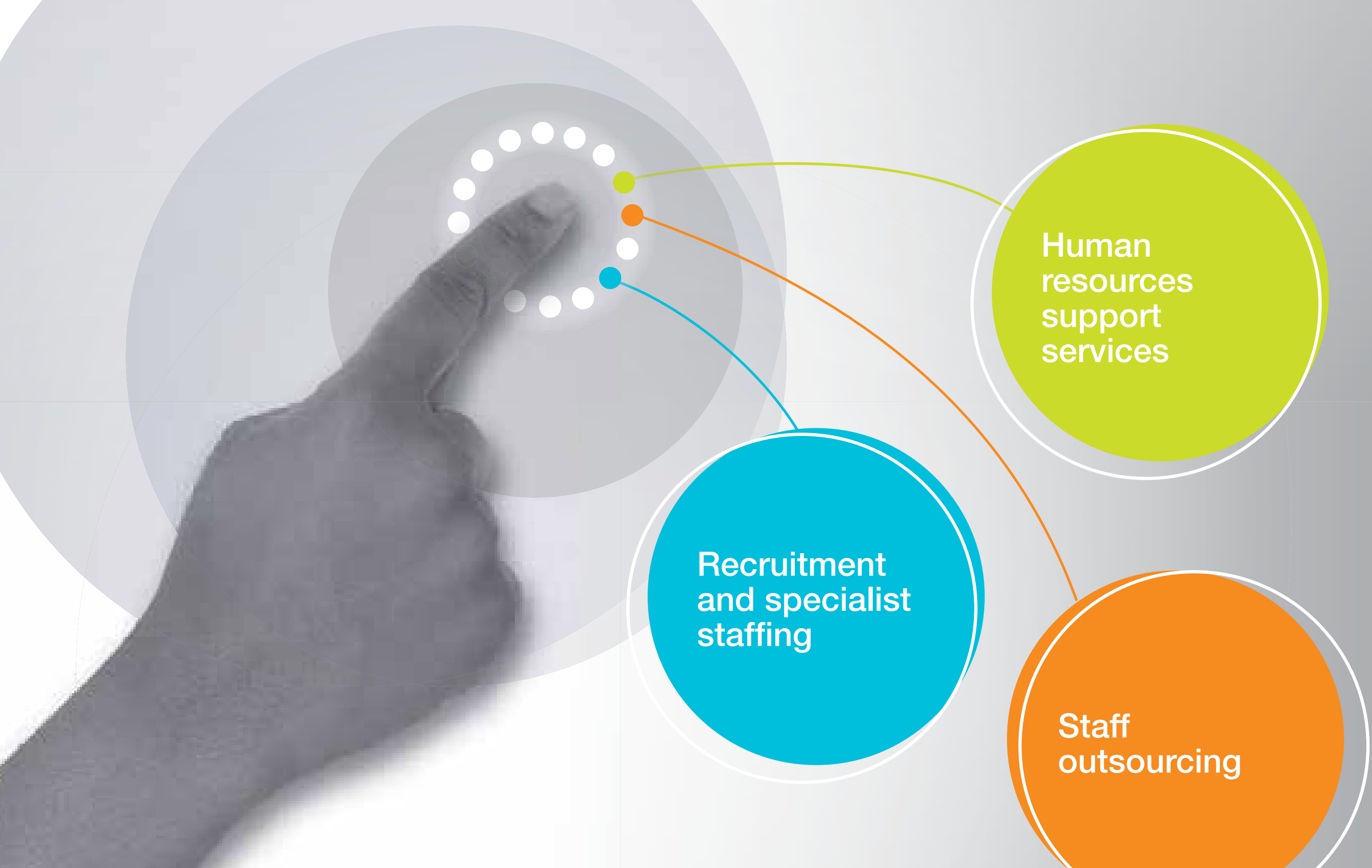
Contents

Group profile

The Workforce brand has been at the forefront of the temporary employment services sector since its establishment in 1972. Today the group has grown into a diversified provider of customer-centric solutions for the supply, management and administration of the human resources requirements of a broad range of industries, both locally and internationally.

