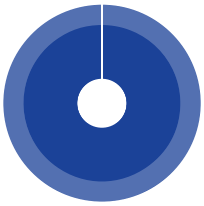
EME suppliers



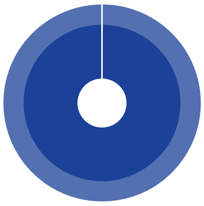
Empowered suppliers at least 51% black-owned



Empowered suppliers at least 51% black female-owned



Empowered suppliers with at least 51% black ownership



Socio-economic development

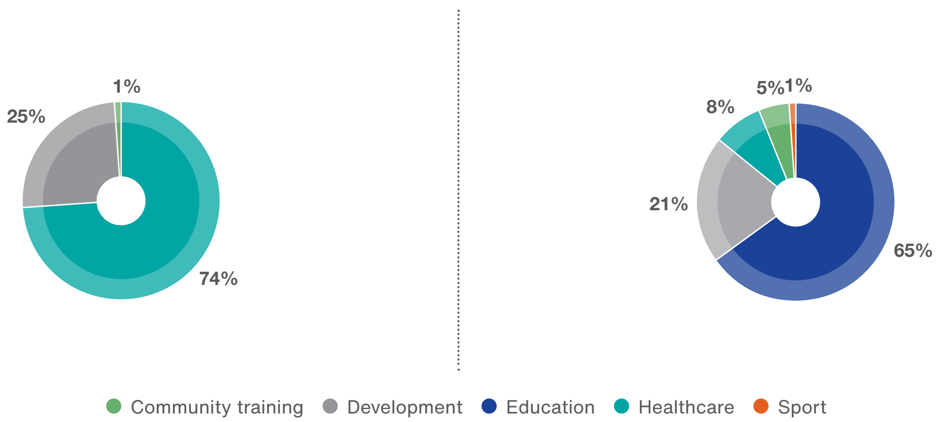
Our socio-economic development efforts aim to uplift and assist historically disadvantaged individuals living in the local communities in which we operate. As unemployment is an escalating problem in our country, many of our initiatives include skills development and training initiatives which we offer to unemployed people and in so doing improve their employability, particularly for the youth and those living with a disability.

We are fortunate that so many of the contracts we are involved in are directly or indirectly the result of private and public sector initiatives to create jobs. Our diversified business structure enables us to integrate employment and training which results in sustainable value being created for individuals associated with our group and which in turn can flow through to dependent structures such as their families and their communities.

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES
(CONTINUED)

During the reporting period, the group's contribution towards socio-economic development amounted to over R1,046 million which was used to support the communities in which we operate and from which our various operating companies recruit the staff they need for their businesses.

2019 percentage spend	2018 percentage spend
R1,0 million	R1,2 million



Support provided by Workforce across the year included:

- **Cape Peninsula Organisation for the Aged – monetary donation and three medical chair scales, a shade sail and a patient monitor**
- **Donations to Touch Community Network, Isikhumbuzo School and CANSA Association**
- **Donations to Meals on Wheels including a water tank, garden tools and groceries and time volunteered**
- **Assisted with renovations and extensions to a school in Klerksdorp**
- **Donations to the Lenasia Soccer Academy**
- **Donations to the Johannesburg branch of the Union of Jewish Women, Youth with Diabetes, the Resthaven Feeding Scheme and the Duduza Development Project**
- **Donation to Jicama for skills development project for disabled people**
- **54 eye tests and glasses given to children at the Sibonile School for the Blind and 330 eye tests and glasses given to children at the Stoneridge Primary school**
- **Health screening project on Mandela Day in Randfontein**
- **Donation to Door of Hope**
- **Assisted with upgrades to the Emmanuel School**

Klerksdorp trade school training

Trainees graduation – learnership programme

Glasses project

Emmanual school upgrade

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES
(CONTINUED)

Skills development for unemployed people

Workforce continues to build on its extensive experience in hosting and facilitating learnership and internship programmes for unemployed people, with a good track record of successful completion by delegates. This not only supports our efforts to improve our B-BBEE rating, but it also translates into numerous spin-offs and value created for the communities in which we operate and the vast number of unemployed young people throughout the country.

Training of unemployed youth (defined as people under the age of 36) provides value to all stakeholders involved. The learner obtains a qualification and valuable work experience. Many of the learners on completion of their learnership are offered either permanent or temporary contracts by either Workforce as the lead employer or by the host employer.

Learnerships for unemployed learners	Subsidiary	Timeframe	Number of learners	Number of black learners	Black disabled learners	Black youth (under 36)
Business Admin NQF3	Workforce Staffing	September 2018 – August 2019	39	39	39	39
Business Admin NQF3	Workforce Healthcare	December 2018 – November 2019	4	4	4	3
Auxiliary Social Worker	Workforce Healthcare	March 2019 – April 2020	4	4	2	4
Business Admin NQF3	Fempower	December 2018 – November 2019	3	3	3	3
Bricklayers (2nd project)	Workforce Staffing	November 2016 – October 2019	34	34	–	34
Bricklayers Plumbers (Project 3)	Workforce Staffing, Training Force, Fempower, Quyn	June 2018 – May 2021	143	143	132	128
Plumbers (Project B18)	Workforce Staffing	September 2018 – August 2021	31	31	31	23
Call Centre	Hosted	October 2019 – October 2020	122	121	121	121
Business Admin (NQF3)	Molapo Quyn	September 2018 – August 2019	30	30	30	5
Business Admin (NQF3)	Quyn Int.	September 2018 – August 2019	25	25	25	5
Internship (unemployed) Administration	Workforce Healthcare		2	2	2	2

YES Programme

The YES ("Youth Employment Services") programme is a business-led initiative undertaken in collaboration with government, labour, civil society and young people, launched in 2018 by President Cyril Ramaphosa to address the critical issue of youth unemployment and to drive inclusive growth that contributes towards building and strengthening our economy.

The objective of YES is to create one million jobs specifically for unemployed young people, aged between 18 and 35. These people need to be trained and employed by corporates and SMMEs for a 12-month period. The key focus of the YES initiative is work readiness and sustainable training and development programmes. These will prepare the youth for first-time employment and the creation of much-needed jobs.

The DTI offers participating companies, who meet certain criteria, the benefits to improve their B-BBEE scorecard recognition levels.

Workforce is pleased to report our support and participation of the YES initiative as outlined below:

- During the reporting period, 12-month contracts were entered into with 60 young South Africans. These individuals are receiving training as call centre agents and are being hosted within one of our active call centres. At the end of the first year of participation, our intention is to offer permanent employment to these individuals.
- In January 2020, an additional 60 unemployed "youth" were recruited to join the programme thereby reinforcing our commitment and confirming our second year of participation in the YES initiative.

Workforce YES Programme	Number of learners	Number of black learners	Number of black youth (under 36)
YES learners started July 2019	60	60	60
YES learners started January 2020	60	60	60

Our relationship with the environment

The group's efforts around environmental sustainability continue to focus on reducing the negative impacts of our operating divisions. Although we are classified as a low impact business because of the relatively small impact we have on the natural environment, we are committed to mitigating our impacts in order to respond to the challenge of climate change while minimising our operating costs.

Energy efficiency – Workforce's biggest natural resource input is coal-based electricity sourced from Eskom. Significant savings have been achieved through energy efficiency awareness campaigns launched throughout the group – specifically in respect of electricity usage. Motion sensing lights installed in various offices only switch on once motion in a room is detected. Desktop printers have been replaced with shared energy-efficient multi-functional devices.

Procurement – The group's centralised procurement department continues to scrutinise and evaluate the group's procurement processes. A number of actions introduced during the year resulted in cost savings, procurement of environmentally friendly products where possible, and an evaluation and review of our supplier database with specific emphasis on introducing preferential procurement structures to align our procurement spend with the new B-BBEE codes. The next phase of this initiative will be to incorporate environmental measurement indicators and measurement thereof.

Decrease paper usage – By raising awareness, the response throughout the group has been impressive especially in respect of reducing paper usage by printing less and where possible double-sided printing. The use of technology has reduced in-system paper utilisation by enabling the distribution of electronic payslips to our employees and eliminating the need to print curriculum vitaes received. Company notices, newsflashes and monthly newsletters are all communicated electronically to our staff, clients and other stakeholders.

Reduce and recycle – Recycling initiatives introduced throughout the group focus on managing the disposal of paper, plastic water bottles and containers used in the day-to-day business environment. Since creating a greater consciousness of the need to recycle it has also created awareness of the amount of plastic water bottles used daily in the business, specifically at our head office in Parktown. Recycling and reducing the use of paper has improved significantly throughout the group since the start of our environmental awareness initiatives.

CORPORATE GOVERNANCE

Being a responsible corporate citizen is the foundation upon which Workforce has operated for the past four decades

CORPORATE GOVERNANCE REPORT

Custodians of governance

The board accepts its responsibility as the custodians of corporate governance within the group and are therefore accountable to stakeholders for the provision of value-enabling governance. The board is constituted in terms of the company's memorandum of incorporation and in line with King IV™. The majority of the board members are independent non-executive directors who bring diversity to board deliberations and create value by constructively challenging management.

A clear division of responsibilities between the directors is maintained to ensure that no single director has unfettered decision-making powers. A delegation of authority framework is in place and reviewed regularly to ensure the necessary authority to management to implement and execute the strategy. The board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

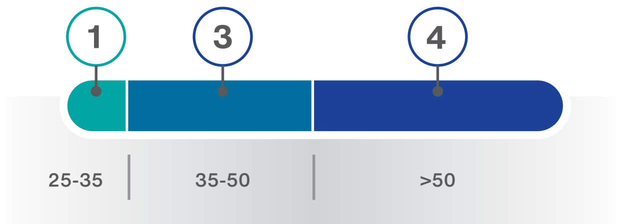
The board is the highest decision-making body in the group. It approves the group's strategy and ensures that it is aligned with the group's values. The board assumes collective responsibility for steering and monitoring strategy implementation and performance targets as well as any risks involved in the implementation of the strategy. It is collectively responsible for the group's long-term success. The board is accountable to shareholders and strives to balance the interests of the group and those of its various stakeholders. All directors are continuously taking steps to ensure that they have sufficient working knowledge of the group and industry within the triple context in which it operates. Directors are required to ensure continued development of their competencies to lead effectively and act with due care, skill and diligence and take reasonable diligent steps to become informed about matters for decision-making.

The directors have access to the advice and services of the company secretary. They are entitled, at the company's expense, to seek independent professional advice about the affairs of the company regarding the execution of their duties as directors.

Board composition

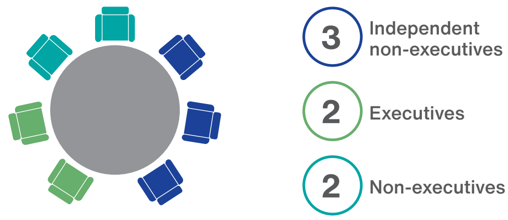
No changes were made to the composition of the board. The board met five times during the 2019 financial year, one meeting being a strategy meeting.

Directors ages (years)



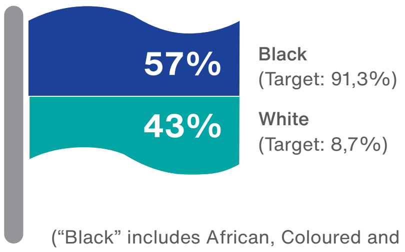
Director classification

Reflecting suitable balance



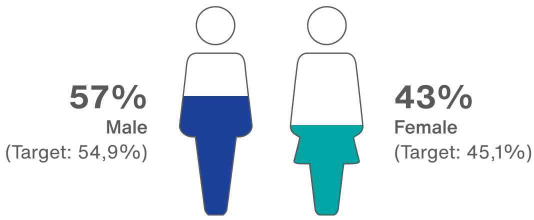
Ethnicity

EAP national statistics used to determine race and gender targets



("Black" includes African, Coloured and Indian)

Gender



Name and qualifications	Designation and other public company appointments	Committee membership				
		Attendance	ARC	RNC	SEC	IC
Executive Ronny Katz (77) *BCom, LLB, MBA*	Chief executive officer	5/5				✓
Willie van Wyk (48) *CA(SA)*	Financial director	5/5				✓
Non-executive directors John Macey (58) *BBusSci (Hons), BCom (Hons), CA(SA)*	Independent non-executive chairman	7/7	✓	✓		✓*
Kyansambo Vundla (41) *BCom, HDip Acc, CA(SA)*	Independent non-executive director	7/7	✓*	✓*		
Shelley Thomas (53) *CA(SA)*	Independent non-executive director	7/7	✓		✓*	
Shaun Naidoo (34) *CA(SA), MBA*	Non-executive director	7/7		✓	✓	✓
Inshaaf Ross (48) *BCom*	Non-executive director	2/2		✓	✓	

** Chairman.*
ARC – audit and risk committee.
RNC – remuneration and nomination committee.
SEC – social, ethics and transformation committee.
IC – investment committee.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Appointment, rotation and re-election of directors

The board has a formal and transparent policy regarding the appointment of directors to the board. While the appointments are a matter for the board, the authority to oversee the nomination and to carry out the interview process have been delegated to the remuneration and nomination committee.

Apart from a candidate's experience, knowledge, skills, availability and likely fit, the committee also considers a candidate's integrity, as well as other directorships and commitments to ensure that the candidate will have sufficient time to discharge his/her role properly. The remuneration and nomination committee also consider race and gender diversity in its assessment in line with its gender diversity policy. Although no appointment was made during the reporting period, targets for gender and race were agreed for future appointments.

New appointees are appropriately familiarised with the group's business through an induction programme. The composition of the board is reviewed on a regular basis to ensure ongoing compliance with the requirements set out in the Companies Act and King IV™.

In accordance with the company's memorandum of incorporation, a director, having been appointed by the board since the last annual general meeting of the company, is obliged to retire and being eligible, offers him/herself for election at the next annual general meeting.

In line with the memorandum of incorporation, one-third of the non-executive directors are required to retire, and if available and eligible, stand for re-election at the company's annual general meeting. Those directors who have been in office the longest, as calculated from the last re-election or appointment date, are required to stand for re-election. At the annual general meeting, Kyansambo Vundla and Shelley Thomas will retire and be eligible for re-election. Brief professional profiles of Kyansambo Vundla and Shelley Thomas can be found on pages 65 respectively of the integrated annual report.

Non-executive director tenure and succession

The management of the board's succession process is crucial to its sustainability. The remuneration and nomination committee ensure that, as directors retire, candidates with the necessary experience are identified to ensure that the board's competence and balance is maintained and enhanced, considering the group's current and future needs.

Leadership roles and functions

Non-executive directors

All members of the board have a fiduciary responsibility to represent the best interest of the group and all of its stakeholders. The group's non-executive directors are individuals of a high calibre and credibility who make a significant contribution to the board's deliberations and decisions. They have the necessary skills and experience to exercise judgement on areas such as strategy, performance, transformation, diversity and employment equity.

The chairman

The chairman's role is to set the ethical tone for the board and to ensure that the board remains efficient, focused and operates as a unit. John Macey's is an independent chairman. His role is separate from that of the chief executive officer, Ronny Katz. He provides overall leadership to the board and the chief executive officer without limiting the principle of collective responsibility for board decisions.

John Macey is a member of the audit and risk committee, remuneration and nomination committee and investment committee, and chairs the investment committee. The remuneration and nomination committee considered the recommendation by King IV™ that the chairman is not a member of the audit and risk committee and felt that, due to his extensive financial experience, he remains a member of the audit and risk committee.

Chief executive officer

The board appoints the chief executive officer to lead and implement the execution of the approved strategy. Ronny Katz serves as the link between management and the board and is accountable to the board. Quarterly progress reports are received from the chief executive officer on the progress made against the implementation of the strategy.

Company secretary

The company secretary plays a vital role in the corporate governance of the group and is responsible for ensuring board compliance with procedures and regulations of a statutory nature. The company secretary ensures compliance with the JSE Listings Requirements and is responsible for the submission of the annual compliance certificate to the JSE Limited ("JSE").

The company secretary ensures that, in accordance with the pertinent laws and regulatory framework, the proceedings and affairs of the board and its members and the company itself are properly administered.

The board satisfied itself regarding Sirkien van Schalkwyk's work experience, performance, technical skills and overall competence in fulfilling her role as company secretary at the previous meeting of the board (during which time she was excused from the meeting). She is a consultant and maintains an arm's length relationship with the board. She reports to the chair on all statutory duties and functions performed relating to the governing body.

The company secretary's primary responsibilities are to:

- Ensure that board procedures are followed and reviewed regularly;
- ensure applicable rules and regulations for the conduct of the affairs of the board are complied with;
- maintain statutory records in accordance with legal requirements;
- guide the board as to how its responsibilities should be properly discharged in the best interest of the company; and
- keep abreast of, and inform, the board of current and new developments regarding best practice corporate governance thinking and practice.

Ethical and effective leadership

The board is committed to achieving its goals with integrity, high ethical standards and in compliance with all applicable laws, whilst being a responsible corporate citizen. The board has adopted a code of business conduct which is continuously reviewed and sets the tone for an ethical culture within the group. The directors are fully committed to these principles, which ensures that the business is managed according to the highest ethical standards, even beyond mere legal compliance, within its operating environment, as well as social, political and physical environment within which the group operates.

The code of business conduct is included as part of induction for new employees as well as other regular training programmes and is available on the company's website at www.workforce.co.za. Ethics are part of our recruitment process, evaluation of performance and rewards of employees as well as the sourcing of suppliers.

No material ethical leadership and corporate citizenship deficiencies were noted. The board, through the audit and risk committee as well as the social and ethics committee, monitors compliance with Workforce's code of business conduct through various reporting channels including its internal audit department and the whistle-blower hotline. Quarterly feedback is given to the relevant committees and the board while sanctions and remedies are in place when ethical standards are breached.

Workforce received a request from a shareholder to provide the shareholders' register in terms of the Promotion of Access to Information Act, 2000 (Act 2 of 2000) ("PAIA").

Independents and conflicts

During the year ended 31 December 2019, none of the directors had a significant interest in any contract or arrangement entered into by the company or its subsidiaries, other than as disclosed in note 24.1 to the annual financial statements.

Directors are required to inform the board timeously of conflicts or potential conflicts of interest that they may have in relation to particular items of business. Directors are obliged to excuse themselves from discussions or decisions on matters in which they have a conflict of interest, in accordance with the conflict of interest policy that is in place. A standard agenda item is included for members to declare whether any of them have any conflict of interest in respect of a matter on the agenda. This is minuted accordingly.

When categorising the non-executive directors as independent, the interests, position, association or relationship is taken into consideration. Independent non-executive directors serving for longer than nine years are subjected to a rigorous review of their independence and performance by the board. The board makes full disclosure regarding individuals serving for more than nine years to enable shareholders to make their own assessment of directors. John Macey was appointed in 2009 and an assessment was conducted by the remuneration and nomination committee to ensure that he was still independent, in line with the requirements of King IV™.

CORPORATE GOVERNANCE REPORT (CONTINUED)

This, together with the test of being judged from the perspective of a reasonable and informed third party and other indicators in a substance-over-form basis, John Macey, Shelly Thomas and Kyansambo Vundla were found to be independent. The categorisation of directors can be found on page 64 of the integrated annual report.

Insider trading

No employee of the group may deal directly or indirectly in the company's shares based on unpublished price-sensitive information regarding business. No director or officer of the group may disclose trade information regarding business. Directors or officers of the group are precluded from trading in the shares of the group during a closed period or prohibited period, as determined by the board. Notification to this effect is communicated to the group's employees. A price sensitive information group policy is in place in line with the JSE Listings Requirements.

Any director wishing to trade in ordinary shares of the company, must obtain clearance from the chairman of the board or, in his absence, the chief executive officer. The directors keep the company secretary advised of all their dealings in securities and details of dealings are placed on SENS in line with the JSE Listings Requirements.

Assessment of the board

The board of directors analyses and evaluates its effectiveness in line with King IV™. The board decided to only conduct evaluations every second year as per the recommendations of King IV™. An evaluation was conducted in 2019 and the next evaluation will be during the 2021 financial year.

Commitment to the governance principles set out in King IV™

The board remains committed to the principles of King IV™ and ensures that its recommendations are materially entrenched into the board's internal controls, policies, terms of reference and overall procedures and processes. A King IV™ application register, setting out how the company has applied the principles of King IV™, is available on our website, www.workforce.co.za.

Integrated effective control

As the custodian of governance, the board is ultimately responsible for ensuring there is effective control within the business. The board ensures effective control through a number of mechanisms, including:

Compliance with applicable laws, regulations and governance practices

The decisions and actions taken by the board ensures that the company subscribes to full compliance with applicable laws, regulations and governance practices. This function is delegated to the social and ethics committee with financial compliance overseen by the audit and risk committee. During the financial year, the company was fully compliant with the requirements of the Companies Act and JSE Listings Requirements.

The board charter

The roles and responsibilities of the board and individual directors are set out in the board charter which is aligned with the provisions of relevant statutory and regulatory requirements and is reviewed on an annual basis. The charter regulates the parameters within which the board operate and ensures the application of the principles of good governance in all its dealings.

Governance structures and delegation

The company's governance structure provides for delegation of authority, while enabling the board to retain effective control. Such structures similarly support and enable the informed oversight exercised by the board. The board delegates authority to established board committees, as well as the chief executive officer, with clearly defined mandates.

Board committees

The roles, responsibilities and composition of the board committees are described below. The responsibilities delegated to these committees are formally documented in each committee's terms of reference, which are approved by the board and reviewed on an annual basis. After each committee meeting, committee chairmen report back to the board, which facilitates transparent communication between directors and ensures that all aspects of the board's mandate are addressed.

The terms of reference are subject to change as and when required by the board in order to accommodate the company's changing needs. Roles and associated responsibilities and the composition of membership across committees are considered holistically. All committees have a minimum of three members and, as a whole, have the necessary knowledge, skills, experience and capacity to execute their duties effectively. The chairman of each board committee reports at meetings of the board, and minutes of board committee meetings are provided to the board.

Both the directors and the members of the board committees are supplied with full and timely information that enables them to properly discharge their responsibilities. All directors have unrestricted access to all group information.

The chairman of each board committee is required to attend annual general meetings to answer questions raised by shareholders.

Audit and risk committee

In reviewing the committee composition during the year, it was decided that, due to the size of the company, the audit committee and risk committee would remain one committee. However, the agenda is divided into two separate sections to ensure that both audit and risk management responsibilities are attended to.