The group's core offerings span:



These services are delivered by niche focused businesses, each having the necessary expertise and service flexibility to enable the group to offer an umbrella approach to an extended range of service solutions. Expanding the synergies between each of these closely aligned business units, together with leading edge information technology architecture and systems, will continue to drive the group's success

Group at a glance

workforce HOLDINGS LIMITED

the workforce group

Staff outsourcing	Recruitment and specialist staffing	Human resources support services
workforce staffing	Fempower	TRAINING FORCE
workforce retail	workforce worldwide	workforce healthcare
workforce hospitality	accotech INTERIM OUTSOURCING	workforce SUPERDATA
	SURROUND YOURSELF ONLY the BEST WITH GOOD STAFF	babereki
	Teleresources CONTACT CENTRE STAFFING	workforce payrolling
	KHETHA STAFFING SERVICES	workforce software
	albrecht nursing agency	

Staff outsourcing

Workforce offers an integrated solution to outsourcing staff and the related management component, enabling our clients to focus on their core offerings, align manufacturing and delivery to market needs and achieve predictable costs.

Recruitment and specialist staffing

Skills shortages are a global phenomenon that will continue for several decades. Sourcing, engaging and retaining talent will remain the single most important human resources challenge for employers. Within this exacting environment, the group has strengthened its market position and, through its niche focused business divisions, will continue to elaborate on selected areas of specialisation to play an increasingly important role in facilitating the search and recruitment of talent on behalf of clients.

Human resources support services

One of the group's foremost strengths is the ability to seamlessly integrate the services of each of our closely aligned specialist divisions to enable the group to add value to all aspects of the human resources management matrix. In addition to employee health management, this spans skills assessments, training, payroll administration, automated time and attendance tracking, customised software development and implementation and providing a range of lifestyle products and services for employees.

Board of directors

The strength of our leadership and commitment to developing our industry are cornerstones of our sustainable growth.

Ronny Katz

BCom, LLB, MBA

Executive Chairman

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 1973, Ronny started Workforce and has concentrated on its development since then.

Lawrence Diamond

BA (Ind psych), BA (Hons) (Bus Admin) PDM (Bus Admin)

Chief Executive Officer

Lawrence joined Workforce in 2006, serving initially as managing director of Babereki Employee Support Services, and later assuming responsibility for implementation of the group's business development strategy and integration of the various businesses. Prior to that, he worked in the corporate and business start-up sectors in senior management positions. He was appointed chief executive officer of Workforce Holdings Limited in June 2009.

Willie van Wyk

BCompt (Hons), CA(SA)

Financial Director

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.

Mark Anderson

BCom (Hons), CA(SA)

Non-Executive Director

Mark is an executive director of Vunani Limited, a company listed on the JSE's Alternative Exchange. Since Vunani's formation in 1998, Mark has held a number of positions with the company, including head of corporate finance. He is currently responsible for Vunani's investment banking activities. Prior to joining Vunani, Mark ran a corporate finance boutique and in the 1980s and early part of the 1990s advised and consulted to trade unions.

John Macey

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

Independent Non-Executive Director

John completed his articles with Deloitte & Touche. He was a financial director for five years before relocating to Cape Town where he lectured at the University of Cape Town (UCT) for nine years. During his tenure at UCT, he assisted two JSE Securities Exchange groups on a consulting basis and currently acts as advisor in IFRS disclosure to two audit and accounting firms.
John is currently a principal for a New York investment bank, Nova Capital Partners. In addition, he is a partner in local investment banking and corporate finance firm, Blue Rock Capital.

Lulu Letlape

BA(Ed), MA (Public and Development Management)

Independent Non-Executive Director

Lulu is the executive director responsible for corporate affairs at the Sanlam Group, where she is responsible for key strategic functions such as corporate communication, sustainability management, corporate social investment as well as public affairs and stakeholder management. Lulu has vast business experience, which includes several executive and non-executive roles. Among others, she also served on the King III Sustainability Committee for the public relations and communications industry.

Kyansambo Vundla

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

Independent Non-Executive Director

Kyansambo is the chief financial officer of various divisions and a subsidiary of the Momentum Group Limited. She is also Chairperson of the Bonitas Marketing Company (Pty) Limited audit and risk committee as well as a member of the audit and risk committee of Bonitas Medical Aid Fund.

Chairman's report

Ronny Katz
BCom, LLB, MBA
Executive Chairman

I am pleased to report on the pertinent affairs of the group for the 2010 financial year. The year has seen a number of building blocks set down for the group's future development.

Firstly, I would like to welcome Kyansambo Vundla and Lulu Letlape, who were both appointed as non-executive directors of Workforce Holdings Limited during the year under review. These appointments were made both to improve our corporate governance and to enhance our commitment to transformation. We have already enjoyed the benefit of valuable input from them and I wish them a long and fruitful relationship with the group. It was with regret that we accepted Ethan Dube's resignation. The board of directors and I would like to record our thanks to him for his valuable contribution and insight into our corporate affairs.

Workforce Holdings Limited's team of executive directors and those of its trading subsidiaries were, with minor exceptions, very stable and this enabled key personnel to settle well into their positions and to bed down the management policies and changes we have been introducing over the past few years. I would like to thank Lawrence Diamond, the company's chief executive officer (CEO), for his ever-increasing contribution to the group. The recent split of duties between CEO and chairman is resulting in a stronger base for the group, both operationally and from a corporate governance point of view.

As can be seen from our financial statements, the nature of the group's banking facility was changed during October 2010. The group opted to move from a long term loan facility of R160 million, secured by its debtors book, to an undisclosed invoice discount facility. The advantages to the group are a lower interest rate and the elimination of a large negative interest on unused funds from the loan facility. Nedbank and ABSA have historically been our two main bankers. ABSA, our group bank for more than 30 years, is now our main banker, while we continue to maintain a good relationship with Nedbank.

Changed economic environment

As mentioned in the chairman's report last year, a number of structural and management changes were enacted to cope with the changed economic environment, as well as the proposed changes in our industry. The group's core business of staff outsourcing under the Workforce Staffing brand was faced with many challenges, despite which the group was able to increase turnover and market share, albeit at lower margins. The continuous and ever-changing proposals and reports on intended labour law legislation had a negative effect on clients' willingness to engage the group's services. This had to be overcome partly by lower margins and partly via a new approach to our service offerings.

The FIFA World Cup 2010 did not deliver the increased business for which we had both planned and contracted. On the contrary, our experience was that after the World Cup there was a decrease in activity, particularly in construction. This was exacerbated by the absence of government infrastructure spend which continued through to October 2010, when the group experienced a resumption in demand.

The group's permanent placement divisions were all badly affected by the economic downturn and, although we have been able to return them to profitability, their contribution is far from its expected level.

Through its legal division, the group has actively participated in all discussions around the proposed new labour laws. At this stage it is very difficult to anticipate the end result and the timeframe for the introduction of new legislation. The group continuously develops new service deliveries and modifies existing offerings to ensure compliance with the expected legislation and which will deliver both "decent work", as defined by the International Labour Organisation and ensure that clients' economic and staffing interests and needs are met. The finalisation of the new legislation will herald in a more secure environment for the group and its clients.

The group has also commenced a concurrent strategy aimed at increasing its contribution of non-core activities to profits, in order to reduce our reliance on staff outsourcing. However, this does not mean we will make a lesser effort in staff outsourcing, as we believe in and are committed to its success and future growth.

Financial results

This year's financial results, while reflecting a fair improvement on last year, are still lagging behind what the group's activities are capable of producing, largely for the reasons I have noted. The CEO's report refers to these in detail.

Debtors, which are the group's major asset, benefited from management and system changes introduced last year. Development in this area is continuous and we hope to see a further improvement in debtors days outstanding during the current year.

Training Force continued making inroads into training, which has become a market in which major spending growth is anticipated in the next few years. The division is well positioned to capitalise on this trend and we have accordingly invested additional resources in management, course development and infrastructure. Our customer base has grown well outside of the Workforce group customer base in accordance with our development strategy. The group also placed further emphasis on internal and client training, learnerships and apprenticeships.