The committee, appointed by the board and approved by shareholders at the company annual general meeting, comprises three independent non-executive directors, all of whom satisfied the requirements of section 94(4) of the Companies Act. As a collective and having regard to the size and circumstances of the group, the committee is adequately skilled, and all members possess the appropriate financial and related qualification, skills, financial expertise and experience required to discharge their responsibilities. The committee acknowledges the recommendation by King IV™ that the chairman of the board should not be a member of the committee, but due to John Macey's extensive financial experience, it was decided that he remains a member of the committee.

Summarised roles and responsibilities

- Providing the board with additional assurance regarding the efficiency and reliability of the financial information used by the directors to assist them in the discharge of their duties;
- reviewing interim and annual financial statements, the integrated annual report and any other external reports issued by the organisation;
- overseeing the internal audit function;
- ensuring that significant business, financial and other risks have been identified and are being managed suitably;
- ensuring independence of external audit and overseeing the external audit process;
- ensuring good standards of governance, reporting and compliance are in operation; and
- overseeing the group's risk management profile.

During the 2018 financial year, the committee met on four occasions and meetings were scheduled in line with the group's financial reporting cycle.

The audit and risk committee attendance is as follows:

Name and qualifications	Age	Appointed	Designation	Attendance
Kyansambo Vundla *BCom, HDip Acc, CA(SA)*	41	November 2010	Independent non-executive director chairman	2/4 meetings
John Macey *BBusSci (Hons), BCom (Hons), CA(SA)*	58	November 2008	Independent non-executive director member	4/4 meetings
Shelley Thomas *CA(SA)*	53	December 2016	Independent non-executive director member	4/4 meetings
Standing invitees	Financial director, group head of finance, external auditor, internal auditor, company secretary			

CORPORATE GOVERNANCE REPORT (CONTINUED)

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Refer to page 74 of the annual financial statements for the audit and risk committee report.

Group IS steering committee

Within the group, the group IS steering committee is the governing body responsible for the governance of technology and information and sets the direction for how technology should be approached and addressed. The strategic intent of group IT is documented and communicated in the group IT strategy and is aligned with the enterprise strategy.

During the reporting period, an IT executive committee was established to oversee operational matters in order for the group IS steering committee to focus on more strategic matters. The group IS steering committee meets formally at least four times a year to report on their duties in accordance with its terms of reference as approved by the board. The committee reports to the board via the audit and risk committee.

Social, ethics and transformation committee

The composition of the committee was reviewed and agreed to remain unchanged and comprise three members and chaired by an independent non-executive director.

Summarised roles and responsibilities

- Planning, implementing and monitoring the group's strategy for transformation;
- monitoring compliance with legislation;
- monitoring employment equity and fair labour practices;
- monitoring good corporate citizenship and the group's contribution to the development of communities in which it operates; and
- monitoring ethics and business conduct.

The social, ethics and transformation committee met three times during the reporting period and attendance was as follows:

Name and qualifications	Age	Appointed	Designation	Attendance
Shelley Thomas *CA(SA)*	53	December 2016	Independent non-executive chairman	3/3 meetings
Shaun Naidoo *CA(SA), MBA*	34	March 2018	Non-executive director	1/3 meetings
Inshaaf Ross *BCom*	48	August 2018	Non-executive director	3/3 meetings
Standing invitees	Financial director, corporate affairs executive, company secretary			

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Refer to pages 70 of the integrated annual report for the social, ethics and transformation committee report.

Remuneration and nominations committee

In reviewing the committee composition during the year, it was decided that, due to the size of the company, the remuneration committee and nomination committee would remain one committee.

No changes to the composition of the committee was made and therefore comprises Kyansambo Vundla, John Macey, Shaun Naidoo and Inshaaf Ross, being two independent members and two non-executive directors.

Summarised roles and responsibilities

- Identifying and nominating new directors for approval by the board;
- ensuring that appointments to the board are formal and transparent;
- approving the classification of directors as independent;
- overseeing induction and training of directors and conducting annual performance reviews of the board and board committees;
- overseeing an appropriate separation between executive, non-executive and independent directors;
- ensuring proper and effective functioning of the group's board committees; and
- reviewing the board's structure, the size and composition of the various board committees and making recommendations.

The remuneration and nominations committee met twice during the reporting period.

Name and qualifications	Age	Appointed	Designation	Attendance
Kyansambo Vundla *BCom, HDip Acc, CA(SA)*	41	November 2010	Independent non-executive chairman	1/2 meetings
John Macey *BBusSci (Hons), BCom (Hons), CA(SA)*	58	November 2008	Independent non-executive member	2/2 meetings
Shaun Naidoo *CA(SA), MBA*	34	June 2017	Non-executive director	2/2 meetings
Inshaaf Ross *BCom*	48	August 2018	Non-executive director	2/2 meetings
Standing invitees	Chief executive officer, company secretary			

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Refer to page 66 for the remuneration report by the remuneration and nominations committee.

Investment committee

The investment committee met once during the reporting period to consider acquisition opportunities.

Details of the members of the investment committee are included below.

Name and qualifications	Age	Appointed	Designation	Attendance
John Macey *BBusSci (Hons), BCom (Hons), CA(SA)*	58	November 2017	Independent chairman	1/1 meetings
Shaun Naidoo *CA(SA), MBA*	34	November 2017	Non-executive director	1/1 meetings
Ronny Katz *BCom, LLB, MBA*	77	November 2017	Chief executive officer	1/1 meetings
Willie van Wyk *CA(SA)*	48	November 2017	Financial director	1/1 meetings
Standing invitees	Mergers and acquisition executive, company secretary			

BOARD OF DIRECTORS

Independent chairman

John Macey
Independent
non-executive director

Executive directors

Ronny Katz
Chief executive officer

Willie van Wyk
Financial director

Non-executive directors

Inshaaf Ross

Shaun Naidoo

Independent non-executive directors

Kyansambo Vundla

Shelley Thomas

Independent chairman

John Macey

Independent non-executive director and chairman

BBusSci (Hons), BCom (Hons), CA(SA), RA

John completed his articles at Deloitte & Touche in 1990. He has over 30 years of experience in finance and financial management. He has been financial director of manufacturing companies, lectured financial and management accounting at the University of Cape Town, advised on corporate finance deal structuring and acted as an outside advisor on technical accounting issues to accounting and auditing firms. He sits on the boards and audit committees of three listed groups. John was appointed to the Workforce Holdings Limited board in June 2009.

Executive directors

Ronny Katz

Chief executive officer

BCom, LLB, MBA

After completing his legal studies, Ronny joined City Merchant Bank and worked in the investment division before completing an MBA degree in 1968 at the University of Cape Town, after which he purchased the legal practice of David Borkum. In 1972, Ronny started Workforce and has been responsible for its growth and development since then. Ronny was appointed chairman of Workforce Holdings Limited in October 2006. Following the resignation of Philip Froom, Ronny stepped down as executive chairman to fulfil the role of chief executive officer effective 21 August 2018.

Willie van Wyk

Financial director

BCompt (Hons), CA(SA)

Willie completed his articles with Deloitte & Touche in 1996 and following that, held a number of financial management positions with Nola, a division of Foodcorp for three years and Nampak for five years. Willie joined the Workforce group in 2007 and was appointed a director of Workforce Holdings Limited in June 2008.

Non-executive directors

Inshaaf Ross

Non-executive director

BCom (Business management)

Inshaaf worked in the land surveying and architectural industries between 1991 and 1998. In 1998, she joined Vunani (then African Harvest) and has worked across the group in several capacities. She is currently head of human resources at Vunani Limited. She is a member of Vunani's social and ethics committee as well as their employment equity committee. Inshaaf joined the board of Workforce Holdings Limited in August 2018 as a non-executive director.

Shaun Naidoo

Non-executive director

CA(SA), MBA

Shaun is a chartered accountant and holds an MBA from the Gordon Institute of Business Science. In his current role as Corporate Finance Director at Vunani Limited, he is involved in the execution of corporate transactions, B-BBEE structuring, balance sheet restructuring, valuations, IFRS and tax advisory and capital raising. Shaun was appointed to the Workforce Holdings Limited board in June 2017.

Independent non-executive directors

Kyansambo Vundla

Independent non-executive director

BCom (Accounting), HDip Acc, CA(SA)

Kyansambo has 15 years of experience in finance and financial management. She completed her articles at BDO Spencer Steward and has been a chief financial officer in the financial services industry for the last ten years. Kyansambo is currently the chief financial officer for the Africa and Asia division of MMI Holdings. She also served as Chairperson of the Bonitas Marketing Company's audit and risk committee as well as a member of the audit and risk committee of Bonitas Medical Aid Fund. Kyansambo was appointed to the Workforce Holdings Limited board in November 2010.

Shelley Thomas

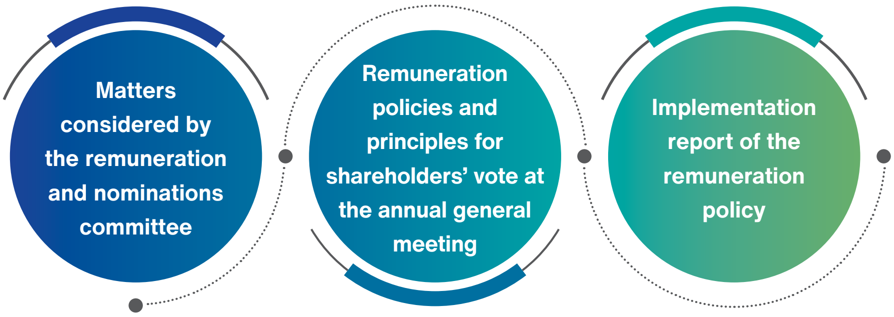
Independent non-executive director

CA(SA)

Shelley is a qualified chartered accountant. She completed her articles at Kessel Feinstein and is currently self-employed. She was previously head of forensic, compliance, and governance at Protect-A-Partner International. She was also the financial director at Ubambo Investment Holding Limited and was company secretary for two Cell C companies, namely Cellsaf and 3C Telecommunications. Shelley has over 20 years of experience sitting on boards and committees in both the public and private sectors. Shelley was appointed to the Workforce Holdings Limited board in December 2016.

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

This report comprises three sections:



1. Matters considered

In reviewing the committee's composition during the year, it was decided that, due to the size of the company, the remuneration committee and nomination committee would remain one committee.

Appointment of directors to the board

Apart from a candidate's experience, availability and likely fit, the committee also considers a candidate's integrity, as well as other directorships and commitments to ensure that the candidate will have sufficient time to discharge his/her role properly. The remuneration and nominations committee also considers race and gender diversity in its assessment in line with its race and gender diversity policy. Although no new appointments were made during the reporting period, new targets had been included in the race and gender diversity policy to guide future appointments.

Remuneration and nominations committee members

The committee comprises the following at 31 December 2019:

Name and qualifications	Age	Appointed	Designation	Experience	Attendance
Kyansambo Vundla *BCom, HDip Acc, CA(SA)*	41	November 2010	Independent chairman	Over 24 years of experience in the financial services industry	1/2 meetings
John Macey *BBusSci (Hons), BCom (Hons), CA(SA)*	58	November 2008	Independent member	Over 30 years of experience in finance and financial management	2/2 meetings
Shaun Naidoo *CA(SA), MBA*	34	March 2018	Non-executive member	Execution of corporate transactions, B-BBEE structuring, balance sheet restructuring, valuations, IFRS and tax advisory and capital raising	2/2 meetings
Inshaaf Ross *BCom*	48	August 2018	Non-executive member	Over 20 years' experience in human resources and related areas	2/2 meetings
Standing invitees	Chief executive officer, company secretary				

The chairman of the board is not eligible for appointment as chairman of the committee and John Macey is only a member of the committee but presides as chairman when the committee fulfils its oversight responsibilities on nomination matters and board/director interactions.

Evaluation of the committee

The committee analyses and evaluates its effectiveness in line with King IV™. The analysis and evaluation of the committee was conducted by way of a questionnaire that is based on the principles and practice recommendations in the King IV™ report. The questionnaires were completed by members and the standing invitee and reported to the board via the committee.

Based on the analysis, the committee concluded that the committee is appropriately and effectively fulfilling its role and responsibilities. During the evaluation, it was found that the current long-term incentive scheme might be outdated and not in line with the objectives and needs of the company and a new scheme will be investigated during the current financial period.

Succession plans are in place following the restructure of the group into clusters. A talent pool is being developed to ensure the necessary skills are in place at the executive level.

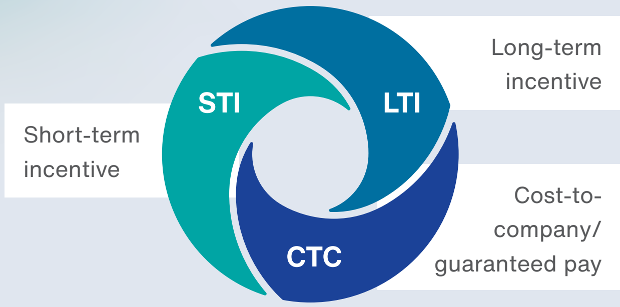
Kyansambo Vundla
Chairman of the remuneration and nominations committee

30 March 2020

2. Remuneration policy

Background statement

The group's remuneration policy aims to attract, retain and motivate skilled and performing employees to execute the group's strategy. The group offers an integrated remuneration and reward model, which comprises:



Due to the diversified and decentralised business model, the group has different remuneration models for senior management. Workforce currently does not formally benchmark its remuneration percentiles. A formal benchmark in terms of remuneration percentiles will be conducted during the current financial year.

Remuneration structure

	Cost-to-company		Variable pay	
Element	**Base pay**	**Benefits**	**STI**	**LTI**
Workforce Group	Monthly salary Hourly wage	▪ Medical aid ▪ Provident fund ▪ Funeral benefit ▪ Travel allowance	▪ Annual incentive ▪ Bonus scheme	▪ Share appreciate rights ▪ Performance shares
Objective	Retention and attraction	▪ Retention in terms of the comprehensiveness of benefits offered ▪ Attraction to offer similar benefits to prospective employees	▪ Reward company and group performance ▪ Reward individual performance ▪ Retention/attraction recognition	▪ Reward company and group performance ▪ Reward individual performance ▪ Retention/attraction recognition ▪ Recognition of group's long-term success

REMUNERATION AND NOMINATIONS COMMITTEE REPORT (CONTINUED)

Short-term incentive

The group awards management and most salaried employees on an annual performance incentive. The actual value awarded is subject to the achievement of predetermined thresholds relating to the performance and position of the group, cluster, segment and individual performance during the reporting period.

The executive directors are appraised against a set of objectives and key performance indicators to ensure they are remunerated fairly and responsibly. Executive directors and senior managers are measured and remunerated according to their alignment, achievement and contribution to the group's strategy, financial performance, segment performance and individual performance.

In its evaluation of performance of individuals, the remuneration and nominations committee considers external and internal factors that may have contributed to the thresholds not being met. The committee may from time to time consider discretionary short-term bonuses for an individual or cluster.

All payments in terms of the qualitative and quantitative portion of the short-term incentive scheme are based on predetermined targets.

Long-term incentive

The long-term incentive plan ("LTIP") forms part of the variable compensation and is used to attract, retain and motivate employees who influence the long-term sustainability and strategic objectives of the group. The purpose is to foster sustainable performance or value creation over the long term, which is aligned to the group's strategy and which enhances stakeholder value. Its main characteristic is the promise to deliver value over a future vesting period, once performance criteria are met or exceeded.

The board mandated the remuneration and nominations committee to formulate a new LTIP scheme for adoption during the current financial year.

Policy on directors' fees and remuneration

The directors are appointed to the board to bring competencies and experience appropriate to achieving the group's objectives.

Increases

At an individual employee level, the annual CTC increases are determined by the individual's pay relative to the band he/she is in, as well as the performance of the individual in the role. The average increase for 2019 was 6%, payable to employees subject to a performance evaluation.

Non-executive directors

It is the group's policy to identify, attract and retain non-executive directors who can add significant value to Workforce. The board applies principles of good corporate governance relating to directors' remuneration and also keeps abreast of changing trends. Governance of directors' remuneration is undertaken by the committee.

The committee takes cognisance of market norms and practices as well as additional responsibilities placed on the board members by new legislation and corporate governance principles.

The fees for non-executive directors is excluding value added tax ("VAT") and is recommended by the committee and will be approved by the shareholders at the annual general meeting in May 2020.

Non-executive directors receive a base fee for their main board membership and an attendance fee per meeting. Board members only receive fees for meetings they attend as well as an ad hoc hourly fee where special attention was given to actions outside of the normal responsibilities.

The policy on remuneration for non-executive directors is that this should:

- Be market-related (having regard to the median fees paid and number of meetings attended by non-executive directors of companies of similar size and structure to similar sectors); and
- not be linked to the share price of Workforce.

The group pays for all travel and accommodation expenses incurred by directors to attend board and committee meetings.

Non-executive directors do not receive bonuses or share options, recognising that this can create potential conflicts of interest which can impair the independence which non-executive directors are expected to bring to bear in decision-making by the board.

Except for an increase in the chairman's retainer fee, shareholders will be requested to approve a 6% increase for 2020 as set out in the notice of annual general meeting on page 157.

Voting and shareholder engagement

In order to actively promote fair, responsible and transparent remuneration and remuneration reporting, Workforce encourages engagement with shareholders on remuneration-related matters. The remuneration policy as well as the implementation report will be tabled for two separate non-binding advisory votes by shareholders at the annual general meeting.

The committee will initiate shareholder engagement with dissenting shareholders, should 25% or more of the shareholders vote against either or both the remuneration policy or the implementation report.

3. Remuneration implementation report

The remuneration implementation report details the outcomes following the implementation of the approved remuneration policy detailed on pages 67 of the integrated annual report.

2019 total cost of employees ("TCOE") increases

The TCOE salaries for executive directors, as stated in notes 24 on page 141 of the audited financial statements, and other employees of the group have been increased as follows effective 1 July 2019:

	TCOE 2019 % increase	TCOE 2018* % increase
Chief executive officer	**8,00**	5,98
Financial director	**18,00**	6,69

* *Increase in basic TCOE, excluding bonuses and incentives.*

Refer to note 24 on page 141 for a detailed breakdown of executive directors and prescribed officers' remuneration. The TCOE as earned by executive directors and prescribed officers for the period 2018 are as follows:

	TCOE 2019 R'000	TCOE 2018 R'000
Executive directors	**5 936**	5 494
Prescribed officers*	**24 840**	18 861

* *Prescribed officers include eight executive committee members.*

2019 annual incentive bonus

The awarding of annual incentive bonuses for the year ended 31 December 2019 were in line with the group's remuneration policy and stipulated allocation levels, which payments have been detailed at page 141 of the integrated report under note 24 "remuneration implementation report".

The total short-term incentives ("STI") payable to members of the executive directors and the prescribed officers are as follows:

	2019 annual incentive bonus R'000	2018 annual incentive bonus R'000
Executive directors	**621**	570
Prescribed officers*	**5 918**	3 753

* *Prescribed officers include eight executive committee members.*

2019 long-term incentives ("LTI")

The awarding of long-term retention incentives as issued in 2016 vested in October 2019 and was in line with the group's remuneration policy and stipulated allocation levels. Details appear on page 141 of the integrated report under note 24 "director and prescribed officers' remuneration".

There was no LTI remuneration made to executive directors and prescribed officers for the period 2019:

	2019 LTIP payments R'000	2018 LTIP payments R'000
Executive directors	–	–
Prescribed officers*	–	–

* *Prescribed officers include eight executive committee members.*

Non-executive directors' remuneration

The participation of non-executive directors in the group is essential to the group achieving its strategic objectives and non-executive directors' fees are therefore recommended by the executive directors and remuneration and nominations committee with this in mind.

In accordance with the Companies Act, and the company's memorandum of incorporation ("MOI"), non-executive directors' fees are approved by the shareholders at the annual general meeting. The current fee levels are approved by shareholders at the annual general meeting to be held on 6 July 2020* and is stated on page 152 of the notice of annual general meeting included in this integrated annual report.

The total amount spent on non-executive directors' fees for 2019 and 2018 are as follows:

	2019 R'000	2018 R'000
Non-executive directors' fees	**1 134**	673

Directors' service contracts

There are no fixed-term service contracts for executive or non-executive directors. The remuneration and nominations committee reviewed the employment contracts of the chief executive officer and financial director and found this still to be appropriate to meet the needs of the company.

* *Due to the COVID-19 lockdown of 21 days, the AGM is extended to meet all the necessary regulatory requirements.*

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

This report is prepared in compliance with the requirements of the Companies Act, and describes how the committee discharged its responsibilities in respect of the financial year ended 31 December 2019 and will be presented to the shareholders at the annual general meeting to be held on 6 July 2020.

During the reporting period, the committee name changed from social and ethics committee to the social, ethics and transformation committee to more fully report on the responsibilities of the committee.

Social, ethics and transformation committee members

The social, ethics and transformation committee met three times during the reporting period. The composition of the committee as at 31 December 2019 is as follows:

Name and qualifications	Age	Appointed	Designation	Experience	Attendance
Shelley Thomas *CA(SA)*	53	December 2016	Independent member	Over 25 years of experience in financial and risk management	3/3 meetings
Shaun Naidoo *CA(SA), MBA*	34	March 2018	Non-executive member	Execution of corporate transactions, B-BBEE structuring, balance sheet restructuring, valuations, IFRS and tax advisory and capital raising	1/3 meetings
Inshaaf Ross *BCom*	48	August 2018	Non-executive member	Over 20 years' experience in human resources and related areas	3/3 meetings
Other standing invitees	Financial director, corporate affairs executive, group HR manager, company secretary				

Responsibilities of the committee

The social, ethics and transformation committee terms of reference were reviewed during the reporting period. In accordance with the terms of reference and annual work plan, the committee fulfils the functions and responsibilities assigned to it in terms of the company's compliance with the applicable requirements of Regulation 43 of the Companies Act, and includes the following functions:

(a) To monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regards to matters relating to:

(i) Social and economic development, including the company's standing in terms of the goals and purposes of:

- the 10 principles set out in the United Nations Global Compact Principles;
- the OECD recommendations regarding corruption; the Employment Equity Act; and
- the B-BBEE Act;

(ii) Good corporate citizenship, including the company's:

- promotion of equality, prevention of unfair discrimination, and reduction of corruption;
- contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
- record of sponsorship, donations and charitable giving;

(iii) the environment, health and public safety, including the impact of the company's activities and of its products or services;

(iv) consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and

(v) labour and employment, including:

- the company's standing in terms of the International Labour Organisation protocol on decent work and working conditions;

* *Due to the COVID-19 lockdown of 21 days, the AGM is extended to meet all the necessary regulatory requirements.*

- the company's employment relationships, and its contribution toward the educational development of its employees;
- to draw matters within its mandate to the attention of the board as occasion requires; and
- to report, through one of its members, to shareholders at the company's annual general meeting on the matters within its mandate.

Performance for 2019

Ethics and business conduct

The group's code of business conduct which embodies our guiding principles and values, was reviewed during the year and confirmed to be relevant and effective.

The company's "whistleblower and whistleblower protection policy", implemented during 2013, was reviewed during the year and confirmed to be relevant and effective, providing an appropriate balance between encouraging reporting and discouraging malicious and frivolous reporting.

Also reviewed and confirmed to be appropriate was the group's "anti-fraud, theft, corruption, cyber-crime and associated internal irregularities policy" that encourages ethical conduct and requires all employees to act honestly and with integrity at all times, to safeguard the group's reputation and to protect company resources.

Labour

Our employment equity policy embodies our commitment to implementing employment equity across the group. During the year under review, further attention was given to ensure our compliance with the Employment Equity Act and various initiatives were implemented to ensure the improvement of employment equity performance and achievement of numerical goals and targets.

Skills development plays a big role in our business and remains an area of focus and the various skills development programmes undertaken by the group are reported on more fully in the people section of this integrated annual report.

Socio-economic development

The group's commitment is to foster good relations with the communities in which it operates and continues to pursue its business philosophy which is to draw the staff it needs from the local communities in which it operates and in so doing provides much-needed employment and other socio-economic benefits to local communities.

Transformation

Workforce remains focused on achieving its transformation goals and objectives through the implementation of strategies and the achievement of greater transformation across all operating divisions of the organisation and in line with the amended B-BBEE codes of good practice.

Our areas of focus for transformation are aligned to the various B-BBEE scorecard pillars and include:

- Ownership;
- Management control;
- Skills development;
- Enterprise and supplier development; and
- Socio-economic development.

During the reporting period, Workforce Holdings Limited achieved a Level 4 B-BBEE rating.

Stakeholder management

The stakeholder engagement framework outlines the group's guiding principles for stakeholder engagement which are congruent with the values espoused in the group's formal code of business conduct. In Workforce's decentralised business environment, business units use these principles to guide and govern their stakeholder engagement processes.

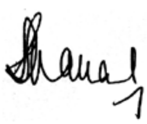
Refer to pages 48 and 49 for details regarding stakeholders engaged during the reporting period.

Environment

The group has an approved environmental policy, which aims to reduce the negative environmental impacts of the group's trading entities. While the group has a low impact on the natural environment and is classified as a "low impact business", we are still fully committed to mitigating our impacts in order to respond to the challenge of climate change.

Evaluation of committee performance

The last evaluation was conducted in 2018 and the results included in the 2018 integrated annual report. Due to various management changes in the responsibility areas of the committee during the reporting period, the committee decided to only have an evaluation conducted during 2020.



Shelley Thomas
Social, ethics and transformation committee chairman

30 March 2020

ANNUAL FINANCIAL STATEMENTS

Value creation for all stakeholders is at our core

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the company and group annual financial statements, comprising the directors' report, statements of financial position at 31 December 2019, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, a summary of significant accounting policies and the notes to the financial statements, in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act 71 of 2008 as amended ("the Companies Act").

The directors' responsibility includes: Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements. The directors have made an assessment of the company's and group's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The directors have reviewed the group's cash flow forecast for the year to 31 December 2020 and, in light of this review and the current financial position, they are satisfied that Workforce Holdings Limited and its subsidiaries have, or have access to, adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

DIRECTORS' APPROVAL

The directors acknowledge and accept full responsibility for the preparation and integrity of the information presented in the company and group annual financial statements for the year ended 31 December 2019.

The company and group annual financial statements of Workforce Holdings Limited, which have been prepared in accordance with the Companies Act, and comply with International Financial Reporting Standards ("IFRS"), were approved by the board of directors on 30 March 2020 and are signed on their behalf by:

JR Macey *Independent chairman*	**RS Katz** *Chief executive officer*	**W van Wyk** *Financial director*

DECLARATION BY THE COMPANY SECRETARY

In terms of section 58(2) of the Companies Act, and Companies Regulations 2011, I certify that, to the best of my knowledge, Workforce Holdings Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act and further, that such returns are true, correct and up to date.

Sirkien van Schalkwyk
Company secretary

Johannesburg

30 March 2020

AUDIT AND RISK COMMITTEE REPORT TO SHAREHOLDERS

Annual financial statements for the year ended 31 December 2019

The audit and risk committee has pleasure in submitting this report, which has been approved by the board and has been prepared in accordance with section 94(7) of the Companies Act and incorporating the recommendations of the King Report on corporate governance for South Africa, 2016 ("King IV™").

In summary, this committee assists the board in its responsibilities covering the:

- Internal and external audit process for the group taking into account the significant risks;
- adequacy and functioning of the group's internal controls;
- integrity of the financial reporting; and
- risk management and information technology.

The committee has performed all the duties required in section 94(7) of the Companies Act.

Due to the size of the company, the board decided to combine the audit committee and risk committee and attend to both audit and risk responsibilities in one committee.

Members of the audit and risk committee and attendance at meetings

The committee, appointed by the board and approved by shareholders at the company's annual general meeting on 6 May 2019, comprised three independent non-executive directors, all of whom satisfied the requirements of section 94(4) of the Companies Act.

The audit and risk committee comprises of three independent members, being Kyamsambo Vundla (chairman), John Macey and Shelley Thomas. The committee acknowledges the recommendation by King IV™ that the chairman of the board should not be a member of the committee, but due to John Macey's extensive financial experience, decided that he remain a member of the committee.

The financial director, partner of the external auditors and the internal auditor attend meetings by invitation. The board is satisfied that the independence, experience and qualifications of each member enable them to fulfil the committee's mandate. In addition to the quarterly meetings, the committee meets at least once a year with the company's internal and external auditors, without management being present.

During the 2019 financial year, the committee met on four occasions and meetings were scheduled in line with the group's financial reporting cycle.

The audit and risk committee attendance is as follows:

Name and qualifications	Age	Appointed	Designation	Experience	Attendance
Kyansambo Vundla BCom, HDip Acc, CA(SA)	41	November 2010	Independent chairman	Over 24 years of experience in the financial services industry	2/4 meetings
John Macey BBusSci (Hons), BCom (Hons), CA(SA)	58	November 2008	Independent member	Over 30 years of experience in finance and financial management	4/4 meetings
Shelley Thomas CA(SA)	53	December 2016	Independent member	Over 25 years of experience in financial and risk management	4/4 meetings
Standing invitees	Financial director, group head of finance, external auditor, internal auditor, company secretary				

The committee collectively has the necessary financial literacy, skills and experience to execute their duties effectively. The committee is pleased to present its performance against focus areas for the 2019 financial year:

Focus areas during 2019	Delivery 2019
Maturing the enterprise risk management process	Risk assessment continued for more of the key operating divisions/entities not covered in the preceding financial year, and more risk registers were developed and implemented. The formal risk assessment covering all key operating divisions/ entities will be conducted continue in 2020 to holistically review the risk profile and update the risk registers of all entities, for those areas not covered in the preceding financial years, including new acquisitions, according to the risk management policy as well as the ongoing assessment of new/emerging risks and updating of the related risk registers.
Conclude the internal control documentation exercise	The documentation of the processes, which incorporates the internal controls, will continue in 2020, when all entities are expected to have their documented processes audited, according to the ISO implementation programme. The internal controls inherent in these processes are also audited from time to time by internal audit, based on the risk-based internal audit plan.
Focus on legal compliance, especially considering new legislation	Preparation for the implementation of the POPI Act was ongoing to be ready once the Act was promulgated.
Improved focus on fraud detection and prevention measures	Continued through internal auditing at branches and corporate divisions, to assess the adequacy and effectiveness of controls aimed at fraud detection and prevention as well as highlighting the weakness that would lead to such exposure to management for corrective and preventive actions.

2020 focus areas

- Evaluating the enterprise risk management process to the operating areas to improve the independence of the internal audit function in the implementation of the ERM Framework, thereby enabling the internal audit function to continue offering the facilitation and assurance services in the process;
- maturing of internal control documentation and processes; and
- continued focus on fraud detection and prevention measures.

Role of the audit and risk committee

The audit and risk committee has reviewed its terms of reference, approved by the board, setting out its duties and responsibilities as prescribed in the Act, King IV™ and incorporating additional duties delegated to it by the board.

The committee:

- Fulfils the duties that are assigned to it by the Act and as governed by other legislative requirements;
- assists the board in overseeing the quality and integrity of the group's integrated reporting process, including the financial statements and sustainability reporting, and announcements in respect of the financial results;
- ensures that an effective control environment in the group is maintained;
- reviewed and adopted a combined assurance model;
- provides the financial director, external auditors and the head of internal audit with unrestricted access to the committee and its chairman as is required in relation to any matter falling within the ambit of the committee;
- meets with the external auditors, senior managers and executive directors as the committee may elect;
- meets confidentially with the internal and external auditors without other executive board members and the company's financial team being present;
- reviews and recommends to the board the interim financial results and annual financial statements;
- oversees the activities of, and ensures coordination between, the activities of the internal and external auditors;

AUDIT AND RISK COMMITTEE REPORT TO SHAREHOLDERS (CONTINUED)

- fulfils the duties that are assigned to it by the Act and as governed by other legislative requirements, including the statutory audit committee functions required for subsidiary companies;
- receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters;
- conducts annual reviews of the audit committee's work plan and terms of reference;
- assesses the performance and effectiveness of the audit committee and its members on a regular basis; and
- reviewed the proactive monitoring process in terms of the letter from the JSE dated 18 February 2020.

Execution of functions during the year

The committee is satisfied that, for the 2019 financial year, it has performed all the functions required to be performed by an audit and risk committee as set out in the Companies Act and the committee's terms of reference.

The audit and risk committee discharged its functions in line with its terms of reference and ascribed to it in terms of the Companies Act during the year under review as follows:

External audit

The committee, among other matters:

- Nominated Crowe JHB and Gary Kartsounis as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ended 31 December 2019, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- nominated the external auditor and the independent auditor for each material subsidiary company for reappointment;
- requested from the audit firm, the formal letter of their latest inspection performed by IRBA on Crowe JHB and Gary Kartsounis, including any findings, if applicable, to the firm and/or individual;
- requested from Crowe JHB the information detailed in paragraph 22.15(h) in their assessment of the suitability for appointment of Crowe JHB and Gary Kartsounis prior to their reappointment, which was presented on 10 March 2020;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- obtained an annual confirmation from the auditor that their independence was not impaired;
- maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
- approved non-audit services with Crowe JHB in accordance with its policy;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- obtained assurances from the external auditor that adequate accounting records were being maintained by the company and its subsidiaries;
- considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No 26 of 2005; and
- considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

Although Crowe JHB has been the auditors of the group for 48 years, the committee is satisfied that Crowe JHB is independent of the group after taking the following factors into account:

- Representations made by Crowe JHB to the committee;
- the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the company;
- the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by the auditor;
- the auditors' independence was not prejudiced as a result of any previous appointment as auditor;
- the criteria specified for independence by the Independent Regulatory Board for auditors and international regulatory bodies; and
- audit partners are rotating every five years.

Internal audit

The committee:

- Reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter;
- considered the reports of the internal auditor on the group's system of internal control including financial controls, business risk management and maintenance of effective internal control systems;
- received assurance that proper and adequate accounting records were maintained and that the systems

safeguarded the assets against unauthorised use or disposal thereof;
- reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to significant internal audit findings.

The head of internal audit reports functionally to the chair of the committee and administratively to the financial director.

Adequacy and functioning of the group's internal controls

The committee reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.

As noted above, it also reviewed the reporting around the adequacy of the internal controls and based on this concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

Financial reporting

The audit and risk committee ensures that the financial reporting to stakeholders fairly presents the state of affairs of the group. This covers the annual financial statements, integrated report, interim and preliminary reporting.

The committee, among other matters:
- Confirmed the going concern as the basis of preparation of the interim and annual financial statements;
- reviewed compliance with the financial conditions of loan covenants and determined that the capital of the company was adequate;
- examined and reviewed the interim and annual financial statements, as well as all financial information disclosed prior to the submission to the board for their approval and then for disclosure to stakeholders;
- ensured that the annual financial statements fairly present the financial position of the company and of the group as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the company and the group was determined to be a going concern;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditor's audit report and key audit matters included;
- reviewed the representation letter relating to the annual financial statements which was signed by management;
- considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements;
- considered accounting treatments, significant unusual transactions and accounting judgements; and
- ensured that appropriate financial reporting procedures exist and are working.

Significant areas of judgement

In arriving at the figures disclosed in the financial statements there are many areas where judgement was needed. These are outlined in accounting policies note 3.20 to the annual financial statements. The audit and risk committee has looked at the quantum of the assets and liabilities on the statements of financial position and other items that require significant judgement and decided to note the following:
- Impairment of trade receivables and advances: The impairment was reviewed and found this item to be fairly stated, in all material respects.
- government grants: Reviewed and found this item to be fairly stated, in all material respects.
- current and deferred taxation: Reviewed and found this item to be fairly stated, in all material respects.
- internally generated intangible assets: Reviewed and found this item to be fairly stated, in all material respects.
- impairment of goodwill and intangible assets: Reviewed and found this item to be fairly stated, in all material respects.

Risk management and information technology ("IT") governance

The committee:
- Adopted an updated IT strategy to be implemented;
- reviewed an IT terms of reference for the group IS committee;
- oversaw the value delivery on IT and monitored the return on investments on significant IT projects;
- ensured that intellectual property contained in information systems is protected;
- ensured that adequate business arrangements are in place for disaster recovery;
- ensured that all personal information is treated by the company as an important business asset and is identified; and
- reviewed and recommended to the board for approval any policies proposed by management and relevant to the areas of responsibility of the committee.

AUDIT AND RISK COMMITTEE REPORT TO SHAREHOLDERS (CONTINUED)

Legal and regulatory requirements

To the extent that these may have an impact on the annual financial statements, the committee:

- Reviewed legal matters that could have a material impact on the group;
- reviewed the adequacy and effectiveness of the group's procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
- monitored complaints received via the group's whistleblowing service; and
- considered reports provided by management, internal audit and the external auditors regarding compliance with legal and regulatory requirements.

Expertise and experience of financial director and the financial function

As required by paragraph 3.84(g) of the JSE Listings Requirements, the committee has satisfied itself that the financial director, Willie van Wyk, has the appropriate expertise and experience. In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

Election of committee at the annual general meeting

Pursuant to the provisions of section 94(2) of the Companies Act, which requires that a public company must elect an audit committee at each annual general meeting, it is proposed in the notice of annual general meeting to be held on 6 May 2020 that Kyansambo Vundla, John Macey and Shelley Thomas be reappointed as members of the audit and risk committee until the next annual general meeting in 2021.

Evaluation of the committee

As recommended in King IV™, the committee elected to evaluated every second year. An evaluation was conducted during 2019 and the next evaluation will be held in 2021.

Integrated report

Following the review by the committee of the consolidated annual financial statements of Workforce Holdings Limited for the year ended 31 December 2019, the committee is of the view that in all material aspects they comply with the relevant provisions of the Act and International Financial Reporting Standards and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended. The committee has also satisfied itself of the integrity of the integrated report and the sustainability information reported therein.

Recommendation of the integrated report for approval by the board

Having achieved its objectives, the committee has recommended the annual financial statements and the integrated report for the year ended 31 December 2019 for approval to the board. The board has subsequently approved the reports, which will be open for discussion at the forthcoming annual general meeting.

Kyansambo Vundla
Audit and risk committee chairman

30 March 2020

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Workforce Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Workforce Holdings Limited and its subsidiaries ("the group") set out on pages 86 to 148, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impact of adoption of IFRS 16 Leases IFRS 16 replaces the existing standard IAS 17 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The implementation of IFRS 16 is considered a key audit matter due to the judgments needed in establishing the underlying key assumptions and the large number of lease agreements present in the group.	We have evaluated the application of IFRS 16 and tested the resulting impact on the balance sheet and income statement. We have assessed whether the accounting regarding leases is consistent with the definitions of IFRS 16 including factors such as lease term, discount rate and measurement principles. Furthermore, we have assessed the retrospective application and verified whether this is consistent with the definition and expedients of IFRS 16. The Group disclosed its adoption of IFRS 16 including key assumptions in the notes to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Information Systems general control environment Information Systems are seen as an integral element of the operations of the group. Through the testing of general IT controls in the audit, we obtained audit evidence that elements of the general IT control environment were not functioning effectively. The increased level of risk associated with the internal control environment caused us to modify our planned audit approach.	Our audit procedures were designed in such a manner so as to limit the reliance placed on the functioning of the general IT control environment. The nature and extent of our audit procedures was adapted in order to obtain assurance which reduced our audit risk to an acceptable level, taking into account the increased assessed control risk. We consider the audit evidence obtained from the adapted audit approach to be sufficient and appropriate.
Valuation of goodwill Under IFRS, the group is required to annually test goodwill for impairment. The test compares the carrying amount of the asset with its recoverable amount, which is the higher of its fair value less costs to sell (if known) and its value in use. Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management. We have determined this to be a key audit matter due to the judgement required by management in preparing a 'value-in-use' model to satisfy the impairment test. Details of the assumptions and estimations used has been disclosed in note 3.	Our audit procedures focused on evaluating and challenging the key assumptions applied by management in conducting the impairment review. These procedures included, amongst others, the following: ▪ Reviewed the model for compliance with IAS 36 Impairment of Assets; ▪ Verified the mathematical accuracy and methodology appropriateness of the underlying model calculations; ▪ Agreed the key financial inputs to the actual trial balance ▪ Evaluate the cash flow projections and the process by which they were developed, comparing the cash flows to the latest budgets, and assessing the historical accuracy of the budgeting process; ▪ Assess the reasonability and appropriateness of the key inputs; ▪ Perform a sensitivity analysis of the key assumptions in the model; and ▪ Assess the key growth rate assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the group. We assessed the disclosures made for compliance with International Financial Reporting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Workforce Holdings Limited Integrated Annual Report 2019" and in the document titled "Workforce Holdings Limited Separate Financial Statements for the year ended 31 December 2019", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Crowe JHB has been the auditor of Workforce Holdings Limited for 48 years.

Crowe JHB

Crowe JHB

Partner: Gary Kartsounis
Registered Auditor

Sandton

30 March 2020

DIRECTORS' REPORT

The directors present their report for the year ended 31 December 2019. This report does not form part of the audited financial statements.

Nature of business

Workforce is a holding company. Its subsidiaries provide 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.

There have been no material changes to the nature of the group's business from the prior year.

Pledged securities

None of the prescribed officers within Workforce have pledged securities as guarantee/collateral during the course of the reporting period or at the present date. Should securities be pledged the necessary announcement will be made to the market.

Financial results

Financial results are discussed in detail in the chief executive officer's review, the financial director's review, as well as in the cluster operations report on pages 86 to 148 of the integrated annual report.

Subsidiaries

The company's directly owned subsidiaries are as follows:

	% holding
Allmed Healthcare Professionals Proprietary Limited	100
Debtworx Proprietary Limited	100
Fempower Personnel Proprietary Limited	100
KBC Holdings Proprietary Limited	100
Molapo Quyn Outsourcing Proprietary Limited	100
Nursing Emergencies Proprietary Limited	100
Programmed Process Outsourcing Proprietary Limited	100
Quyn HR Consulting Proprietary Limited	100
Quyn International Outsourcing Proprietary Limited	100
Quyn Payrolling Services Proprietary Limited	100
Rapitrade 465 Proprietary Limited	100
Sizuluntu Northern Cape Proprietary Limited	48
Sizuluntu Staffing Solutions Proprietary Limited	48
Telebest Holdings Proprietary Limited	60
The Workforce Group Proprietary Limited	100
Workforce Management Services Proprietary Limited	100
Workforce Outsourcing Proprietary Limited	100
Training Force Holdings	100
Gauteng Wage Bureau Proprietary Limited	100
Programmed Sourcing Proprietary Limited	100
The Cyber Academy Proprietary Limited	100

Details of the subsidiaries indirectly held are set out below:

	% holding
Angola: The Workforce Group Limitada	100
Babereki Employee Support Services Proprietary Limited	100
Day-Click Limited	100
Dyna Training Proprietary Limited	100
Dyna Training Namibia Proprietary Limited	100

DIRECTORS' REPORT (CONTINUED)

	% holding
Dyna Industrial Training and Development Proprietary Limited	**100**
Essential Employee Benefits Proprietary Limited	**100**
Fads Proprietary Limited	**100**
Glen Moray Proprietary Limited	**100**
Interchange Business Consulting Proprietary Limited	**100**
Jet Talent Proprietary Limited	**50**
KBC Health and safety Proprietary Limited	**100**
NQ Plus Networks Proprietary Limited	**100**
Only The Best Proprietary Limited	**100**
Pha Phama Africa Staff Services Proprietary Limited	**100**
Prisma Training Solutions Proprietary Limited	**100**
Teleresources Proprietary Limited	**100**
The Workforce Group Mauritius Limited	**100**
Training Force Namibia Proprietary Limited	**100**
Training Force Proprietary Limited	**100**
Workforce Finance Proprietary Limited	**100**
Workforce Group Sociedade Unipessoal Limitada	**100**
Workforce Healthcare Proprietary Limited	**50**
Workforce Software Proprietary Limited	**100**
Workforce Worldwide Staffing Proprietary Limited	**100**

Details of the consolidated structured entities are set out below:
The Pha Phama Africa Employee Empowerment Trust and its subsidiary, Pha Phama Africa Investments Proprietary Limited, are consolidated in line with the requirements of IFRS 10 *Consolidated Financial Statements.*

The subsidiary of the share trust is the beneficial owner of 14 370 000 (2018: 14 370 000) shares in Workforce. The fair value of these shares amounted to R8 044 704 (2018: R8 044 704) and the loan outstanding is R9 111 761 (2018: R9 111 761).

	2019 R'000	2018 R'000
Aggregate profits of subsidiaries attributable to the holding company is as follows:	**95 932**	104 631

Declaration of dividends

The directors have elected not to declare a dividend in order to conserve cash resources as explained in the section detailing the brand's response to the Coronavirus outbreak.

Share capital

Details of the company's authorised and issued share capital at 31 December 2019 are shown in note 10 to the financial statements. No changes were made to the authorised and issued ordinary share capital during the year under review.