Babereki and its external marketing brand, Dreams Direct, enjoyed continuing growth in its sales and services to employees and contractors within the group. Dreams Direct's main emphasis is to deliver the same products and services to employees of companies that are not part of the group, in order to expand the market for these products. This was introduced conservatively during the year, with a view to initially developing and testing systems to handle the extended market. This development is ongoing and the division is confident that its systems can back its sales growth plans.

Workforce Healthcare has been awarded contracts to supply employee wellness programmes to a number of government departments. These programmes are one of a large suite of healthcare solutions the division offers. Again, this is an area of spend which we anticipate will grow significantly in the years to come. Its profit contribution to the group is not significant at this stage, but we plan to increase it.

Albrecht Nursing Agency continued to contribute to group profits, despite the loss of contracts in the state hospital arena. The management of this division is committed to grow both its product range and the areas it services.

Telebest results continued to be adversely affected by the poor state of the permanent recruitment market. However, Telebest was successful in increasing its number on the business process outsourcing and other temporary staffing markets during the last quarter of 2010, a trend which appears to be continuing.

Fempower fared in a similar manner. A drop in the permanent placement market reduced its profit numbers, but the division is responding with a greater emphasis on the temporary and contract market.

Information technology remains the cornerstone of our business marketing efforts. We will continue to invest resources into this area, as we believe it adds significantly to our competitiveness in the market.

Our entry into the process outsourcing field, particularly in KwaZulu-Natal, has shown promising results and will continue to receive our focus in the coming year.

Outlook

Although we believe the outlook for the economy remains one of positive growth, in our industry we are obliged to temper our expectations with the debate surrounding the eventual outcome of new labour legislation. We believe that we will be well positioned for the outcome and that the group will continue to grow, both in its core business and in its other business activities. The new labour legislation is so complex that the services of a staff outsourcing company will become even more essential, particularly if the staff outsourcer has the requisite intellectual know-how and systems to deal with the new laws. We accordingly look forward to continued growth for the group and its staff.

Appreciation

I would like to thank the group's management and employees for their ongoing commitment and contribution to the various businesses of the group. I also would like to extend my appreciation to our outsourced employees, trainees and learners for the dedication and commitment to achieve and to grow their contributions to our clients' requirements.

I also thank all members of the audit and risk committee and board of directors for their ongoing advice and direction which have proved invaluable, and to the executive directors of the holding company and all of its subsidiaries for their substantial and continuous efforts to further the profitability and growth of the group.

RS Katz
Executive Chairman

CEO's report

Lawrence Diamond
BA (Ind psych), BA (hons) (bus Admin) PDM (bus admin)
Chief Executive Officer

Overview

The financial year ended December 2010 proved to be a difficult year for the Workforce group. However, in the context of the recessionary conditions that continued to characterise the South African economy, coupled with the negative perceptions created by the ongoing debate on the future of the Temporary Employment Services (TES) industry, the results were satisfactory though not to management expectation.

In this regard HEPS increased marginally to 6,7 cents up from 6,4 cents for corresponding prior period. Earnings for the year of 6,8 cents per share (FY2009: 5,1c cents per share) were some 33% higher than the compatible earnings per share for the prior year.

The group's staff outsourcing business continued to show steady growth in revenue, particularly within the Gauteng and Natal regions. However, this increased revenue came off the back of a fiercely competitive market landscape, which resulted in reduced gross margins.

The group's white collar and permanent recruitment businesses started showing signs of recovery in the fourth quarter of the year and it is expected that this trend will continue throughout 2011. The human resources support cluster of businesses, particularly Babereki Employee Support Services, continued to show strong growth within their respective markets, contributing significantly to an increase in revenue and profitability. Workforce Healthcare also indicated growth potential, particularly within the employee wellness market, which will form part of its business growth strategy. Training Force, the group's training business, continued to make inroads into its targeted markets. It is envisaged that the skills development and training market will experience substantial growth in the future and investments in management, systems and infrastructure have consequently been made to capitalise on this trend.