Employee share empowerment scheme

The Pha Phama Africa Employee Empowerment Trust was formed for the purpose of providing an opportunity for previously disadvantaged employees of the group to participate in the group's growth and success.

Borrowings

In terms of the memorandum of incorporation, the directors have unlimited borrowing powers. Interest-bearing borrowings comprise loans secured by instalment sale agreements, cession of trade receivables, as well as a short-term loan facility.

Special resolutions

1. It was resolved that the non-executive directors' remuneration was approved with effect from 1 January 2019 until the next annual general meeting.
2. It was resolved that approval was provided authorising the group to provide direct or indirect financial assistance to any related or inter-related companies.
3. It was resolved that a general approval was received for the company 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, subject to the provisions of sections 46 and 48 of the Companies Act as amended and the JSE Listings Requirements.

Directors

The directors of the company for the financial year and up to the date of this report are as follows:

Executive directors

RS Katz
WP van Wyk

Non-executive directors

JR Macey (chairman) (independent)
S Naidoo
S Thomas (independent)
KN Vundla (independent)
I Ross

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Notes	2019 R'000	2018 Restated* R'000	2017 Restated* R'000
Assets				
Non-current assets		**386 939**	381 928	288 281
Right-of-use assets	1	**28 183**	31 241	36 369
Property, plant and equipment	2	**20 642**	20 266	23 559
Goodwill	3	**192 993**	191 230	134 480
Intangible assets	4	**74 302**	74 128	44 247
Deferred tax assets	5	**63 882**	58 757	44 251
Other financial assets	6	**6 937**	6 306	5 375
Current assets		**892 530**	783 521	744 246
Trade and other receivables	7	**836 224**	734 787	714 389
Inventories	8	**4 229**	4 965	3 546
Taxation		**3 069**	2 221	763
Cash and cash equivalents	9	**49 008**	41 548	25 548
Total assets		**1 279 469**	1 165 449	1 032 527
Equity and liabilities				
Equity		**694 877**	598 464	539 453
Equity attributable to owners of the parent		**695 325**	601 273	540 914
Stated capital	10	**234 051**	234 051	234 051
Treasury shares	10	**(13 075)**	(11 158)	(7 658)
Fair value reserve		**1 768**	752	923
Foreign exchange differences on translation of foreign operations		**(304)**	549	–
Equity-settled employee benefits reserve	25	**5 529**	9 288	6 793
Retained earnings		**467 356**	367 791	306 805
Non-controlling interests		**(448)**	(2 809)	(1 461)
Non-current liabilities		**57 022**	128 867	65 113
Financial liabilities	11	**17 698**	87 585	26 407
Interest-bearing loans and borrowings	1	**14 781**	20 934	26 940
Deferred tax liabilities	5	**24 543**	20 348	11 766
Current liabilities		**527 570**	438 118	427 961
Trade and other payables	12	**167 906**	141 535	136 914
Financial liabilities	11	**341 877**	281 720	278 726
Interest-bearing loans and borrowings	1	**17 787**	14 863	12 321
Total equity and liabilities		**1 279 469**	1 165 449	1 032 527

** See note 28 on restatement.*

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

	Notes	2019 R'000	Restated* 2018 R'000
Revenue	13	**3 227 054**	3 014 446
Cost of sales		**(2 524 659)**	(2 320 695)
Gross profit		**702 395**	693 751
Other income		**1 402**	–
Operating costs		**(562 862)**	(519 794)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		**140 935**	173 957
Fair value adjustments	16	**30 147**	(5 360)
Depreciation and amortisation		**(41 030)**	(39 752)
Finance income		**1 278**	2 829
Finance costs	14	**(32 257)**	(29 737)
Profit on sale of subsidiary		**–**	2 822
Profit before taxation		**99 073**	104 759
Taxation	15	**(943)**	(1 854)
Profit after tax	16	**98 130**	102 905
Other comprehensive income after tax			
Items that are reclassified to profit or loss:			
Foreign translations gain/(losses)		**(853)**	549
Exchange differences on translating foreign operations		**(853)**	549
Items that are not reclassified to profit or loss:		**1 016**	(171)
Fair value gain through other comprehensive income on financial assets	6	**1 016**	(171)
Total comprehensive income for the year		**98 293**	103 283
Profit for the year attributable to:			
Owners of the parent		**95 769**	104 253
Non-controlling interests		**2 361**	(1 348)
		98 130	102 905
Total comprehensive income attributable to:			
Owners of the parent		**95 932**	104 631
Non-controlling interests		**2 361**	(1 348)
		98 293	103 283
Earnings per share (cents per share)			
Basic earnings per share	17	**42,5**	46,0
Diluted earnings per share	17	**41,2**	45,0

** For details of restatement refer to note 28.*

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Attributable to owners of the parent								
	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	Non-control-ling interests R'000	Total equity R'000
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	–	–	–	–	–	(43 267)	(43 267)	–	(43 267)
Recognition of IFRS 16 adjustment (refer to note 2 on accounting policies)	–	–	–	–	–	(2 892)	(2 892)	–	(2 892)
Balance at 1 January 2018 restated	234 051	(7 658)	923	–	6 793	263 538	497 647	(1 461)	496 186
Recognition of share-based payments – see note 25.3	–	–	–	–	2 495	–	2 495	–	2 495
Buy-back of shares	–	(3 500)	–	–	–	–	(3 500)	–	(3 500)
Sale of subsidiary	–	–	–	–	–	1 383	1 383	1 439	2 822
Total comprehensive income for the year	–	–	(171)	549	–	102 870	103 248	(2 787)	100 461
Balance at 1 January 2019 as previously reported	234 051	(11 158)	752	549	9 288	367 791	601 273	(2 809)	598 464
Recognition of share-based payments – see note 25.3	–	–	–	–	4 525	–	4 525	–	4 525
Buy-back of shares	–	(1 917)	–	–	–	–	(1 917)	–	(1 917)
Issue of ordinary shares under share option plan	–	–	–	–	(8 284)	8 284	–	–	–
Payment of dividends	–	–	–	–	–	(4 488)	(4 488)	–	(4 488)
Total comprehensive income for the year	–	–	1 016	(853)	–	95 769	95 932	2 361	98 293
Balance at 31 December 2019	**234 051**	**(13 075)**	**1 768**	**(304)**	**5 529**	**467 356**	**695 325**	**(448)**	**694 877**
Notes	10	10	5		25				

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	Notes	2019 R'000	Restated* 2018 R'000
Cash generated from operations before net working capital changes		**111 845**	148 612
Cash generated from operations	18.1	**138 601**	172 045
Finance income		**1 278**	2 829
Finance costs		**(27 094)**	(25 626)
Taxation paid	18.2	**(940)**	(636)
Increase in net working capital	18.3	**(76 111)**	(80 496)
Cash flows from operating activities		**35 734**	67 838
Cash flows from investing activities		**(21 831)**	(15 041)
Property, plant and equipment acquired	2	**(10 028)**	(6 742)
Proceeds on disposal of property, plant and equipment		**386**	132
Dividend income		**1 200**	–
Intangible assets acquired	4	**(13 389)**	(13 670)
Cash flow on acquisition of business	18.4	**–**	5 239
Cash flows from financing activities		**(6 443)**	(37 075)
Repayment of borrowings and lease liabilities		**(1 255)**	(2 086)
Proceeds from borrowings and lease liabilities		**42 478**	35 915
Payment of lease liabilities		**(18 693)**	(12 909)
Payment for buy-back of shares		**(1 917)**	(3 500)
Contingent consideration liability		**(22 569)**	(54 495)
Dividends paid		**(4 487)**	–
Net change in cash and cash equivalents		**7 460**	16 000
Cash and cash equivalents at the beginning of the year		**41 548**	25 548
Cash and cash equivalents at the end of the year	9	**49 008**	41 548

** For details of restatement refer to note 28.*

ACCOUNTING POLICIES

for the year ended 31 December 2019

1. General information

Workforce is a holding company incorporated in South Africa. The registered address and principal 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. Adoption of new and revised International Financial Reporting Standards ("IFRSs")

New and amended standards adopted by the group

IFRS 16 (Leases)

IFRS 16 supersedes IAS 17: *Leases*, IFRIC 4: *Determining whether an Arrangement contains a Lease*, SIC-15: *Operating Leases – Incentives* and SIC-27: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires leases to account for most leases under a single on-balance sheet model.

In the current year, the group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. The date of initial application of IFRS 16 for the group is 1 January 2019.

Changes in accounting policies and disclosures

Impact on the statement of financial position (increase/decrease)

	Previously reported 31 Dec 2019 R'000	IFRS 16 adjust-ments R'000	**Restated 31 Dec 2019 R'000**	Previously reported 31 Dec 2018 R'000	IFRS 16 adjust-ments R'000	Restated 31 Dec 2018 R'000	Previously reported 31 Dec 2017 R'000	IFRS 16 adjust-ments R'000	Restated 31 Dec 2017 R'000
Financial position									
Assets									
Non-current assets	358 756	28 183	386 939	350 687	31 241	381 928	251 912	36 369	288 281
Right-of-use assets	–	28 183	28 183	–	31 241	31 241	–	36 369	36 369
Property plant and equipment	20 642	–	20 642	20 266		20 266	23 559	–	23 559
Goodwill	192 993	–	192 993	191 230		191 230	134 480	–	134 480
Intangible assets	74 302	–	74 302	74 128		74 128	44 247	–	44 247
Deferred tax assets	63 882	–	63 882	58 757		58 757	44 251	–	44 251
Other financial assets	6 937	–	6 937	6 306		6 306	5 375	–	5 375
Non-current liabilities	72 241	14 781	87 022	107 933	20 934	128 867	38 173	26 940	65 113
Financial liabilities	47 698	–	47 698	87 585		87 585	26 407	–	26 407
Interest-bearing borrowings	–	14 781	14 781	–	20 934	20 934		26 940	26 940
Deferred tax liabilities	24 543	–	24 543	20 348		20 348	11 766	–	11 766
Current liabilities	479 783	17 787	497 570	423 255	14 683	438 118	415 640	12 321	427 961
Trade and other payables	167 906	–	167 906	141 535		141 535	136 914	–	136 914
Financial liabilities	311 877	–	311 877	281 720		281 720	278 726	–	278 726
Interest-bearing borrowings	–	17 787	17 787	–	14 683	14 863	–	12 321	12 321
Retained earnings	453 805	13 551	467 356	369 455	(1 664)	367 791	266 431	(2 892)	263 539

The group adopted IFRS 16 using the full retrospective method during the period under review. Workforce has lease contracts for property and motor vehicles, the comparative information in this period's consolidated financial statements has been restated. In compliance with the new standard the group has recognised "right-of-use-assets" and "interest-bearing borrowings" for all qualifying leases.

See below of the impact on the consolidated financial statement:

	Previously reported 31 Dec 2019 R'000	IFRS 16 adjustments R'000	**Restated 31 Dec 2019 R'000**	Previously reported 31 Dec 2018 R'000	IFRS 16 adjustments R'000	Restated 31 Dec 2018 R'000
Comprehensive income						
Revenue	3 227 054	–	3 227 054	3 014 446		3 014 446
Cost of Sales	(2 531 230)	6 571	(2 524 659)	(2 323 153)	2 458	(2 323 153)
Gross profit	695 824	6 571	702 395	691 293	2 458	693 751
Other income	1 402	–	1 402	278	(278)	–
Operating costs	(592 214)	29 352	(562 862)	(534 634)	14 840	(579 794)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	105 012	35 923	140 935	156 634	17 020	173 957
Fair value adjustments	30 147	–	30 147	(5 360)		(5 360)
Depreciation and amortisation	(22 508)	(18 522)	(41 030)	(25 179)	(14 573)	(39 752)
Finance income	1 278	–	1 278	2 829		2 829
Finance costs	(28 407)	(3 850)	(32 257)	(25 626)	(4 111)	(29 737)
Profit on sale of subsidiary	–	–	–	2 822		2 822
Increase/(decrease) in profit for year	85 522	13 551	99 073	106 423	(1 664)	104 759

	Previously reported 31 Dec 2018	IFRS 16 adjustments	Restated 31 Dec 2018
Cash generated from operations before net working capital changes	135 425	12 909	148 334
Cash flows from operating activities	54 929	12 909	67 838
Cash flows from investing activities	(69 258)	–	(14 763)
Property, plant and equipment acquired	(6 742)	–	(6 742)
Proceeds on disposal of property, plant and equipment	132	–	132
Dividend income	278	–	278
Intangible assets acquired of business combinations	(13 670)	–	(13 670)
	(49 256)		5 239
Cash flows from financing activities	30 329		(37 075)
Repayment of borrowings	(2 086)	–	(2 086)
Proceeds from borrowings	35 915	–	35 915
Payment of lease liabilities	–	(12 909)	(12 909)
Payment for buy-back of shares	(3 500)	–	(3 500)
Proceeds on disposal of shares	–		(54 495)
Contingent consideration liability	—	—	
Net change in cash and cash equivalents	**16 000**	–	16 000
Cash and cash equivalents at the beginning of the year	**25 548**	–	25 548
Cash and cash equivalents at the end of the year	**41 548**	–	41 548

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2019

(a) Nature of the effect of adoption of IFRS 16

The group has lease contracts for properties and motor vehicles. Before the adoption of IFRS 16, the group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease, A lease was classed as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the lease property or, lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term.

Upon adoption of IFRS 16, the group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low value assets. The group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the full retrospective method of adoption, the group applied IFRS 16 at the date of initial application as if it had already been effective at the commencement date of existing lease contract. Accordingly, the comparative information in the prior year's financial statements has been restated.

As at 31 December 2018:

- Right-of-use assets of R31,241 million were recognised and presented separately in the statement of financial position;
- Additional lease liabilities of R35,797 million were recognised and included under interest-bearing loans and borrowings.

(b) Amounts recognised on the statement of financial position and statement of comprehensive income

Set out below are the carrying amounts of the group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets			
	Property R'000	Motor vehicles R'000	Total R'000	Liabilities R'000
As at 31 December 2018	27 341	3 900	31 241	(35 797)
Additions	9 961	5 503	15 464	(15 484)
Depreciation expense	(14 726)	(3 796)	(18 522)	–
Interest expense	–	–	–	(3 850)
Payments	–	–	–	22 543
As at 31 December 2019	**22 576**	**5 607**	**28 183**	**(32 588)**

3. Summary of accounting policies

The significant accounting policies that have been used in the preparation of the group annual financial statements are summarised below. The annual financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

3.1 Statement of compliance

The consolidated annual financial statements have been prepared in accordance with ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the IFRS Interpretations Committee ("IFRIC"), and comply with the financial reporting pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), the JSE Listings Requirements and the requirements of the Companies Act, 2008 (Act 71 of 2008), 2018 as amended.

3.2 Basis of preparation

The annual financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value

The preparation of the annual financial statements was supervised by the Financial Director, W van Wyk, CA(SA).

The annual financial statements are presented in South African Rand ("ZAR"), the functional currency of the group and company and all amounts are rounded to the nearest thousand, except when otherwise indicated.

The principal accounting policies are set out below.

3.3 Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the group and entities (including consolidated structured entities) controlled by the group (its subsidiaries). Control is achieved when the company has power over the investee, it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Where necessary, adjustments are made to the annual financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the group. All subsidiaries have a reporting date of 31 December 2019. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2019

3. Summary of accounting policies *(continued)*

3.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the annual financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the group's accounting policies.

Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the group's share of the identifiable net assets of the acquiree at the date of acquisition, as well as a portion of non-controlling interest.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.5 Segment reporting

In identifying its operating segments, management generally follows the group's service lines, which represent the main services provided by the group and is consistent with the way these results are reviewed by the decision-makers. During the previous reporting period, the group reorganised its segments and formed six business clusters of the different business activities and placed each cluster under an independent management team. For segmental reporting purposes, the group is organised into four main reporting segments, namely staffing and outsourcing (incorporating recruitment and Africa), training, healthcare, and financial services. Each of these segments are managed separately as each of these service lines requires different technology and other resources.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment. All inter-segment transactions are carried out at arm's length prices. These transactions are eliminated on consolidation. Segment assets and liabilities comprise operating assets and liabilities directly attributable to the segment, or which could reasonably be assigned to the segment. Performance is measured based on profit before interest and tax.

3. Summary of accounting policies *(continued)*

3.6 Revenue recognition

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or renders a service.

The company generates revenue from the rendering services, selling goods as well as through financial services. These can be described further below:

Revenue type	Includes	Recognition driver	Transfer of control
Services	Staffing solutions	As employees render services	Over time based on employee labour hours
	Placement fees	On commencement of employment	Point in time when the placement begins employment with the customer
	Payroll management	As service is rendered	Over time based on performance completed to date
	Consulting services	As service is rendered or projects completed	Over time/point in time depending on service
	Accredited courses, education and training	When training is provided	Over time based on performance completed to date
	Lending services, loan free income	When services are provided	Over the term of the loan
	Funeral cover, commissions	When services are provided	Over time based on performance completed to date
	Medical cover, healthcare, wellness programmes and health risk assessments	As and when the services are provided	For nursing services – Over time based on employee labour hours, for other services – Over time based on performance completed to date
Goods	Cell phones financed over 13 months	Sale of handset – When the buyer takes delivery of the goods Sale of data – As the customer uses the data	Point in time Over the term of the loan
Other	Interest on financial services provided	Accrued as earned	Over time
Dividends	Dividends received	Declaration of dividend	Point in time

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2019

3. Summary of accounting policies *(continued)*

3.6 Revenue recognition *(continued)*

The directors have assessed that the methods for the transfer of control, as depicted in the table above, are appropriate measures of progress towards satisfying the performance obligations under IFRS 15.

The group has elected to apply the practical expedient model not to adjust the promised amount of consideration for the effects of a significant financing component where the contracts are expected to be for less than a year.

Significant payment terms for Staffing and outsourcing, training and healthcare, services are 30 to 60 days.

Staffing and outsourcing revenue contains variable consideration. The estimate for the variable consideration is not typically constrained, the group has an obligation to refund customers if permanent staff placements are unsuccessful within the first three months of the employee being placed.

3.7 Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attached to them and that the grants will be received.

Government grants for staff training costs are recognised in profit and loss over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis, and are deducted in reporting the related expense.

Government grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the group with no future related costs, are recognised in profit or loss in the period in which they become receivable.

3.8 Finance costs

Finance costs primarily comprise interest on the group's borrowings. All finance costs are recognised in profit or loss in the period in which they are incurred. For cash flow purposes, finance costs are allocated to operating activities as they enter into the determination of profit to loss.

Finance costs are determined using the effective interest rate method of calculation.

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment is initially measured at cost.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, depreciation methods and residual values are reviewed at each year-end, with the effect of any changes, accounted for on a prospective basis.

Land and buildings are carried at cost and are not depreciated.

The estimated average useful lives are as follows:

	Years
Computer equipment	3
Industrial equipment	4
Leasehold improvements	5
Motor vehicles	4
Office equipment	5
Land	Indefinite
Training manuals	5

3. Summary of accounting policies *(continued)*

3.10 Intangible assets

Intangible assets acquired separately

Intangible assets are initially measured at cost. Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated computer software – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internally-generated computer software arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the computer software so that it will be available for use or sale;
- the intention to complete the computer software and use or sell it;
- the ability to use or sell the computer software;
- how the computer software will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the computer software; and
- the ability to measure reliably the expenditure attributable to the computer software during its development.

The amount initially recognised for internally-generated computer software is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated computer software is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation:

	Years
Computer software	2 to 5
Client relationships	3
Brand names	3
Training course accreditation	3

Intangible assets with a finite life are assumed to have a residual value of nil.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

3.11 Impairment of goodwill, property, plant and equipment and other intangible assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors goodwill.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2019

3. Summary of accounting policies *(continued)*

3.11 Impairment of goodwill, property, plant and equipment and other intangible assets *(continued)*

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management. The recoverable amount is the higher of fair value less cost to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Impairment losses for cash-generating units first reduce the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised, may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.13 Taxation

Tax expense recognised in profit and loss comprise the sum of deferred tax and current tax not recognised in the other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the annual financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. Summary of accounting policies *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

3.14 Equity, reserves and dividends paid

Stated capital

Stated capital represents the value of shares that have been issued. Shares are classified as equity when there is no obligation to transfer cash or assets. Incremental costs directly related to the issue of new shares are shown as a deduction from equity.

Treasury shares

Where the group or other consolidated subsidiaries purchase the group's equity investment in Workforce group's shares, the consideration paid, including directly attributable incremental costs, is deducted from the total shareholders' equity as treasury shares until they are sold. Fair value changes recognised in the subsidiary's annual financial statements on equity investments in the holding group's shares, are reversed on consolidation and dividends received are eliminated against dividends paid. Where such shares are subsequently sold, any consideration received, net of any directly attributable incremental costs, is included in shareholders' equity.

Empowerment trust

The group's employee empowerment incentive scheme is operated through a trust and its subsidiary company. The trust is a consolidated structured entity.

The share trust purchased shares for a share incentive scheme to benefit previously disadvantaged employees and to allow the group to meet its objective of achieving its broad-based black economic empowerment scorecard requirements. The purchase of the shares by the share trust is treated as a reduction in the group's equity. For the purpose of the earnings per share calculation, the weighted average number of shares in issue is reduced by the number of shares held by the trust.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2019

3. Summary of accounting policies *(continued)*

3.15 Contingencies

Contingent assets and contingent liabilities are not recognised.

3.16 Retirement benefit costs

Contributions to defined contribution retirement plans are recognised as an expense when employees have rendered services entitling them to the contributions.

3.17 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 are 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.

3.17.1 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.

3. Summary of accounting policies *(continued)*

Cash and cash equivalents

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.

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. Fair value is determined in the manner described in note 21.

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 expected credit losses ("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. When group debtors are written off, they are handed over to the group's legal department which continually follows up on these debtors. Trade receivables that are more than 90 days past due are evaluated by the credit committee for possible write-off. 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.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2019

3. Summary of accounting policies *(continued)*

3.17 Financial instruments *(continued)*

Recognition and derecognition *(continued)*

3.17.1 Financial assets *(continued)*

Trade and other receivables (continued)

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. See note 7 for the impairment provisions. Historically the recoverability of the accounts receivables 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, considering the potential for default at any point during the life of the financial instrument. In calculating the ECL, the company uses its historical experience, external indicators and forward-looking information 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) (see trade and other receivables note 7 and accounting policies).

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 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 lifetime 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 lifetime ECLs.

3. Summary of accounting policies *(continued)*

The advances can move between stages based on their performance, i.e. 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.

3.17.2 Financial liabilities

Financial liabilities at amortised cost

The company 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.

3.17.3 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 is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 21.2 presents the group's assets and liabilities that are measured at fair value. 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).

3.18 Share-based payment arrangements

Share-based payment transactions of the company

Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 25.

Employees receive shares in settlement of the equity-settled share-based payment scheme. The employees are given the option of retaining the shares granted, or selling the shares on the open market.

The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity-settled employee benefits reserve.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2019

3. Summary of accounting policies *(continued)*

Cash-settled share-based payments

The fair value of the amount payable to employees in respect of cash-settled share-based payments is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured to fair value at each reporting date and at settlement date. Any changes in the liability are recognised in profit or loss.

3.19 Earnings per share ("EPS")

Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the profit after-tax attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of ordinary shares in issue.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after tax dilutive effect. The company has dilutive potential ordinary shares which comprise share options and share rights issued in terms of the group's share schemes.

Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 2/2015 issued by the South African Institute of Chartered Accountants ("SAICA").

3.20 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.20.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations described in note 3.20.2 below, that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the annual financial statements. In the application of the group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Government grants

Determining whether training fees are recoverable from SETAs and when these amounts are recoverable, involve the exercising of judgement by management. Management ensures that the conditions attached to the various SETA programmes have been fully met before recognising the grants. Further to this management has considered the history of recoveries of these grants.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

3. Summary of accounting policies *(continued)*

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Internally developed software

Significant judgement is required in determining the development phase of internally developed computer software. Development costs are recognised as an asset when all the criteria are met, whereas any other expenses not directly related to the development, are expensed as incurred. In determining the development phase, it is the group's accounting policy to also require a detailed forecast of cost savings expected to be generated by the intangible asset. The forecast is incorporated into the group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data. The group's management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after recognition. Details of intangible assets are provided in note 4 of the notes to the group annual financial statements.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in the future against which these can be utilised. The raising of deferred tax assets is a process that is based on certain assumptions about the ability of the group to generate future profits in order to utilise the future tax benefits. The assessment of the probability of future taxable income is based on the group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties, is assessed individually by management based on the specific facts and circumstances. Details of deferred tax assets are provided in note 5 of the notes to the group annual financial statements.

Provision for expected credit losses of trade receivables

The group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various client segments that have similar loss patterns. A period of 36 months was used for the assessment as it best represented the recovery rates expected. Management does not expect a change in the recovery rate due to the changes in the South African economy at this time.

Provision for expected credit losses of advances

The group uses the general impairment approach to calculate the ECLs for advances. This is explained in note 3.17. The provision rates are based on historical defaults and processes, confirmed against a three-year historical performance of that portfolio, as well as external validations of those rates obtained from external borrowers. The rates are adjusted for judgements regarding the future market conditions.

The group has applied judgement in determining the stages that the advances fall within and defining "default" for these financial assets. Stage 1 includes the performing loans, Stage 2 includes the loans that are currently not performing but are expected to perform again based on historical evidence of the types of borrower, their history and the stage of non-performance. The loans are recorded as Stage 3 when they default. Default is determined by the group to be when the borrower enters the legal stage of the group's management process, at which time they are managed individually.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote.

Control over Workforce Healthcare Proprietary Limited

Note 23.4 describes Workforce Healthcare Proprietary Limited as a subsidiary of the group even though the group has only a 50% ownership and has only 50% of the voting rights in Workforce Healthcare Proprietary Limited. The directors of the company assessed whether the group has control over Workforce Healthcare Proprietary Limited based on whether the group has other related

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2019

rights sufficient to give it power over the company. Workforce Healthcare Proprietary Limited is reliant on the group for funding its total operations and no other party has rights which may interfere with those held by the entity. The company is also dependent on the group for the supply of critical services and technology. In addition the "Workforce" brand is controlled by the group and used by the company as part of its trading name. After assessment the directors concluded that they have sufficient related rights to give the group control over Workforce Healthcare Proprietary Limited.

Control over Pha Phama Africa Employee Empowerment Trust and its subsidiary

Note 23.4 describes Pha Phama Africa Employee Empowerment Trust and its subsidiary, Pha Phama Africa Investments Proprietary Limited, as a consolidated structured entity of the group. The directors assessed whether the group has control over Pha Phama Africa Employee Empowerment Trust and its subsidiary, Pha Phama Africa Investments Proprietary Limited. The trustees are the parties who make decisions about the relevant activities of the trust, based on the fact that the trustees of the Trust are required to be employees of the group who have been employed by the group for at least seven years, the directors concluded that they effectively have control over Pha Phama Africa Employee Empowerment Trust.

Control over Jet Talent Proprietary Limited

Note 23.4 describes Jet Talent Proprietary Limited as a subsidiary of the group even though the group has only a 50% ownership and has only 50% of the voting rights in Jet Talent Proprietary Limited. The directors of the company assessed whether the group has control over Jet Talent Proprietary Limited based on whether the group has other related rights sufficient to give it power over the company. Jet Talent Proprietary Limited is reliant on the group for funding its total operations. The company is also dependent on the group for the supply of critical services and technology. After assessment the directors concluded that they have sufficient related rights to give the group control over Jet Talent Proprietary Limited.

Control over Sizuluntu Staffing Solutions Proprietary Limited

Note 23.4 describes Sizuluntu Staffing Solutions Proprietary Limited as a subsidiary of the group even though the group has only a 48% ownership and has only 48% of the voting rights in Sizuluntu Staffing Solutions Proprietary Limited. The directors of the company assessed whether the group has control over Sizuluntu Staffing Solutions Proprietary Limited based on whether the group has other related rights sufficient to give it power over the company. Sizuluntu Staffing Solutions Proprietary Limited is reliant on the group for funding its total operations. The company is also dependent on the group for the supply of critical services and technology. After assessment the directors concluded that they have sufficient related rights to give the group control over Sizuluntu Staffing Solutions Proprietary Limited.

Control over Sizuluntu Projects Proprietary Limited

Note 23.4 describes Sizuluntu Projects Proprietary Limited as a subsidiary of the group even though the group has only a 48% ownership and has only 48% of the voting rights in Sizuluntu Projects Proprietary Limited. The directors of the company assessed whether the group has control over Sizuluntu Projects Proprietary Limited based on whether the group has other related rights sufficient to give it power over the company. Sizuluntu Projects Proprietary Limited is reliant on the group for funding its total operations. The company is also dependent on the group for the supply of critical services and technology. After assessment the directors concluded that they have sufficient related rights to give the group control over Sizuluntu Projects Proprietary Limited.

3.20.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Summary of accounting policies *(continued)*

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. The value-in-use calculation requires the entity to estimate future cash flows expected to arise from the cash-generating unit and to determine a suitable discount rate in order to calculate present value. In the process of measuring expected future cash flows management makes assumptions about future gross profits that relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the group's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market annual financial statements.

Useful lives of depreciable assets and residual values

The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition at that time.

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

4. At the date of authorisation of these annual financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group.

IFRS 3: Business Combinations

Definition of Business: The amendments:

- Confirmed that a business must include inputs and a process, and clarified that:
  - the process must be substantive; and
  - the inputs and process must together significantly contribute to creating outputs;
- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. Effective 1 January 2020.

IFRS 9: Financial Instruments

Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates ("IBORs") on hedge accounting.

- The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.

In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

IAS 1: Presentation of Financial Statements

- Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. Effective 1 January 2020.

IAS 8: Accounting Policies, changes in Accounting Estimates and errors

- Definition of Material: The amendments clarify and align the definition of "material" and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. Effective 1 January.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2019

1. Right-of-use asset

	2019 Cost R'000	2019 Accumulated depreciation R'000	2019 Carrying value R'000	2018 Cost R'000	2018 Accumulated depreciation R'000	2018 Carrying value R'000	2017 Cost R'000	2017 Accumulated depreciation R'000	2017 Carrying value R'000
Property	**58 208**	**(35 632)**	**22 576**	48 247	(20 906)	27 341	41 230	(8 915)	32 315
Motor vehicles	**10 202**	**(4 595)**	**5 607**	8 394	(4 494)	3 900	5 966	(1 912)	4 054
	68 410	**(40 227)**	**28 183**	56 641	(25 400)	31 241	47 196	(10 827)	36 369

The carrying value of right-of-use assets can be reconciled as follows:

	Property R'000	Motor vehicles R'000	Total R'000
Carrying value at 1 January 2017			
Additions	41 230	5 966	47 196
Depreciation	(8 915)	(1 912)	(10 827)
Carrying value at 1 January 2018	32 315	4 054	36 369
Additions	7 017	2 428	9 445
Depreciation	(11 991)	(2 582)	(14 573)
Carrying value at 1 January 2019	27 341	3 900	31 241
Additions	9 961	5 503	15 464
Depreciation	(14 726)	(3 796)	(18 522)
Carrying value at 31 December 2019	**22 576**	**5 607**	**28 183**

Depreciation on right-of-use assets are included in "Depreciation and amortisation of intangible assets" in the statement of comprehensive income. The table below describes the nature of the group's leasing activities by type of right-of-use asset recognised on the balance sheet:

	Number of right-of-use assets leased	Range of remaining term (months)	Average remaining lease term (months)	Number of leases with extension options	Number of leases with options to purchase	Number of leases with variable payments linked to an index	Number of leases with termination options
Right-of-use asset							
Property	**18**	**18–36**	**27**	**18**	**–**	**–**	**18**
Motor vehicles	**31**	**36**	**30**	**31**	**–**	**–**	**31**

1. Right-of-use asset *(continued)*

The lease liabilities are secured by the related underlying assets. The discounted maturity analysis of lease liabilities at 31 December 2019 is as follows:

	Within a year	1 – 2 years	2 – 3 years	3 – 4 years
Minimum lease payments due				
31 December 2019				
Lease payments	**20 104**	**12 346**	**3 448**	**–**
Finance charges	**(2 317)**	**(846)**	**(167)**	**–**
Net present values	**17 787**	**11 500**	**3 281**	**–**
31 December 2018				
Lease payments	18 693	20 104	1 713	–
Finance charges	(3 830)	(719)	(164)	–
Net present values	14 863	19 385	1 549	–

2. Property, plant and equipment

	2019 Cost R'000	2019 Accumulated depreciation R'000	2019 Carrying value R'000	2018 Cost R'000	2018 Accumulated depreciation R'000	2018 Carrying value R'000	2017 Cost R'000	2017 Accumulated depreciation R'000	2017 Carrying value R'000
Computer equipment	**28 115**	**(23 970)**	**4 145**	10 067	(5 319)	4 748	28 328	(21 765)	6 563
Industrial equipment	**9 958**	**(8 306)**	**1 652**	7 248	(4 765)	2 483	8 636	(6 057)	2 579
Land and buildings	**2 700**	**–**	**2 700**	2 700	–	2 700	2 700	–	2 700
Leasehold improvements	**4 156**	**(1 251)**	**2 905**	866	(247)	619	1 736	(1 175)	561
Motor vehicles	**9 280**	**(7 628)**	**1 652**	5 540	(2 596)	2 944	10 005	(5 550)	4 455
Office equipment	**20 888**	**(15 637)**	**5 251**	7 216	(3 097)	4 119	18 265	(14 194)	4 071
Training manuals	**7 104**	**(4 767)**	**2 337**	5 405	(2 752)	2 653	9 807	(7 177)	2 630
	82 201	**(61 559)**	**20 642**	39 042	(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)

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

2. Property, plant and equipment *(continued)*

	Computer equipment R'000	Industrial equipment R'000	Land and buildings R'000	Leasehold improve-ments R'000	Motor vehicles R'000	Office equipment R'000	Training manuals R'000	Total R'000
Carrying value at 1 January 2018	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
Additions	2 891	388	–	2 596	418	2 862	873	10 028
Disposals	(9)	–	–	(43)	(305)	–	–	(357)
Depreciation	(3 485)	(1 219)	–	(267)	(1 405)	(1 730)	(1 189)	(9 295)
Carrying value at 31 December 2019	**4 145**	**1 652**	**2 700**	**2 905**	**1 652**	**5 251**	**2 337**	**20 642**

Depreciation on property, plant and equipment are included in the "Depreciation and amortisation of assets" in the statement of comprehensive income. No property, plant and equipment has been impaired during the year (2018: Nil).

The net book value of motor vehicles held under instalment credit agreements at 31 December 2019 amounted to R1 187 921 (2018: R2 402 542). Refer to note 11 for details of the instalment credit agreements. Motor vehicles acquired under instalment credit agreements amounted to R86 563 (2018: Nil). The instalment sales relate primarily to motor vehicles.

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.

3. Goodwill

	2019 R'000	2018 R'000	2017 R'000
Carrying value at the beginning of the year	**191 230**	134 480	102 287
Acquired through business combination	**1 763**	56 750	32 193
Carrying value at the end of the year	**192 993**	191 230	134 480

3. Goodwill *(continued)*

		2019 R'000	2018 R'000	2017 R'000
Staff outsourcing	– Workforce Staffing	**4 275**	4 275	4 275
Recruitment and specialist staffing	– Telebest Holdings	**31 190**	31 190	31 190
	– Allmed Healthcare Professionals	**5 815**	5 815	5 815
	– Quyn Group	**39 134**	39 134	39 134
	– Gcubed	**652**	652	652
	– Day-Click	**885**	885	885
	– Oxyon People Solutions	**8 977**	8 977	8 977
Training	– Prisma Training Solutions	**21 221**	21 221	21 221
	– KBC Holdings	**22 331**	22 331	22 331
	– Talent Factor	**1 763**	–	–
	– Dyna Group	**56 750**	56 750	–
		192 993	191 230	134 480

The recoverable amount of the cash-generating units are determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are discount rates, growth rates and expected cash flows. Management estimates discount rates using rates that reflect current market assumptions of the time value of money and the risk specific to the industry. An average discount rate of 20,9% (2018: 19,3%) was used, as all cash-generating units share similar risk characteristics. The growth rates and cash flow forecasts are based on approved budgets for the forthcoming financial year, as well as an estimation of growth forecasts specific to each cash-generating unit into the future. The values assigned to the key assumptions are reflective of past experience and are consistent with external sources of information.

Cash flow projections during the budget period are based on the same expected gross margins throughout the budget period. The directors believe that any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. Cash flows beyond that five-year period have been extrapolated using a steady 5% (2018: 5%) per annum growth rate. This growth rate does not exceed the long-term average growth rate.

The following rates have been used:

	Average growth rate for years 1 to 5 %
Workforce Staffing	8,0
Telebest Holdings	14,8
Allmed Healthcare Professionals	7,3
Quyn Group	8,0
Gcubed	8,8
Day-Click	11,0
Oxyon People Solutions	11,6
Prisma Training Solutions	9,2
KBC Holdings	8,3
Dyna Group	9,2

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

4. Intangible assets

	2019 Cost R'000	2019 Accumulated Amortisation R'000	2019 Carrying value R'000	2018 Cost R'000	2018 Accumulated Amortisation R'000	2018 Carrying value R'000	2017 Cost R'000	2017 Accumulated Amortisation R'000	2017 Carrying value R'000
Brands	**119**	**(5)**	**114**	82	(6)	76	3 209	(3 209)	–
Client relationships	**42 194**	**(36 465)**	**5 729**	42 194	(27 842)	14 352	31 522	(15 260)	16 262
Computer software	**99 487**	**(45 140)**	**54 347**	74 733	(45 096)	29 664	62 146	(45 081)	17 065
Training course accreditations	**20 620**	**(6 530)**	**14 090**	20 620	(2 406)	18 214	–	–	–
Development costs	**22**	**–**	**22**	11 822	–	11 822	10 920	–	10 920
	162 441	**(88 140)**	**74 302**	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 1 January 2018	–	16 262	17 065	–	10 920	44 247
Additions	82	–	1 355	–	12 233	13 670
Disposals	–	–	–	–	–	–
Acquired through business combinations	–	10 672	3	20 620	–	31 295
Additions from internal development	–	–	11 331	–	(11 331)	–
Amortisation	(6)	(12 582)	(90)	(2 406)	–	(15 084)

4. Intangible assets *(continued)*

	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 31 December 2018	76	14 352	29 664	18 214	11 822	74 128
Additions	75	–	13 436	–	(122)	13 388
Disposal at carrying value	–	–	–	–	–	–
Additions from internal development	–	–	11 678	–	(11 678)	–
Amortisation	(37)	(8 623)	(431)	(4 124)	–	(13 215)
Carrying value at 31 December 2019	**114**	**5 729**	**54 347**	**14 090**	**22**	**74 302**

The above amortisation expense is included in "Depreciation and amortisation of intangible assets" in the statement of comprehensive income. No intangible assets have been impaired during the year (2018: Nil). Computer software is mostly internally generated. The value of research and development expenditure recognised as an expense during the period was R378 221 (2018: R200 761).

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

5. Deferred tax assets and liabilities

	2019 R'000	2018 R'000	2017 R'000
Balance at the beginning of the year	38 409	32 485	27 410
Acquired through business combinations	–	8 762	3 363
Movement per statement of comprehensive income	930	(2 838)	1 712
Balance at the end of the year	39 339	38 409	32 485

Deferred tax assets and liabilities can be summarised as follows:

	2019 R'000	2018 R'000	2017 R'000
Deferred tax assets	63 882	58 757	44 251
Deferred tax liabilities	(24 543)	(20 348)	(11 766)
	39 339	38 409	32 485

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

5. Deferred tax assets and liabilities *(continued)*

Deferred tax assets/(liabilities) arise from the following:

	Opening balance R'000	Charge to profit or loss R'000	Acquired through business combination R'000	Charge to other compre-hensive income R'000	Charge direct to equity R'000	Closing balance R'000
2019						
Temporary differences						
Property, plant and equipment	**(173)**	**(640)**	**–**	**–**	**–**	**(813)**
Intangible assets	**(6 173)**	**(3 122)**	**–**	**–**	**–**	**(9 295)**
Intangible assets – acquired through business combination	**(12 126)**	**–**	**–**	**–**	**–**	**(12 126)**
Doubtful debts	**33 172**	**(12 726)**	**–**	**–**	**–**	**20 446**
Financial assets at fair value	**(782)**	**86**	**–**	**–**	**–**	**(696)**
Equity share-based payments	**2 601**	**(1 053)**	**–**	**–**	**–**	**1 548**
Provision for leave	**2 720**	**497**	**–**	**–**	**–**	**3 217**
Income received in advance	**1 864**	**(640)**	**–**	**–**	**–**	**1 224**
Prepaid expenses	**(877)**	**(292)**	**–**	**–**	**–**	**(1 169)**
Fair value through other comprehensive income	**601**	**–**	**–**	**(1 045)**	**–**	**(444)**
Prior year corrections recognised in the current period	**(4 712)**	**4 712**	**–**	**–**	**–**	**–**
Tax losses	**22 294**	**15 153**	**–**	**–**	**–**	**37 447**
	38 409	**1 975**	**–**	**(1 045)**	**–**	**39 339**

	Opening balance R'000	Charge to profit or loss R'000	Acquired through business combination R'000	Charge to other compre-hensive income R'000	Charge direct to equity R'000	Closing balance R'000
2018						
Temporary differences						
Property, plant and equipment	(157)	(16)	–	–	–	(173)
Intangible assets	(6 704)	531	–	–	–	(6 173)
Intangible assets – acquired through business combination	(3 363)	–	(8 763)	–	–	(12 126)
Doubtful debts	17 133	(403)	–	–	16 442	33 172
Financial assets at fair value	(584)	(198)	–	–	–	(782)
Equity share-based payments	1 902	699	–	–	–	2 601
Provision for leave	2 827	(107)	–	–	–	2 720
Income received in advance	4 587	(2 723)	–	–	–	1 864
Prepaid expenses	(337)	(540)	–	–	–	(877)
Fair value through other comprehensive income	317	–	–	284		601
Prior year corrections recognised in the current period	(938)	(3 774)	–	–	–	(4 712)
Tax losses	17 802	4 492	–	–	–	22 294
	32 485	(2 039)	(8 763)	284	16 442	38 409

5. Deferred tax assets and liabilities *(continued)*

Deferred tax assets/(liabilities) arise from the following (continued):

	Opening balance R'000	Charge to profit or loss R'000	Acquired through business combination R'000	Charge to other compre-hensive income R'000	Charge direct to equity R'000	Closing balance R'000
2017						
Temporary differences						
Property, plant and equipment	(37)	(120)	–	–	–	(157)
Intangible assets	(6 597)	(107)	–	–	–	(6 704)
Intangible assets – acquired through business combination	(1 143)	–	(2 220)	–	–	(3 363)
Doubtful debts	14 651	2 482	–	–	–	17 133
Financial assets at fair value	–	(584)	–	–	–	(584)
Equity share-based payments	–	–	–	–	1 902	1 902
Financial liabilities	392	(392)	–	–	–	–
Provision for leave	2 321	506	–	–	–	2 827
Income received in advance	838	3 749	–	–	–	4 587
Long-term financial liabilities	(1 418)	1 418	–	–	–	–
Prepaid expenses	(314)	(23)	–	–	–	(337)
Fair value through other comprehensive income	317	–	–	–	–	317
Prior year corrections recognised in the current period	–	–	–	(938)	–	(938)
Tax losses	18 400	(598)	–	–	–	17 802
	27 410	6 331	(2 220)	(938)	1 902	32 485

Deferred tax assets on tax losses are only raised for companies that are expected to be profitable in the 2020 year. In making the above assessment, current foreseeable trends, as well as management approved budgets were used. As a result of the aforementioned, management is confident that there will be sufficient taxable profits in the foreseeable future against which subsidiaries can utilise the recognised deferred tax asset. Taxable losses incurred by certain companies during the financial year can mostly be attributed to once-off losses as well as the effect of tax allowances on learnerships.

There were deductible temporary differences and unused tax losses of R nil (2018: R nil) for which no deferred tax asset has been recognised in the statement of financial position in the current or prior year.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

6. Other financial assets

	2019 R'000	2018 R'000	2017 R'000
Fair value gain through other comprehensive income			
Listed shares			
4 616 907 (2018: 4 616 907) shares in Primeserv Limited at fair value	**3 832**	2 816	2 770
The above instrument has been designated as fair value through other comprehensive income as it is not held for trading.			
Fair value gain through profit and loss			
Investment in cell captive	**3 105**	3 490	2 605
	6 937	6 306	5 375

	2019 R'000	2018 R'000	2017 R'000
Gross	**(1 244)**	133	(358)
Taxation	**228**	38	(103)
Net	**(1 016)**	171	(461)
Movement in statement of comprehensive income	**1 016**	(171)	461

Fair value of the investment in the cell captive has been determined by reference to the net asset value of the cell and is categorised as level 3 in the fair value hierarchy.