Following much negotiation and debate around the role of the TES or labour broking industry, Draft Labour Bills were published for public comment in December 2010. It is the group's view that these Bills will change drastically before they are finally submitted to the National Assembly for approval.

Workforce has taken an active role in the negotiations focusing on the future of the industry and will continue to encourage responsible regulation. In general, the group welcomes any proposed regulatory changes which serve to entrench greater compliance within the industry. Regulations of this nature have tended to favour larger, more sophisticated players, whose respective market share has generally increased following the enactment of similar regulations. The services provided by the group place it in a unique position to provide solutions to clients that will help them navigate through the complex labour environment. New product developments and innovative business models will serve to protect and grow the group's market share within what we believe will be a more consolidated compliant industry.

The outstanding matter relating to assessments issued in terms of the Compensation for Occupational Injuries and Disease Act, No 130 of 1993, which gave rise to a contingent liability of R13,5 million in the 2009 financial statements, has been concluded in the group's favour. The outcome is that the company has no liability, contingent or otherwise, in this regard.

Our drive to realise our strategy of sustainable growth in our chosen markets is gaining momentum. New advances in customer-centric technology solutions are currently being implemented which will result in greater operational efficiency and more value for existing and new customer segments.

Operational and financial overview

Group revenue of R1,153 billion reflected a 10% increase, compared to revenue of R1,043 billion achieved in the previous year. The full effect of the group's investment in operations and people did not materialise. Further increases are expected in 2011 without additional investment in operations.

EBITDA of R35,98 million for year ended December 2010 is marginally down on the R36,3 million for the comparative prior year, primarily as a result of increases in operational costs across the various businesses.

Operating costs increased by 15% as a result of an ongoing focus on upskilling existing employees and the costs associated with attracting and retaining key staff, which we believe will position the group well into the future. Management maintains its focus on streamlining existing operational processes and developing and implementing new technologies and systems to augment current internal and client requirements. Specific projects, including group procurement optimisation and VoIP implementation, are progressing well and should contribute to efficiencies in 2011.

The group's gross margin of 24,2% was marginally up on the 23,7% of the previous year. Margins were negatively impacted by competitive pricing pressure within the traditional blue collar markets. This was, however, countered by positive gains made within the human resources support services cluster.

Cash management remains a core management focus. In this regard the improving downward trend in debtors days outstanding continued. Average group debtor's days for the second half of the year improved from 61 days in 2009 to 55 days in 2010 (excluding financial and retail lending products). Closing days sales outstanding were marginally higher at 54 days, primarily as a result of some debtors taking extended terms over the December period. Additional operational initiatives including both process and system enhancements will be implemented to reduce this even further in the year ahead.

Outlook

The expectation for the coming year is that the South African economy will continue to recover slowly and that the group will benefit as a result. The group is focussed on achieving its strategic objectives, which include growth and diversification of revenue streams, the further development and rollout of customer-centric technology solutions used to augment and differentiate our solutions, attracting and retaining top industry talent and cash management.

The group has a strong and robust balance sheet and is therefore well positioned to take advantage of market related growth and broader opportunities. We embrace current market challenges and look forward to sustainable growth.

Appreciation

I would like to take this opportunity to thank our Chairman, Mr Ronny Katz, for his continued mentorship and support. I would also like to thank all directors, management and staff for their continued resilience, energy and commitment to achieving the group's vision and stated objectives.