7. Trade and other receivables

Trade and other receivables can be summarised as follows:

	2019 R'000	2018 R'000	2017 R'000
Trade receivables	**775 553**	696 448	693 289
Other receivables	**60 671**	38 159	21 100
Trade and other receivables	**836 224**	734 787	714 389
Trade receivables			
Trade receivables can be analysed as follows for the period under review:			
Net trade receivables excluding advances	**538 185**	511 523	505 036
Gross trade receivables	**553 135**	548 571	524 108
Impairment provisions	**(14 950)**	(37 048)	(19 072)
Net advances	**237 368**	184 925	188 253
Gross advances	**343 048**	287 301	250 768
Impairment provisions	**(105 680)**	(102 376)	(62 515)
	775 553	696 628	693 289

Trade and other receivables consist of a large number of customers, spread across diverse industries and geographical areas. Interest on advances are charged at rates compliant with the National Credit Act ("NCA") as prescribed by the National Credit Regulator ("NCR"). The management of this risk is set out in note 21.3.

During the year, the group discounted trade receivables to ABSA for cash proceeds. If the trade receivables are not paid at maturity date, the bank has the right to request the group to pay the unsettled balance. As the group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (refer to note 11.2).

At the end of the reporting period the carrying amount of the trade receivables that have been transferred but have not been derecognised amounted to R483 million (2018: R424 million) and the carrying amount of the associated liability is R350 million (2018: R350 million). Refer to note 11.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

7. Trade and other receivables *(continued)*

Other receivables

Other receivables comprise the following:

	2019 R'000	2018 R'000	2017 R'000
Deposits	**4 101**	3 743	3 062
Staff debtors	**3 533**	2 183	3 864
Sundry debtors	**53 037**	32 233	14 174
	60 671	38 159	21 100

Impairment provisions

	2019 R'000	2018 R'000	2017 R'000
Trade receivables	**14 950**	37 048	19 072
Advances	**105 680**	102 376	62 515
	120 630	139 424	81 587
Days sales outstanding (excluding advances)	**50**	53	53

The information about the credit risk exposure on the group's trade receivables using the provision matrix as follows:

	Current	30 days	60 days	90 days	120 days	Total
31 December 2019						
Expected credit loss rate	**0%**	**1%**	**3%**	**5%**	**30%**	
Estimated total gross carrying amount at default (R'000)	**305 621**	**151 259**	**37 490**	**24 903**	**36 081**	**553 135**
Expected credit loss (R'000)	**1 301**	**1 171**	**1 004**	**1 214**	**10 260**	**14 950**
31 December 2018						
Expected credit loss rate	0%	1%	3%	5%	53%	
Estimated total gross carrying amount at default (R'000)	296 286	139 277	33 951	18 361	60 876	548 751
Expected credit loss (R'000)	1 265	1 283	1 051	999	32 450	37 048
31 December 2017						
Expected credit loss rate	0%	1%	7%	22%	21%	
Estimated total gross carrying amount at default (R'000)	294 244	122 988	45 273	14 426	47 177	524 108
Expected credit loss (R'000)	1 409	1 155	3 210	3 165	10 133	19 072

The average expected loss rate for 120 days ageing bucket has decreased from 53% to 28% as a result of the high value of debtors written off in 120-day ageing bucket, during the current year.

7. Trade and other receivables *(continued)*

Loss provision

The information about credit risk exposure on the group's advances is as follows:

	Stage 1	Stage 2	Stage 3	Total
31 December 2019				
Average expected loss rate	**12%**	**38%**	**24%**	**31%**
Gross carrying amount (R'000)	**42 658**	**196 704**	**103 686**	**343 048**
Loss provision (R'000)	**5 144**	**75 276**	**25 260**	**105 680**
1 January 2019				
Average expected loss rate	18%	43%	25%	36%
Gross carrying amount (R'000)	42 215	183 651	61 435	287 301
Loss provision (R'000)	7 575	79 162	15 639	102 376

	Simplified approach	Stage 1	Stage 2	Stage 3	Total
Opening balance	37 048	7 575	79 162	15 639	139 424
Changes due to credit risk movement (between stages)	14 117	(2 431)	(3 886)	9 621	17 421
Changes due to movement in ageing buckets	(36 215)	–	–	–	(36 215)
Closing balance	14 950	5 144	75 276	25 260	120 630

	2019	2018	2017
Reconciliation of provision for impairment of trade and other receivables			
Opening balance at the beginning of year	**(37 048)**	(48 023)	(15 337)
Provision for impairment	**(11 085)**	(13 349)	(4 471)
Amounts written off as uncollectable	**33 183**	24 324	736
	(14 950)	(37 048)	(19 072)
Reconciliation of provision for impairment of net advances			
Opening balance at the beginning of year	**(102 376)**	(62 515)	(53 427)
Provision for impairment	**(3 976)**	(40 167)	(44 750)
IFRS 9 adjustment			30 757
Amounts written off as uncollectable	**672**	306	4 905
	(105 680)	(102 376)	(62 515)

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

8. Inventories

	2019 R'000	2018 R'000	2017 R'000
Consumables	**429**	281	308
Merchandise	**3 800**	4 684	3 238
	4 229	4 965	3 546

The cost of inventories recognised as an expense during the year was R11,5 million (2018: R8,6 million). No write downs of inventory to net realisable value have been made. No inventories are encumbered.

9. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2019 R'000	2018 R'000	2017 R'000
Cash at bank and in hand	**49 008**	41 525	25 488
Short-term deposits	**–**	23	60
	49 008	41 548	25 548

10. Stated capital

	2019 Number of shares	2018 Number of shares	2017 Number of shares
Authorised			
1 000 000 000 ordinary no par value shares			
Issued			
In issue at the beginning of the year	**243 731 343**	243 731 343	243 731 343
Treasury shares			
Balance at the beginning of the year	**17 085 379**	14 395 485	15 152 811
Share buy-back	**12 733 685**	2 689 894	1 575 000
Shares distributed in respect of share-based payments	**(11 580 000)**	–	(2 332 326)
Balance at the end of the year	**18 239 064**	17 085 379	14 395 485

	2019 R'000	2018 R'000	2017 R'000
Issued			
Balance at the beginning of the year	**234 051**	234 051	241 867
Equity-settled share options	**–**	–	(7 816)
Balance at the end of the year	**234 051**	234 051	234 051
Treasury shares			
18 239 064 shares			
Balance at the beginning of the year	**(11 158)**	(7 658)	(9 330)
Share buy-back	**(1 917)**	(3 500)	(3 124)
Shares distributed in respect of share-based payments	**–**	–	4 796
Balance at the end of the year	**(13 075)**	(11 158)	(7 658)

The company has one class of ordinary shares which carry no right to fixed income.

11. Financial liabilities

Financial liabilities include the following:

		Current			Non-current		
		2019 R'000	2018 R'000	2017 R'000	**2019 R'000**	2018 R'000	2017 R'000
	Secured liabilities at amortised cost						
11.1	Loan from Simgarvin Proprietary Limited	**–**	–	–	**7 974**	8 045	7 783
	Gross amount owing	**–**	–	–	**9 112**	9 112	9 112
	Imputed interest	**–**	–	–	**(1 138)**	(1 067)	(1 329)
11.2	Invoice discounting facility bearing interest at 0,5% below prime rate	**276 246**	250 385	243 046	**–**	–	–
11.3	Loan facility bearing interest at prime rate plus 3%	**–**	–	14 991	**–**	–	–
11.4	Loan facility bearing interest at prime rate plus 3,6%	**30 000**	–	–	**–**	30 000	–
11.5	Loan facility bearing interest at prime rate plus 3%	**29 258**	11 558	–			
11.6	Instalment sales liabilities	**690**	975	956	**400**	1 370	2 110
	Financial liabilities carried at fair value through profit or loss						
11.7	Business combination contingent consideration payable						
	Prior year	**5 683**	13 741	19 733	**9 324**	3 046	16 514
	Current year	**–**	5 061	–	**–**	45 124	–
		341 877	281 720	278 726	**17 698**	87 585	26 407

11.1 The loan from Simgarvin Proprietary Limited is secured by shares held in Workforce Holdings Limited. The loan is interest-free and is repayable on 31 December 2022.

11.2 The group has entered into an invoice discounting and cession of debtors and inter-group loan accounts. A subsidiary amount of R350 million (2018: R350 million) is secured by cession of debtors and inter-group loan accounts. A subsidiary is bound as surety and co-principal debtor to the bank for due and punctual payment of the debtors. At year-end, trade receivables to the value of R483 million (2018: R424 million) were ceded to the bank (refer to note 7 on trade and other receivables).

The group retained significant risk and reward of ownership of the receivables due to ABSA Bank Limited right of recourse against the group for any default of the debtor. The associate loan is granted by ABSA Bank Limited on 80% of the value of trade receivables excluding advances, ceded to ABSA Bank Limited. The net position of the transferred assets and associated liability is an amount of R234 million, which is the difference between the fair value of the assets transferred of R484 million and the fair value of the liability being R250 million (refer to note 7 on trade and other receivables).

11.3 Babereki Employee Support Services Proprietary Limited, a subsidiary of the group, ended their short-term facility with Mercantile Bank of R15 million. This facility was secured by an unlimited pledge and cession of all present and future book debts of Babereki Employee Support Services Proprietary Limited. The amount of book debts of the subsidiary amounted to R210 million (2018: R181 million) (refer to note 7).

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

11. Financial liabilities *(continued)*

11.4 The group entered into a short-term loan to a limit of R30 million with ABSA Bank Limited, this facility is charged at the Johannesburg Interbank Average Rate ("JIBAR") rate of interest which is settled monthly and the capital portion is fully repayable by August 2020. The facility is secured by accession of inter-group loan accounts.

11.5 Babereki Employee Support Services Proprietary Limited, a subsidiary of the group, has a short-term facility with ABSA Bank to a limit of R30 million (2018: R30 million). This facility was secured by an unlimited pledge and cession of all present and future book debts of Babereki Employee Support Services. The amount of book debts of the subsidiary amounted to R181 million (2018: R181 million) (refer to note 7 on trade and other receivables).

11.6 Instalment sale liabilities are secured over motor vehicles with a carrying value of R1 million (2018: R1 million; 2017: R4 million) bearing interest at rates approximating the prime overdraft rate and repayable in monthly instalments of R86 563 (2018: R99 217; 2017: R121 600. refer to note 2 on property, plant and equipment).

11.7 The contingent consideration of R14,8 million (2018: R50,2 million is related to the acquisition of Dyna Group of companies acquired in the prior year.

12. Trade and other payables

	2019 R'000	2018 R'000	2017 R'000
Trade creditors	**42 441**	48 617	33 266
Audit fee accrual	**601**	–	650
Payroll liabilities	**39 070**	29 657	26 009
Income received in advance	**19 400**	–	–
Accrual for paid annual leave	**13 705**	16 225	13 257
Other payables	**52 688**	47 036	63 732
	167 905	141 535	136 914

13. Revenue

Set out below is the disaggregation of the group's revenue:

Type of services	Staffing and outsourcing R'000	Training R'000	Financial services R'000	Healthcare R'000	Total R'000
31 December 2019					
Staffing solutions	**2 554 650**	–	–	–	**2 554 650**
Placement fees	**35 017**	–	–	–	**35 017**
Payroll management	**2 193**	–	–	–	**2 193**
Accredited courses, education and training	–	**268 577**	–	–	**268 577**
Funeral cover and lending services	–	–	**94 286**	–	**94 286**
Medical cover, healthcare, wellness programmes and health risk assessments	–	–	–	**272 331**	**272 331**
	2 591 860	**268 577**	**94 286**	**272 331**	**3 227 054**

Type of services	Staffing and outsourcing R'000	Training R'000	Financial services R'000	Healthcare R'000	Total R'000
31 December 2018					
Staffing solutions	2 398 178	–	–	–	2 398 178
Placement fees	35 974	–	–	–	35 974
Payroll management	3 051	–	–	–	3 051
Accredited courses, education and training	–	230 909			230 909
Funeral cover and lending services	–	–	101 873	–	101 873
Medical cover, healthcare, wellness programmes and health risk assessments	–	–	–	244 461	244 461
	2 437 203	230 909	101 873	244 461	3 014 446

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

14. Finance costs

	2019 R'000	2018 R'000
Interest on short-term borrowing	**20 205**	18 852
Amounts paid to vendors	**–**	1 055
Interest relating to right-of-use assets	**3 851**	6 377
Interest on bank overdrafts	**6 201**	3 453
	32 257	29 737

15. Taxation

Taxation recognised in profit and loss

	2019 R'000	2018 R'000
Current tax expense	**–**	–
Current year	**1 877**	–
Reversal of temporary differences	**(930)**	1 597
Prior year adjustments	**(4)**	257
	943	1 854
Taxation recognised in other comprehensive income		
Deferred tax – fair value remeasurement of fair value on other comprehensive income of financial assets	**228**	(38)
	228	(38)

Estimated tax losses of subsidiaries of the group for utilisation against future taxable income:

	2019 R'000	2018 R'000
Tax losses recognised for deferred tax	**133 532**	79 620
Tax losses not recognised for deferred tax	**–**	–
	133 532	79 620
Reconciliation of the tax expenses		
Reconciliation between accounting profit and tax expense.		
Accounting profit	**99 073**	104 759
Tax at the applicable tax rate of 28% (2018: 28%)	**27 741**	29 333
Tax effect of adjustments on taxable income		
Non-taxable income		
Learnership tax allowances	**(13 375)**	(12 728)
Employment tax incentive	**(17 765)**	(17 612)
Dividend received	**(336)**	–
Non-deductible expenses		
Donations	**73**	78
Fair value adjustment	**1 708**	2 818
Prior year adjustment	**2 897**	(35)
	943	1 854

16. Profit for the year

Profit before taxation for the year has been arrived at after charging/(crediting):

	2019 R'000	2018 R'000
Gains on disposal of property, plant and equipment	**(164)**	(172)
Fair value of adjustments		
Cell captive	**387**	885
Fair value contingent consideration	**(30 147)**	5 360
Government grants received for Employment Tax Incentive	**55 800**	62 903
Contribution to provident fund	**29 266**	26 448
Equity-settled share-based payments	**4 525**	2 495
Staff costs	**393 503**	356 255
Audit fees	**3 727**	3 387

The company was required to make a fair value adjustment to the contingent purchase consideration owing to the vendors of the Dyna group of companies. The fair value of the contingent purchase consideration was reduced due to the likelihood of the Dyna group achieving its excess earnings targets being highly improbable.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

17. 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:

	2019	2018
Profit attributable to equity shareholders of the parent company (R'000)	**95 769**	104 253
Weighted average number of ordinary shares in issue ('000)	**225 492**	226 856
Basic earnings per share (cents)	**42,5**	46,0
Diluted earnings per share (cents)	**41,2**	45,0

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:

	2019	2018
The weighted average number of ordinary shares in issue ('000)	**225 492**	226 856
Shares deemed to be issued for no consideration in respect of:		
Employee options	**6 864**	4 778
Weighted average number of ordinary shares in the calculation of diluted earnings per share	**232 356**	231 634

	Impact on profit for the year		Impact on basic earnings per share		Impact on diluted earnings per share	
	2019	2018	**2019**	2018	**2019**	2018
Impact of changes in accounting policy (see note 2)						
Impact of the adoption IFRS 16	**13 551**	(1 664)	**6,0**	(0,7)	**5,8**	(0,7)

	2019	2018
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)	**95 769**	104 253
Headline earnings adjustment (R'000)	**(124)**	(2 822)
(Gain) on disposal of property, plant and equipment (R'000)	**(172)**	–
Sale of subsidiary (R'000)	**–**	(2 822)
Tax effects of adjustments (R'000)	**48**	–
Total headline earnings (R'000)	**95 645**	101 431
Weighted average number of shares in issue ('000)	**225 492**	226 856
Headline earnings per share (cents)	**42,4**	44,7
Diluted headline earnings per share (cents)	**41,2**	43,8

17. Earnings per share *(continued)*

	Impact on profit for the year		Impact on basic earnings per share		Impact on diluted earnings per share	
	2019	2018	**2019**	2018	**2019**	2018
Impact of changes in accounting policy (see note 2)						
Impact of the adoption IFRS 16	**13 551**	(1 664)	**6,0**	(0,7)	**5,8**	(0,7)

18. Notes to the cash flows

	2019 R'000	2018 R'000
18.1 Cash generated from operations		
Profit before taxation	**99 073**	104 759
Interest income	**(1 278)**	(2 829)
Dividend income	**(1 200)**	–
Finance costs	**27 094**	25 626
Adjusted for non-cash items:		
Gain on disposal of property, plant and equipment	**357**	–
Depreciation and amortisation	**41 030**	39 752
Loss/(gain) arising on financial liability at fair value through profit or loss	**(30 147)**	5 360
Foreign exchange differences on translation of foreign operations	**(853)**	549
Expense recognised in respect of cash-settled share-based payment	**–**	(3 667)
Expense recognised in respect of equity-settled share-based payment	**(3 759)**	2 495
Shares issued	**8 284**	–
	138 601	172 045
18.2 Taxation paid		
Charged to profit or loss	**(943)**	(1 854)
Adjusted for deferred tax	**(930)**	2 256
Movement in taxation balance	**933**	(1 038)
	(940)	(636)

	2019 R'000	2018 R'000
18.3 Working capital changes		
Change in trade and other receivables	**(101 437)**	(80 047)
Change in inventories	**736**	(1 419)
Change in trade and other payables	**24 590**	970
	(76 111)	(80 496)
18.4 Cash flow on acquisition of business		
Cash outflow on the acquisitions of subsidiaries – prior year acquisitions	**–**	5 239
	–	5 239

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

18. Notes to the cash flows *(continued)*

18.5 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 them the proceeds from the sale.

	1 January 2019	Cash flows	Non-cash flows	31 December 2019
18.6 Changes in liabilities arising from financing activities				
Non-current treasury share loan	8 045	–	(71)	7 974
Interesting-bearing borrowings	35 797	(3 229)	–	32 568
Instalment sales liabilities	2 345	(1 255)	–	1 090
Invoice discounting facility	250 385	25 861	–	276 246
Loan facility bearing interest	11 558	17 700	–	29 258
	308 130	39 077	(71)	347 136

19. Segment reporting

During the previous reporting period, the group reorganised its segments and formed four business clusters of the different business activities and placed each cluster under an independent management team. As the formation of the clusters is 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.

These operating segments, as further described in note 3.5 of the accounting policies, are monitored and strategic decisions are made on the basis of adjusted segment operating results.

19. Segment reporting *(continued)*

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 & Central costs R'000	Consoli-dation entries R'000	Total R'000
2019							
Segment revenues	2 592 173	268 577	94 286	272 331	(313)	–	3 227 054
Inter-segment revenue	13 175	17 896	–	1 711	–	(32 782)	–
Cost of sales	(2 179 819)	(121 379)	(31 253)	(192 159)	(49)	–	(2 524 659)
Inter-segment cost of sales	(13 175)	–	–	–	–	13 175	–
Gross Margin	412 354	165 094	63 033	81 883	(362)	(19 607)	702 395
Operating costs	(284 615)	(93 368)	(48 379)	(51 306)	(85 194)	–	(562 862)
Inter segment operating costs	(1 839)	(16 186)	–	(1 582)	–	19 607	–
Other income	54	143	1 180	9	16	–	1 402
EBITDA	125 954	55 683	15 834	29 004	(85 540)	–	140 935
Fair value adjustment	–	–	(385)	–	30 532	–	30 147
Depreciation and amortisation of non-financial assets	(11 475)	(4 982)	(1 804)	(2 277)	(7 140)	(13 352)	(41 030)
Finance income	358	638	26	82	174	–	1 278
Finance costs	(10 781)	(1 691)	(1 406)	(1 698)	(16 681)	–	(32 257)
Segment profit/(loss) before tax	104 056	49 648	12 265	25 111	(78 655)	(13 352)	99 073
Capital expenditure	2 600	4 973	1 158	441	14 245	–	23 417
Segment total assets	415 703	119 363	284 932	17 788	651 731	(210 048)	1 279 469
Segment total liabilities	(21 037)	(66 477)	(352 954)	7 964	(160 357)	8 269	(584 592)
Net segment assets/(liabilities)	394 666	52 886	(68 022)	25 752	491 374	(201 779)	694 877

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

19. Segment reporting *(continued)*

	Staffing and outsourcing R'000	Training R'000	Financial services R'000	Healthcare R'000	Shared Services & Central costs R'000	Consoli-dation entries R'000	Total R'000
2018							
Segment revenues	2 437 120	230 909	101 873	244 461	83	–	3 014 446
Inter-segment revenue	27 894	16 187	–	1 582	–	(45 663)	–
Cost of sales	(1 999 682)	(111 315)	(39 364)	(174 244)	3 870	–	(2 320 695)
Inter-segment cost of sales	(25 875)	–	–	(62)	–	25 937	–
Operating costs	(275 672)	(66 785)	(46 477)	(45 123)	(85 737)	–	(519 794)
Inter-segment operating costs	(1 958)	(16 186)	–	(1 582)	–	19 726	–

	Staffing and outsourcing R'000	Training R'000	Financial services R'000	Healthcare R'000	Shared Services & Central costs R'000	Consoli-dation entries R'000	Total R'000
EBITDA	161 867	52 810	16 032	25 032	(81 784)	–	173 957
Fair value adjustments	–	(885)	884	–	(5 359)	–	(5 360)
Depreciation and amortisation of non-financial assets	(11 070)	(5 640)	(1 821)	(2 347)	(3 280)	–	(24 158)
Amortisation of acquired intangible assets	–	–	–	–	–	(15 594)	(15 594)
Finance income	853	1 908	42	24	2	–	2 829
Finance costs	(4 580)	(2 417)	(12 593)	(2 443)	(7 704)	–	(29 737)
Profit on sale of subsidiary	–	–	–	–	–	2 822	2 822
Segment profit/ (loss) before tax	147 070	45 776	2 544	20 266	(98 125)	(12 772)	104 759
Capital expenditure	2 446	3 761	143	1 494	12 719	31 293	51 856
Segment total assets	477 991	96 389	241 560	25 186	527 585	(203 262)	1 165 449
Segment total liabilities	(75 985)	(56 293)	(300 362)	(4 947)	(200 906)	71 508	(566 985)
Net segments/ assets/(liabilities)	402 006	40 096	(58 802)	20 239	326 679	(131 754)	598 464

19. Segment reporting *(continued)*

Geographical information

The group's revenue from external customers and information about 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 2019 or 2018.

	Notes	2019 R'000	2018 R'000
20. Financial assets and financial liabilities			
20.1.1 Set out below is an overview of financial assets held by the group			
Financial assets at amortised costs		**852 999**	751 930
Trade and other receivables	7	**803 991**	710 382
Cash and cash equivalents	9	**49 008**	41 548
Financial assets at fair value through profit and loss		**6 937**	6 306
Investment in cell captive	6	**3 105**	3 490
Quoted equity shares	6	**3 832**	2 816
Total		**859 936**	758 236
Total current		**852 999**	751 930
Total non-current		**6 937**	6 306
20.1.2 Set out below is an overview of financial liabilities held by the group			
Financial liabilities at amortised costs			
Trade and other payables		**72 088**	47 036
Interest-bearing borrowings		**276 246**	250 385
Financial liabilities at fair value through profit/loss			
Contingent consideration	11	**15 007**	66 972
Current	11	**5 683**	18 802
Non-current	11	**9 324**	48 170
Loan on treasury shares	11	**7 974**	8 045
Total		**371 315**	372 438
Total current		**354 017**	316 223
Total non-current		**17 298**	56 215

20.2 Fair value measurement

Fair values

The following table provides the fair value measurement hierarchy of the group's financial assets and financial liabilities.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

20. Financial assets and financial liabilities *(continued)*

20.2 Fair value measurement *(continued)*

Fair values *(continued)*

	Date of valuation	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
As at 31 December 2019					
Financials assets					
Quoted equity shares	31 December 2019	3 832	3 832	–	–
Cell captive	31 December 2019	3 105	–	–	3 105
Financial liabilities	31 December 2019	7 974	–	–	7 974
Loan from Simgarvin Proprietary Limited					
Contingent consideration relating to business acquisition	31 December 2019	15 007	–	–	15 007
As at 31 December 2018					
Financial assets					
Quoted equity shares	31 December 2018	2 816	2 816	–	–
Cell captive	31 December 2018	3 490	–	–	3 490
Financial liabilities					
Contingent consideration relating to business acquisition of Prisma Training Solutions Proprietary Limited	31 December 2018	(796)			(796)
Contingent consideration relating to business acquisition of KBC Health and Safety Proprietary Limited	31 December 2018	(15 991)	–	–	(15 991)
Contingent consideration relating to business acquisition of the Dyna Group	31 December 2018	(50 185)	–	–	(50 185)
Loan from Simgarvin Proprietary Limited	31 December 2018	8 045	—	—	8 045

Valuation technique	Significant unobservable inputs	Sensitivity of the input to fair value
Quoted bid prices in active market	Not applicable	Not applicable
Financial Assets Net asset value is used as a valuation where the underlying assets and liabilities have been assessed to represent the fair value of the investment. Due to the nature of the investment, specifically the significant composition of liquid assets and liabilities, the net value is seen to be the most appropriate representation of fair value.	Fair values of the cell captive's assets and liabilities.	A 2% increase or decrease in the fair value of the underlying assets and liabilities should not result in a change in the fair value.
Financial Liabilities Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the group.	A risk adjusted discount rate of 5,9%.	A 2% increase in the discount rate used while holding all other variables constant would decreased/increase the fair value of the loan by R297 902 (2018: R200 000)
Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the group. Discount rate of 17,5% determined using the capital asset pricing model. Probability adjusted profits with ranges of R5 million to R17,6 million.	Discount rate of 17,5% determined using the capital asset pricing model.	A 2% increase or decrease in the discount rate used while holding all other variables constant would decrease/increase the fair value of the loan by R2,7 million (2018: R1,0 million). A slight change in the probability adjusted profits in isolation would not result in a significant change in fair value.
Financial Assets As above	As above	As above
Financial Liabilities As above	As above	As above
As above	As above	As above

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

20. Financial assets and financial liabilities *(continued)*

20.2 Fair value measurement *(continued)*

Fair values *(continued)*

	Investment in cell captive	Contingent consideration	Total
As at 31 December 2019			
Opening balance	**3 490**	**66 972**	**70 462**
Gain/(loss) in profit or loss*	**(385)**	**17 885**	**17 500**
Additions	**–**	**–**	**–**
Release on liability	**–**	**(34 279)**	**(34 279)**
	3 105	**50 578**	**53 683**
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	3 490	(66 972)	(64 136)

** Included in fair value adjustments in profit or loss.*

21. Financial risk management

The group is exposed to various risks in relation to financial instruments. The group's financial assets and liabilities by category are summarised in note 21.1. The main types of risks are market risk, credit risk and liquidity risk.

The group's financial risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the group's short to medium-term cash flows.

The group does not enter into or trade financial instruments for speculative purposes. Borrowings have, however, been structured in such a way as to minimise financial risks, limit borrowing costs, as well as to facilitate growth. Borrowings are by and large secured by the securitisation of the group's debtors book.

The group is exposed to market risk through its use of financial instruments and specifically to interest rate risk, and certain other price risks, which result from both its operating and investing activities. Exposure to foreign currency risk is considered to be immaterial.

21.1 Interest rate risk management

The group is exposed to interest rate risk as it borrows funds at rates linked to the prime overdraft rate. The group's ability to manage exposure to interest rate fluctuations is limited. However, interest rates are constantly monitored and the group will take steps to limit its exposure if possible.

Total interest-bearing borrowings amount to R276 million (2018: R250 million). Details of the interest rates payable are set out in notes 11 and 14.

Sensitivity of profit to a reasonably possible change in interest rates of +/- 1% is illustrated by the following table:

	Profit for the year	
	R'000	R'000
	+ 1%	- 1%
31 December 2019	**(3 098)**	**3 098**
31 December 2018	(2 280)	2 280

21. Financial risk management *(continued)*

Management's expectation is that interest rates may decrease. The group's sensitivity to interest rate fluctuations has not changed significantly from the prior year. The interest rate sensitivity has been calculated, applying the closing borrowings rate on the average borrowing amount for the year.

21.2 Other price risk sensitivity

The group is exposed to equity price risk arising from an equity investment as set out in note 6. Equity investments are considered to be long term and held for strategic rather than trading purposes.

The impact on profit and equity if equity prices had been 5% higher/lower is illustrated by the following table:

	Other equity reserves	
	R'000	R'000
	+ 5%	- 5%
31 December 2019	**235**	**(235)**
31 December 2018	306	(306)

Management's view is that the equity investment may increase in value during the 2020 financial year. As the shares are classified as fair value through other comprehensive income, no effect on profit or loss would have occurred, unless where any decline in fair value to below cost resulted from the impairment of the asset. The group's sensitivity to equity prices has not changed significantly from the prior year.

The equity price risk has been calculated, applying the percentage movement on closing financial assets for the year.

The entity is not exposed to any foreign currency fluctuations.

21.3 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group.

The group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The information is supplied by independent ratings agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure to the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management on an annual basis.

The group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date, as summarised below:

	2019 R'000	2018 R'000
Net trade receivables	**538 185**	511 703
Other receivables	**5 926**	13 754
Net advances	**237 368**	184 925
Cash and cash equivalents	**49 008**	41 548
	830 487	751 930

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

21. Financial risk management *(continued)*

21.3 Credit risk management *(continued)*

All the above financial assets that are not impaired or past due for each of the reporting dates under review, are considered by management to be of good credit quality.

The credit terms on rendering of services is 30 to 60 days and interest may be charged on all overdue outstanding balances. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The average term of micro loans issued is five months.

The group has performed a detailed analysis of all past due amounts, and has impaired all amounts regarded as not collectable. Overdue amounts that have not been impaired, are considered to be recoverable.

Before accepting any new customers, or increasing the credit limit allowed for an existing customer, the risk associated with the customer is assessed by the group's credit vetting department, using generally accepted vetting techniques. The acceptance of a new customer is authorised by senior management. For advances, the potential customer's credit quality, including relevant credit bureau checks, in compliance with the requirement of the National Credit Act (No. 34 of 2005) is assessed.

At the reporting date, there are no customers representing more than 5% of the total balance of the trade receivables.

The group has entered into an invoice discounting and cession of debtors agreement with ABSA Bank Limited for a borrowing facility of R350 million (2018: R350 million) secured by cession of debtors. A subsidiary is bound as surety and co-principal debtor to the bank for due and punctual payment of the debtors. In management's opinion the sensitivity analysis is unrepresentative of the inherent risk because the exposure at the end of the reporting period does not reflect the exposure during the year. The amount of trade receivables of the subsidiary amounted to R483 million (2018: R424 million).

All accounts receivable amounts of the group have been transferred to ABSA Bank Limited in terms of an invoice discounting and cession agreement. The group retained significant risk and reward of ownership of the trade receivables due to the terms and conditions of the contract. The associated loan is granted by ABSA Bank Limited on 80% of the value of trade receivables excluding advances, ceded to ABSA.

The group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amount owed by the group to the counterparty.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Credit risk exposure advances

The group grants unsecured loans. Credit concentration risk is considered to be low due to the nature and distribution of the loan book. The average loan value advanced is R1 600 and customers range from various economic sectors and geographic regions. Exposure to systematic credit risk is regarded as being potentially higher due to the demographic and credit characteristics of the client base.

Measures taken by the group to limit credit risk to acceptable levels included, inter alia, the applications of standard credit acceptance procedure to assess potential clients daily monitoring collectible balances at both branch and head office level and monitoring the credit and risk committees. No security is obtained for loans and advances, and accordingly the entire balance as per the statement of financial position is exposed to credit risk. We provide our customers with the option to take out appropriate credit life insurance through a third-party cell captive. The credit quality of loans and advances is disclosed in note 7.

21. Financial risk management *(continued)*

21.4 Liquidity risk management

The group manages liquidity risk by constantly monitoring its future commitments as well as available banking facilities and reserve borrowing facilities. Net cash requirements are compared to available borrowings facilities in order to determine headroom or any shortfalls and if available, borrowing facilities are expected to be sufficient over the lookout period. The necessary remedial action is taken as and when required.

Liquidity needs are monitored on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs a for a 180-day lookout period are identified monthly.

The group's contractual maturities (including interest payments where applicable) are summarised below:

	Current within 6 months R'000	6 to 12 months R'000	Non-current 1 to 5 years R'000	Later than 5 years R'000
2019				
Loan on treasury shares	–	–	7 974	–
Bank loans	–	276 246	–	–
Instalment sale liabilities	345	345	400	–
Amount due for acquisition of subsidiary	–	–	9 324	–
Trade and other payables	95 817	–	–	–
	96 162	276 591	17 698	–
2018				
Loan on treasury shares	–	–	8 045	–
Bank loans	–	250 385	–	–
Instalment sale liabilities	488	488	1 370	–
Amount due for acquisition of subsidiary	–	–	3 046	–
Trade and other payables	94 498	–	–	–
	94 986	250 873	12 461	–

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

22. Capital management

The group's capital management objectives are to ensure the group's ability to continue as a going concern, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The group's overall strategy remains unchanged from 2018.

The group monitors capital through the optimisation of the debt and equity balance. The capital structure of the group consists of debt (borrowings, offset by cash and bank balances) and equity (comprising issued capital, reserves, retained earnings and non-controlling interests). The directors review the capital structure on an annual basis. As part of this review, the cost of capital and the risks associated with each class of capital is considered.

The group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The group's goal in capital management is to maintain a debt-to-equity ratio of between 0,4 and 0,7.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

22. Capital management *(continued)*

The gearing ratio for the reporting periods under review was as follows:

	2019 R'000	2018 R'000
Long and short-term borrowings	**359 575**	369 305
Cash and cash equivalents	**(49 008)**	(41 548)
Net debt	**310 567**	327 757
Total equity	**692 674**	598 464
Net debt-to-equity ratio	**0,45**	0,54
Total assets	**1 277 828**	1 165 449
Net debt-to-assets ratio	**0,24**	0,29

23. Related-party transactions

23.1 Transactions with related parties

During the year, the group entities entered into the following arm's length transactions with related parties that are not members of the group:

		2019 R'000	2018 R'000
Wellington Property Investments Proprietary Limited			
Relationship:	Director has significant influence	**14 222**	13 023
Type and term of transaction:	The operating lease contains an initial five-year term expiring on 31 May 2021 with an 8% annual escalation and is paid monthly.		
Vunani Capital Proprietary Limited			
Relationship:	Shareholder	**144**	114
Type and term of transaction:	Designated advisors' fees paid in terms of service level agreement.		
Hunts Attorneys			
Relationship:	Director with an interest in a legal practice – RS Katz	**151**	799
Type and term of transaction:	Disbursements for all cost related to litigation, commercial and labour legal work and advise on group's behalf.		
Guardrisk Insurance Company Limited			
Relationship	Cell captive arrangement (refer to note 23.3)	**695**	1 071
Type and term of transaction:	Insurance premium paid monthly to cell captive in line with policy.		

23. Related-party transactions *(continued)*

		2019 R'000	2018 R'000
Monte Legal Consultants Proprietary Limited			
Relationship:	Shareholder	**320**	67
Type and term of transaction:	Advisor's fees in terms of business acquisitions		

23.2 Related-party loans

Amounts due from/(payable to) related parties are as follows:

		2019 R'000	2018 R'000
Simgarvin Investments Proprietary Limited – refer to note 11			
Relationship:	Company controlled by a director of the group	**(7 974)**	(8 045)
Hunts Attorneys			
Relationship:	Director with an interest in a legal practice – RS Katz	**162**	162

The loans above are interest free, have no fixed terms of repayment and are unsecured.

23.3 Interests in unconsolidated structured entity

The group is involved with an unconsolidated structured entity through a cell captive administrated by Guardrisk Insurance Company Limited. The company's purpose is to provide credit insurance to customers of the group's credit lending business, as well as insuring accidental death claims by employees. The group became involved in this entity as it appeared to be the most efficient vehicle to provide these services to employees and customers.

Contractually, the group is obliged to make additional funds available should the cell captive not meet its solvency requirements. The maximum potential future loss associated with the cell captive is potentially unlimited due to the nature of this agreement, in the event that the cell captive does not meet its solvency requirements. An actuarial opinion has, however, been obtained which states that the group does not appear to be exposed to significant amounts of market, credit, liquidity or business risk in this regard.

The company has retained earnings of R3,1 million (2018: R3,5 million) which the group can access through a dividend as and when liquidity ratios allow.

The entity is funded with a contribution to equity to the amount of R400 000 as well as contributions by lenders and staff, paid over as disclosed above. No additional financial support has been given to this entity outside of the initial R400 000 capital in a previous financial year.

	2019 R'000	2018 R'000
Assets of cell captive	**3 447**	3 955
Current liabilities of cell captive	**(343)**	(466)

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

23. Related-party transactions *(continued)*

23.4 Subsidiaries

The company's directly owned subsidiaries are as follows:

Direct subsidiaries	% holding
Allmed Healthcare Professionals Proprietary Limited	100
Debtworx Proprietary Limited	100
Fempower Personnel Proprietary Limited	100
KBC Holdings Proprietary Limited	100
Molapo Quyn Outsourcing Proprietary Limited	100
Nursing Emergencies Proprietary Limited	100
Programmed Process Outsourcing Proprietary Limited	100
Quyn HR Consulting Proprietary Limited	100
Quyn International Outsourcing Proprietary Limited	100
Quyn Payrolling Services Proprietary Limited	100
Rapitrade 465 Proprietary Limited	100
Sizuluntu Northern Cape Proprietary Limited	48
Sizuluntu Staffing Solutions Proprietary Limited	48
Telebest Holdings Proprietary Limited	60
The Workforce Group Proprietary Limited	100
Workforce Management Services Proprietary Limited	100
Workforce Outsourcing Proprietary Limited	100
Training Force Holdings	100
Gauteng Wage Bureau Proprietary Limited	100
Programmed Sourcing Proprietary Limited	100
The Cyber Academy Proprietary Limited	100

Details of the subsidiaries indirectly held are set out below:

Indirect subsidiaries	% holding
Angola The Workforce Group Limited	100
Babereki Employee Support Services Proprietary Limited	100
Day-Click Limited	100
Dyna Training Proprietary Limited	100
Dyna Training Namibia Proprietary Limited	100
Dyna Industrial Training and Development Proprietary Limited	100
Essential Employee Benefits Proprietary Limited	100
Fads Proprietary Limited	100
Glen Moray Proprietary Limited	100
Interchange Business Consulting Proprietary Limited	100
Jet Talent Proprietary Limited	50
KBC Health & Safety Proprietary Limited	100
NQ Plus Networks Proprietary Limited	100
Only The Best Proprietary Limited	100
Pha Phama Africa Staff Services Proprietary Limited	100
Prisma Training Solutions Proprietary Limited	100
Teleresources Proprietary Limited	100
The Workforce Group Mauritius Limited	100
Training Force Namibia Proprietary Limited	100
Training Force Proprietary Limited	100
Talent Factory Proprietary Limited	100
Fuhara Solutions Proprietary Limited	100

23. Related-party transactions *(continued)*

Indirect subsidiaries	% Holding
Workforce Finance Proprietary Limited	100
Workforce Group Sociedade Unipessoal Limitada	100
Workforce Healthcare Proprietary Limited	50
Workforce Software Proprietary Limited	100
Workforce Worldwide Staffing Proprietary Limited	100

The Group owns 50% of Workforce Healthcare Proprietary Limited and 50% of Jet Talent Proprietary Limited, 48% Sizuluntu Staffing Solutions Proprietary Limited and 48% Sizuluntu Northern Cape Proprietary Limited. However, based on the contractual agreements between the group and other investors, the relevant activities of Workforce Healthcare Proprietary Limited and Jet Talent Proprietary Limited, Sizuluntu Staffing Solutions Proprietary Limited and Sizuluntu Northern Cape Proprietary Limited are determined by the board of directors of the group.

The Pha Phama Africa Employee Empowerment Trust and its subsidiary, Pha Phama Africa Investments Proprietary Limited, are consolidated in line with the requirements of IFRS 10: *Consolidated Financial Statements* and the subsidiary of the share trust is the beneficial owner of 14 370 000 (2018: 14 370 000) shares in Workforce Holdings Limited.

The cost of these shares amounted to R7,6 million (2018: R7,6 million).

24. Remuneration implementation report

The remuneration of directors and other members of key management during the year was as follows:

	Basic remuneration R	Medical contributions R	Allowances R	Retirement contributions R	Share incentive payments R	Bonus and profit share R	Total R
2019							
Executive directors							
RS Katz	3 598 380	160 692	–	–	–	371 000	4 130 072
WP van Wyk	2 069 043	–	6 000	102 337	–	250 000	2 427 380
Non-executive directors							
I Ross	168 958	–	–	–	–	–	168 958
JR Macey	516 495	–	–	–	–	–	516 495
KM Vundla	121 520	–	–	–	–	–	121 520
S Naidoo	144 238	–	–	–	–	–	144 238
S Thomas	182 549	–	–	–	–	–	182 549
Prescribed Officers							
Employee A	2 181 151	63 540	190 257	111 572	–	2 457 840	5 004 360
Employee B	3 030 737	58 692	477 970	152 313	–	999 261	4 718 973
Employee C	2 751 072	81 930	679 886	136 101	–	270 000	3 918 989
	14 764 143	364 854	1 354 113	502 323	–	4 348 101	21 333 531

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

24. Remuneration implementation report *(continued)*

	Basic remune-ration R	Medical contri-butions R	Allow-ances R	Retirement contri-butions R	Share Incentive payments R	Bonus and profit share R	Total R
2018							
Executive directors							
PM Froom*	2 300 234	39 240	137 618	68 608	–	360 000	2 905 700
RS Katz	3 351 931	146 268	–	–	–	350 000	3 848 199
WP van Wyk	1 881 673	–	12 000	93 061	–	220 000	2 206 734
Non-executive directors							
I Ross	59 777	–	–	–	–	–	59 777
JR Macey	200 063	–	–	–	–	–	200 063
S Naidoo	114 353	–	–	–	–	–	114 353
S Thomas	185 833						185 833
Prescribed Officers							
Employee A	2 084 759	57 798	153 876	106 414	–	1 677 406	4 080 253
Employee B	2 798 022	53 868	510 851	141 596	–	480 000	3 984 337
Employee C	2 581 420	74 532	653 631	127 702	–	250 000	3 687 285
	15 558 065	371 706	1 467 976	537 381	–	3 337 406	21 272 534

Compensation paid to key management personnel has all been effected through The Workforce Group Proprietary Limited. Prescribed officers, as set out in the table above, are not necessarily the same year-on year.

** Resigned 30 June 2018.*

24.1 Directors' interest in share capital

The directors' interest in share capital at year-end and at the date of this report were as follows:

	Beneficial Direct '000	Beneficial Indirect '000
2019		
R S Katz	**–**	**65 860**
WP van Wyk	**1 118**	**–**
S Naidoo	**–**	*****
M Anderson (alternate director)*	**–**	*****
	1 118	**65 860**
2018		
RS Katz	–	65 860
PM Froom	–	–
WP van Wyk	1 118	–
M Anderson (alternate director)*	–	*
S Naidoo	–	*
	1 118	65 860

** This director has an interest in Vunani Capital Proprietary Limited, which owns 42 900 000 shares in the company.*

25. Equity-settled employee benefits

25.1 Equity-settled share-based payments.

Details of the employee share appreciation rights scheme

The company has a share appreciation rights scheme for certain directors, management and staff of the company and its subsidiaries. In accordance with the terms of the scheme, as approved by shareholders at a previous annual general meeting, key staff members with more than three years' service may be granted share appreciation rights. Any awards received under this scheme are required to be applied exclusively towards the subscription and/or purchase of ordinary shares in the company.

Each employee share appreciation right provides the employee with a call option where the payoff is the difference between the market value of the company share and the strike price of the share on exercise date. Employees receive shares in settlement of the equity-settled share-based payment scheme. The employees are given the option of retaining the shares granted, or selling the shares on the open market. Share appreciation rights may be exercised at any time from the date of vesting until the date of their expiry.

	Number	Vest date	Grant date	Exercise price (cents)	Fair value at grant date (cents)	Fair value Total
Share appreciation rights issued on						
22 November 2019	17 168 000	22 November 2022	27 November 2019	123	159	16 113 471
13 November 2017	10 065 000	13 October 2020	10 November 2017	151	70	3 982 320

There were no share appreciation rights exercisable at the end of the current financial year.