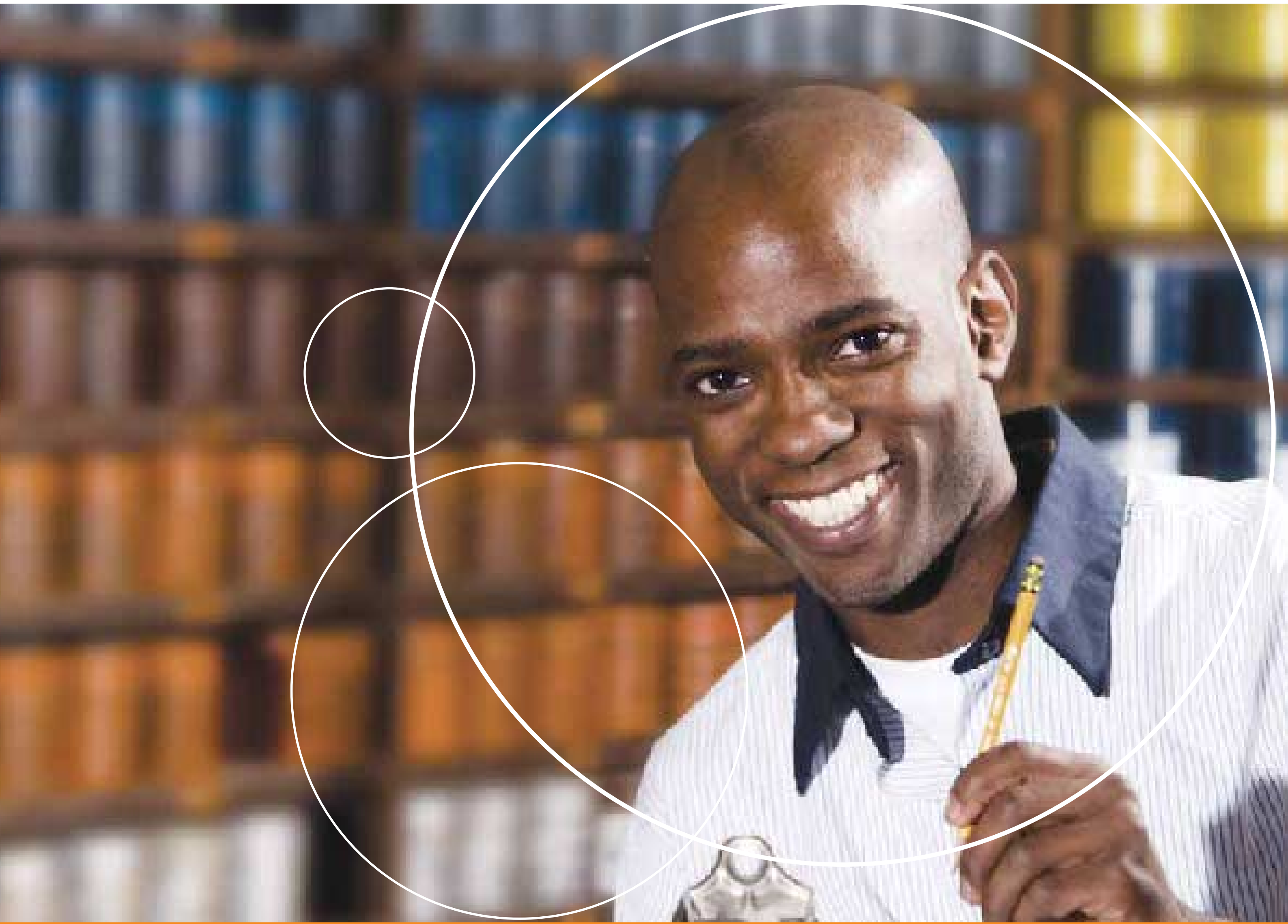
LH Diamond
Chief Executive Officer

Staff outsourcing

Our Gauteng staff outsourcing team *(from left to right):* Dermot Byrne (Regional Director, Gauteng), Rachel Matthews (Regional Manager, Eastern Region), Elsie Smith (Regional Manager, Freestate Region), Faeeza Kennedy (Regional Manager, Western Region), Andrew McGhee (Regional Manager, North East Region), Raymond Strydom (Regional Manager, Northern Region), Venesse Richards (Regional Manager, North West Region), Diane Wright (Regional Administration Manager), Duan Nortje (General Manager, Sales), Jacques Meyer (Regional Operations Manager), Andre Smuts (Regional Manager, Hospitality), Ahmed Varachia (Director, Pha Phama Africa Staff Services)