Fair value of the share appreciation rights granted during the year

The fair value of the share appreciation rights is R5 529 029 (2018: R25 994 150) of which R4 992 437 (2018: R2 494 933) has been recognised in profit or loss and has been adjusted based on management's best estimate for the effects of non-transferability exercise restrictions and behavioural considerations.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

25. Equity-settled employee benefits *(continued)*

25.2 Movement in share options during the year

	2019 Number of options	2019 Weighted average exercise price	2018 Number of options	2018 Weighted average exercised price
Balance at the beginning of the year	**21 645 000**	**1,59**	33 674 000	1,51
Options granted during the year	**17 168 000**	**–**	–	1,51
Options forfeited during the year	**–**	**–**	1 060 000	–
Options exercised during the year	**(11 580 000)**	**1,37**	(5 435 000)	0,50
Options expired during year	**–**	**–**	–	–
	27 233 000	**1,48**	29 299 000	1,70

	Number exercised	Exercise date	Share price at exercise date
Share options exercised during the year	7 530 000	25 October 2019	1,55
Granted on 25 October 2016	4 050 000	30 June 2018	1,20
Granted on 22 June 2015			

All the options have been valued using the widely accepted Black-Scholes-Merton model. This model is used to value options traded openly in the market.

This methodology takes into account the following factors:

- Exercise price of the option;
- dates at which the option can be exercised;
- price of the Workforce share at grant date;
- expected volatility of the share price;
- risk free interest rate for the term until the option is exercised.

Where relevant, the expected life used in the model has been adjusted based on managements best estimate for the effects of non-transferability, exercised restrictions (including the probability of meeting market conditions attached to the option) and behavioural considerations. Expected volatility is based on the historical share price volatility over the past three years.

	2019	2018
25.3 Grant date share price	**170 cents**	150 cents
Inputs into model:		
Exercise price	**155 cents**	151 cents
Expected volatility	**59,57%**	59,57%
Share appreciation life	**36 months**	36 months
Dividend yield	**0%**	0%
Risk-free interest rate	**5,96%**	8,44%

25. Equity-settled employee benefits *(continued)*

Charge to profit and loss (note 17)

	2019	2018
2019 option	**499 144**	–
2017 option	**2 495 679**	2 026 866
2016 option	**1 611 988**	336 796
2015 option	**(81 804)**	131 271
	4 525 007	2 494 933

25.4 Movement in share options during the year

The share options outstanding at the end of the year had a weighted average exercise price of R1,48 (2018: R1,51), and a weighted average remaining contractual life of three years (2018: two years).

26. Contingent liabilities

Legal claim contingency

Various legal claims were brought against the group during the year. Unless recognised as a liability, the directors consider these claims to be unjustified and the probability that they will require settlement at the group's expense to be remote, since the claims are not in accordance with either the contracts with the customers or normal business practices in the industry. This evaluation is consistent with external independent legal advice. Potential claims by third parties amount to R13 447 760 (2018: R1 389 981).

27. Subsequent event

27.1 Business acquired

2019	Principal activity	Date of acquisition	Portion of business acquired %	Consideration transferred R'000
Uni Education Group Proprietary Limited	Uni Education Group (Pty) Ltd ("UEG") is the 100% holding company of Chartall Business College (Pty) Ltd ("Chartall Business College"), a registered and accredited provider of training services and educational qualifications primarily to the financial services sector and mainly through the on-line medium.	**1 January 2020**	**100**	**34 883**
				34 883

Workforce has obtained control of the abovementioned entity by acquiring 100% of the equity and voting rights in UEG. UEG was acquired in order to grow and diversify Workforce's training segment by providing specialised training programmes in addition to the existing training programmes currently offered.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

27. Subsequent event *(continued)*

Consideration transferred

	Total R'000
Cash	13 953
Contingent consideration	20 930
Total	**34 883**
Cash consideration	
First payment	13 558
Contingent consideration	
Second payment	5 785
Third payment	4 923
Forth payment	4 923
Subtotal of future payments	**29 189**
Interest raised on future payments	5 694
Total	**34 883**

Under the contingent consideration arrangement for UEG, Workforce is obliged to pay an amount of up to R6 976 578 (inclusive of future interest) subject to UEG achieving an agreed upon after tax profit for the 12 months ending 31 December 2020 and an amount of up to R6 976 578 (inclusive of future interest) subject to UEG achieving an agreed upon after tax profit for the 12 months ending 31 December 2021. Should the after tax profit for the 24 month period ending 31 December 2021 exceed R15 562 129, an additional payment of up to R6 976 578 (inclusive of future interest) may also be payable. All these payments are calculated using agreed upon formulae. The directors believe that these payments are probable.

Assets acquired and liabilities recognised at the date of acquisition

		Total R'000
27.1.2	*Non-current assets*	**5 213**
	Property, plant and equipment	**9**
	Intangible assets	**5 184**
	Deferred tax asset	**20**
	Current assets	**1 967**
	Trade and other receivables	**1 849**
	Cash and cash equivalents	**118**
	Current liabilities	**(777)**
	Trade and other payables	**(777)**
	Total	**6 403**

The receivables acquired (principally trade receivables) in this transaction with a fair value of R1 849 703 for Chartall Business College is equivalent to the gross contractual amount. All contractual cash flows are expected to be collected.

27. Subsequent event *(continued)*

	Total R'000
Net cash outflow on acquisition of subsidiaries	
Consideration to be paid in cash	34 883
Less: Cash and cash equivalent balances acquired	(118)
Total	34 765
Goodwill arising on acquisition	
Consideration	34 883
Less: Fair value of identifiable net assets acquired	(6 402)
Less: Interest raised on future payments	(5 694)
Goodwill arising on acquisition	22 787

Goodwill arises on the acquisition of UEG because the cost of the combination includes a control premium. In addition, the consideration paid for the combination effectively includes 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 UEG 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 R26 511 680 with profit after tax of R6 976 578 for the period under review.

Revenue from the above acquisition, subsequent to the period under review amounted to R4 250 322 with profit after tax of R1 189 284.

Acquisition-related costs amounting to R276 747 have been excluded from the consideration transferred and have been recognised as an expense in the profit or loss in the 2020 year.

27.2 COVID-19

Management is actively engaging on and monitoring the Codiv-19 pandemic, firstly to ensure that we discharge our social responsibility to slow down the progress of the virus across the spectrum of human capital we are responsible for, but also to ensure the sustainability of our business, given the possible negative impact on the economy. Given the high degree of uncertainty of the pandemic effect on our operating environment, we are unable to estimate the financial effect of this event.

A slowdown in demand for our clients' products linked with the possible temporary closure of some of our client's sites, may have an adverse effect on turnover and cash flow. Workforce's business model is robust with a high degree of variability in the cost base. In addition, our funding arrangements have an embedded mechanism by which more cash becomes available in the short-term as debtors are liquidated. Management is confident that the business has the necessary focus, capabilities and resources in place to cope with this situation.

A deterioration in our client's ability to repay the debtors book as a result of the pandemic may also be a possible scenario. To this effect management is focussed on cash preservation as well as more robust management of our credit granting activities. Discussions with our funders is ongoing in this regard coupled with a focus on those debtors who might miss payments or start to build up a large portion of outstanding debt. We undertake to monitor this stringently.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

28. Restatement of the prior year

Statement of cash flows

Certain reclassification has been made to the prior period's consolidated statement of cash flows in order to enhance the comparability to the current period's financial results. Cash flows arising from the repayment of contingent consideration liabilities was incorrectly classified as a investing activity. This has now been corrected to be classified as a financing activity.

	Restated 31 December 2018 R'000	Previously reported 31 December 2018 R'000	Adjustment R'000
Cash flows from investing activities	**(14 763)**	(69 258)	54 495
	5 239	(49 256)	54 495
Contingent consideration liability	**(54 495)**	–	(54 495)

SHAREHOLDER INFORMATION

CORPORATE INFORMATION

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Sirkien van Schalkwyk

Designated advisor
Merchantec Capital

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11 Wellington Road
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Transfer secretaries
Link Market Services South Africa
Proprietary Limited

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2193

PO Box 11137
Johannesburg
2000

Commercial bankers
ABSA Business Bank

Company registration number
2006/018145/06

Website address
www.workforce.co.za

SHAREHOLDERS' DIARY

Financial year-end	31 December
Abridged results released on SENS	31 March 2020
Summarised results and notice of annual general meeting posted to shareholders	30 April 2020
Integrated report available to shareholders on our website	30 March 2020
Annual general meeting*	6 July 2020
Interim period	30 June
Half-year interim report	Mid-August 2020

** Due to the COVID-19 lockdown of 21 days, the AGM is extended to meet all necessary regulatory requirements.*

ANALYSIS OF SHAREHOLDERS

as at 31 December 2019

	Number of holders	% of total shareholders	Number of shares	% of total issued share capital
1. Analysis of shareholdings				
Range				
1 – 1 000	187	52,97	56 561	0,02
1 001 – 10 000	80	23,80	376 771	0,16
10 001 – 100 000	50	14,45	2 092 677	0,86
100 001 – 1 000 000	21	6,23	6 560 278	2,69
1 000 001 and more	8	2,55	234 645 056	96,27
Totals	**353**	**100**	**243 731 343**	**100**
2. Major shareholders (5% and more of the shares in issue				
Force Holdings (Proprietary) Limited			97 912 399	40,17
Little Kittens (Proprietary) Limited			65 860 000	27,02
Vebicept Pty Ltd			42 900 000	17,60
Pha Phama Africa Investments (Pty) Ltd			14 370 000	5,90
3. Shareholder spread				
Non-public	4	1,13	85 337 565	34,96
Directors	2	0,85	66 978 009	27,48
10% or more of issued capital	0	0,00	0	0,00
Treasury shares	1	0,28	18 239 084	7,48
Public	349	98,87	158 393 778	65,04
Totals	**353**	**100**	**243 731 434**	**100**
4. Distribution of shareholders				
Individuals	330	93,48	8 391 505	3,44
Pension funds	9	2,55	1 221 695	0,50
Other managed funds	6	1,70	591 096	0,24
Other companies and corporate bodies	8	2,27	233 527 047	95,82
Totals	**353**	**100**	**243 731 343**	**100**

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 or via Microsoft Teams on Monday, 6 July 2020 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

	2020
Record date in order to be eligible to receive the annual general meeting notice	Friday, 22 May
Annual general meeting notice posted to shareholders	Thursday, 28 May
Last date to trade in order to be eligible to vote at the annual general meeting	Tuesday, 23 June
Record date in order to be eligible to vote at the annual general meeting	Friday, 26 June
Last day to lodge forms of proxy for the annual general meeting (by 10:00) for administration purposes	Thursday, 2 July
Annual general meeting (at 10:00)	Monday, 6 July
Results of the annual general meeting released on SENS	Monday, 6 July

- 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, 6 July 2020.
- 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.

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 2019 as set out in the company's integrated annual report 2019, of which this annual general meeting notice forms part; 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 10, excluding ordinary resolution number 9, 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 9 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: Re-election of Kyansambo Vundla

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

An abbreviated *curriculum vitae* in respect of Kyansambo Vundla may be viewed on page 65 of the integrated annual report of which this annual general meeting notice forms part.

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

2. Ordinary resolution number 2: Re-election of Shelley Thomas

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

An abbreviated *curriculum vitae* in respect of Shelley Thomas may be viewed on page 65 of the integrated annual report of which this annual general meeting notice forms part.

The remuneration and nominations committee has considered Shelley Thomas'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 Shelley Thomas be re-elected as a director of the company.

Reason for ordinary resolutions numbers 1 and 2

The reason for ordinary resolutions numbers 1 and 2 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.

3. Ordinary resolution number 3: 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 3

The reason for ordinary resolution number 3 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.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

4. **Ordinary resolution number 4: Reappointment of Kyansambo Vundla as member and chairman of the audit and risk committee**

   "Resolved that, subject to the passing of ordinary resolution number 1, Kyansambo Vundla be reelected 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 65 of the integrated annual report of which this annual general meeting notice forms part.

5. **Ordinary resolution number 5: Reappointment of John Macey as a member of the audit and risk committee**

   "Resolved that 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 65 of the integrated annual report of which this annual general meeting notice forms part.

6. **Ordinary resolution number 6: Reappointment of Shelley Thomas as a member of the audit and risk committee**

   "Resolved that, subject to the passing of ordinary resolution number 2, Shelley Thomas be reelected 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 65 of the integrated annual report of which this annual general meeting notice forms part.

   Reason for ordinary resolutions number 4 to 6

   The reason for ordinary resolutions numbers 4 to 6 (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.

7. **Ordinary resolution number 7: Endorsement of remuneration policy and implementation report**

   Ordinary resolution 7.1

   "Resolved that the company's remuneration policy, as set out in the remuneration report on page 66 of the integrated annual report of which this notice forms part, 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 7.2

   "Resolved that the implementation report, as set out on page 69 of the integrated annual report of which this notice forms part, 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 resolutions numbers 7.1 and 7.2

   The reason for ordinary resolutions numbers 7.1 and 7.2 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.

8. **Ordinary resolution number 8: 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 31 March 2020, 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, save that the aforementioned 15% limitation shall not apply to any shares issued in terms of a rights offer."

Reason for ordinary resolution number 8

The reason for ordinary resolution number 8 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 31 March 2020.

9. Ordinary resolution number 9: 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 23 March 2020 (net of treasury shares being 226 645 964 ordinary 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 15 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."

Reason for ordinary resolution number 9

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 8 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 9 must accordingly be read together with authority granted in terms of ordinary resolution number 8 above and any exercise thereof will be subject to the conditions contained in this ordinary resolution number 9.

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.

10. Ordinary resolution number 10: 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 10

The reason for ordinary resolution number 10 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.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Special business

11. 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 2020:

	2020	2019
Category	**Recommended remuneration**	
Board Chairman	**R408 312 annual retainer** **R16 040 per meeting attended**	R408 312 annual retainer R15 135 per meeting attended
Board member	**R50 650 annual retainer** **R16 040 per meeting attended**	R47 790 annual retainer R15 135 per meeting attended
Ad hoc fee	**R2 250 per hour**	R2 120 per hour
Audit and risk committee		
Chairman	**R15 160 per meeting attended**	R14 304 per meeting attended
Member	**R13 480 per meeting attended**	R12 720 per meeting attended
Remuneration committee		
Chairman	**R15 160 per meeting attended**	R14 304 per meeting attended
Member	**R13 480 per meeting attended**	R12 720 per meeting attended
Social and ethics committee		
Chairman	**R15 160 per meeting attended**	R14 304 per meeting attended
Member	**R13 480 per meeting attended**	R12 720 per meeting attended
Investment committee		
Chairman	**R15 160 per meeting attended**	R14 304 per meeting attended
Member	**R13 480 per meeting attended**	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.

12. 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.

13. 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 are 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 sections 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 15 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 affected. 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(h) 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.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

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 151); and
- share capital of the company (page 120).

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 has 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

Schalkwyk

Sirkien van Schalkwyk
Company secretary

28 May 2020

NOTES

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 or via Microsoft Teams on Monday, 6 July 2020 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 2019			
Ordinary resolution number 1: To re-elect Kyansambo Vundla as director			
Ordinary resolution number 2: To re-elect Shelley Thomas as director			
Ordinary resolution number 3: Confirmation of auditor's reappointment			
Ordinary resolution number 4: Reappointment of Kyansambo Vundla as chairman to audit and risk committee			
Ordinary resolution number 5: Reappointment of John Macey to audit and risk committee			
Ordinary resolution number 6: Reappointment of Shelley Thomas to audit and risk committee			
Ordinary resolution number 7: 7.1 Endorsement of remuneration policy			
Ordinary resolution number 7: 7.2 Endorsement of the implementation report			
Ordinary resolution number 8: Placing of unissued shares under the directors' control			
Ordinary resolution number 9: General authority to issue shares for cash			
Ordinary resolution number 10: 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 2020

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:	Postal deliveries to:
13th Floor, Rennie House	PO Box 4844
19 Ameshoff Street	Johannesburg
Braamfontein	2000
Johannesburg	

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; and
    - 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.

APPENDIX 1

As a result of the Covid-19 outbreak, it may be required to participate in the annual general meeting via electronic means, rather than physically. Shareholders' attention is also drawn to the guidance from authorities regarding the need for social distancing, and therefore we urge shareholders to submit their votes via proxy.

Shareholders or their duly appointed proxy(ies) that wish to participate in the annual general meeting via electronic means ("Participant(s)") are requested to deliver written notice in the form of Appendix 1 to the notice of annual general meeting ("Appendix 1") to the company's transfer secretary, Link Market Services South Africa Proprietary Limited ("Link Market Services"), by delivering the duly completed Appendix 1 to:

13th Floor, Rennie House , 19 Ameshoff Street, Braamfontein, Johannesburg, or posting it to PO Box 4844, Johannesburg, 2000 (at the risk of the Participant), or by email to meetfax@linkmarketservices.co.za so as to be received by Link Market Services by no later than 10:00 on Thursday, 2 July 2020. Participants participating via electronic means will still need to submit completed proxy forms in order for their votes to be counted. The company shall, by no later than 14:00 on Friday, 3 July 2020, notify Participants that have delivered valid notices in the form of Appendix 1, by email of the relevant details through which Participants can participate electronically. To the extent that the meeting will need to be held entirely through electronic means, shareholders may be advised of this by announcement on SENS in the week prior to the date of the meeting.

APPENDIX 1 (CONTINUED)

Participation in the annual general meeting via electronic communication

CAPITALISED TERMS USED IN THIS FORM SHALL BEAR THE MEANINGS ASCRIBED THERETO IN THE NOTICE OF AGM TO WHICH THIS PARTICIPATION FORM IS ATTACHED

Shareholders or their duly appointed proxy(ies) that wish to participate in the annual general meeting via electronic communication (Participants), must apply to Link Market Services, by delivering the duly completed Form to:
13th Floor, Rennie House , 19 Ameshoff Street, Braamfontein, Johannesburg, or posting it to PO Box 4844, Johannesburg, 2000 (at the risk of the Participant), or by email to meetfax@linkmarketservices.co.za so as to be received by Link Market Services by no later than 10:00 on Thursday, 2 July 2020. Link Market Services will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

Important notice

The company shall, by no later than 14:00 on Friday, 3 July 2020, notify Participants that have delivered valid notices in the form of this Form, by email of the relevant details through which Participants can participate electronically.

Application form

Full name of Participant:

ID number:

Email address:

Cell number:

Telephone number: (code) (number)

Name of CSDP or broker (if shares are held in dematerialised format):

Contact number of CSDP/broker:

Contact person of CSDP/broker:

Number of shares certificate (if applicable)

Signature:

Date:

Terms and conditions for participation in the annual general meeting via electronic communication

1. The cost of electronic participation in the annual general meeting is for the expense of the Participant and will be billed separately by the Participant's own service provider.
2. The Participant acknowledges that the electronic communication services are provided by third parties and indemnifies Workforce against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against the company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participants via the electronic services to the annual general meeting.
3. Participants should note that they may not be able to vote during the annual general meeting. Should Participants wish to vote, they should, in accordance with the instructions included in the notice of annual general meeting, as may be applicable, either:
   3.1. complete the proxy form and return it to Link Market Services; or
   3.2. contact their CSDP or broker.
4. The application to participate in the annual general meeting electronically will only be deemed successful if this application form has been completed and signed by the Participant.
5. Workforce cannot guarantee there will not be a break in electronic communication that is beyond the control of the company.

Participant's name

Signature Date

DEFINITIONS AND ABBREVIATIONS

AEDO	Authenticated Early Debit Order
Allmed	Allmed Healthcare Professionals Proprietary Limited
AGM	Annual General Meeting
B-BBEE	Broad-Based Black Economic Empowerment
Board	Board of directors of Workforce Holdings Limited
Companies Act or the Act	The South African Companies Act 2008 (Act 71 of 2008), as amended
CSI	Corporate Social Investment
DSO	Days sales outstanding
EAP	Economically active population or employee assistance programme
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EEA	Employment Equity Amendment Act 47 of 2013
EME	Exempted micro enterprise
EPS	Earnings per share
ETI	Employment tax incentive
Exco	Executive Committee
Group	Workforce Holdings Limited and its subsidiaries
HEPS	Headline earnings per share
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
IS	Information systems
IT	Information technology
JSE	JSE Limited (Registration number 2005/022939/06) a company duly registered and incorporated with limited liability, licensed as an exchange in terms of the Securities Services Act No 36 of 2004
LRA	Labour Relations Amendment Act 6 of 2014
KBC	KBC Holdings Proprietary Limited
King IV™	King IV™ Report on Corporate Governance for South Africa, 2016
KPIs	Key performance indicators
MOI	Memorandum of Incorporation
NAV	Net asset value
NQF	National qualifications framework
OECD	Organisation for Economic Cooperation and Development
PAIA	Promotion of Access to Information Act, 2000 (Act 2 of 2000)
PE ratio	Price Earnings ratio
POPI	Protection of Personal Information Act (Act 4 of 2013)
QSE	Qualifying small enterprise
ROI	Return on investment
SAQA	South African Qualifications Authority
SARS	Share Appreciation Rights Scheme
SED	Socio-economic development
SENS	The Securities Exchange News Service of the JSE
SETA	Sector Education and Training Authority
SLA	Service level agreement
Telebest	Telebest Holdings Proprietary Limited
TES	Temporary Employment Services
The Workforce Group	The Workforce Group Proprietary Limited (Registration number 1999/006358/07) a company incorporated in terms of the company laws of South Africa, a wholly owned subsidiary of Workforce
Workforce or the company	Workforce Holdings Limited (Registration number 2006/018145/06) a company incorporated in terms of the company laws of South Africa, and listed on the alternative exchange of the JSE (Altx)
YES Programme	Youth Employment Services programme

Manifesto

We believe a job is not just a job; it is a life-changing opportunity for an individual.

A job is a path to a quality life for the individual and a valuable investment for the stakeholder.

Our business has always been about people and how to change people's lives for the better. We've spent years learning about our industry and the people we work with; client, candidate and stakeholder. We've always been on a quest to uplift people, not just giving them an opportunity to work, but also ensuring that they have the tools to be productive through training, healthcare, employee benefits and lifestyle products. We've forged ahead in this quest and today not only do we give people an opportunity to work so that they can build a life for them and their loved ones, but we also uplift them through training and skills development and ensure that they are healthy and happy individuals.

But this is a never-ending quest because there are always more lives to be changed, more value to gain from investing in people.

We are here to stay, because while we strive to make an impact we want that impact to be sustainable. At our heart, we are many, all working towards a common goal, working together and supporting each other in every endeavour.

And we are here to uplift people and grow our business in the process.

Uplifting people. **Growing** business.

We want Workforce to stand for "upliftment and growth" – let it build over time. That is what the name Workforce Holdings becomes synonymous with.