Our Cape staff outsourcing team *(from left to right):* Sean Momberg (Regional Director, Cape), Jacqui McDuling (Regional Corporate Sales Manager), JB Massyn (Regional Manager), Jimmy Samuels (Regional Manager), Terence Rosslind (Special Projects and Human Capital Development), Bruce Mackenzie (Regional Financial Manager), Sanet Slabber (Regional HR Manager), Christo Botha (Regional IT Coordinator), Donné Nieman (Regional Legal Advisor), Barend Matthee (Dedicated Business Unit Manager), Stiaan Massyn (Regional Manager, Eastern Cape)

Our KwaZulu-Natal staff outsourcing team *(from left to right):* Nolene Fuhri (Regional Managing Director, KZN), Tyrell Fuhri (Regional General Manager, Operations and Services), Avi Maharaj (Regional Financial Director), Jerome Naidoo (Regional Debtors Manager), Mark Crompton (HR/IR Manager), Barney Van Staden (Business Dev. Manager, Special Projects), Mike Bartho (Regional Occupational Health and Safety Officer), Preshene Batohi (Regional General Manager Business Development), Roshan Gopal (Regional Wages Manager), Tonya Keating (Business Development Director), Damien McLintock (Projects Director)



"When your work speaks for itself, don't interrupt." – **Henry J. Kaiser**

Staff outsourcing *(continued)*

As client needs become more sophisticated, skills more critical to world-class operations and legislation more complex, Workforce continues to operate at the forefront of our industry by introducing innovative, customer-centric solutions which encompass leading-edge technology.

Workforce staffing

Workforce Staffing has effectively positioned itself as a leading service provider in the industrial staff outsourcing arena. Our clients have come to know that they can confidently outsource specific responsibilities to us and then turn their full attention to their own core offering. We operate contracts throughout South Africa, serving a broad base of industry sectors with about 21 000 outsourced staff in the field each day in all categories and at all levels. We operate more than 63 strategically located Workforce Staffing branches countrywide and, where necessary, we have established satellite branches to service outlying areas. This national branch infrastructure creates a competitive edge in terms of speed, responsiveness and efficiency, in addition to sustaining national contract continuity.

Our integrated approach includes a comprehensive administrative function to manage all aspects of the human resources management matrix at optimum cost and operational effectiveness. A significant factor in our competitive edge is the ability to combine our extensive understanding of the industries we serve with increasingly advanced systems, sophisticated in-house expertise and tailored service solutions. We provide a high level of assurance that regardless of the client's sphere of business, the contract outcome will align with predetermined standards, within definite timeframes and at the most cost-effective price.

Workforce sets the pace in the temporary and contingency staff provision arena in regard to exceptional service and response times, particularly when it comes to general workers. Attracting, recruiting and retaining staff is a continuous priority, resulting in extensive skills databases from which staff can be sourced at short notice.

In response to the challenges presented by the economic recession which continued to impact the South African business arena, Workforce staffing ramped up our focus on market development and expansion, operational excellence and customer intimacy. Since industrial staff outsourcing continues to be the primary contributor to group turnover, the focus during the year under review targeted specific market sectors which have shown growth despite the prevailing economic climate, including several large infrastructure projects.

The decentralised approach which has seen Workforce Staffing divided along regional lines to target specific economic centres has proved successful. This restructuring gained particular traction in Gauteng, where the reassuring results encouraged further decentralisation from five to seven regions.

Promising business highlights in Gauteng included a turnaround of previously lagging branches into sustainable, profitable centres. A key success factor has been the creation of high-calibre management teams in charge of the decentralised regional structures.

The option of process outsourcing – in which we provide skilled staff to manage an entire production line or manufacturing area – has been welcomed as a forward-thinking and valuable product offering by many clients and the year under review saw a major process project being implemented. This option effectively moves the emphasis from cost of labour to throughput and yield.

We have responded to increasingly aggressive competitor pricing with innovative outcome-based costing solutions – remuneration linked to output – coupled with embedded value enhancements. Personnel are also offered incentives to encourage improved service levels.

This agile and innovative approach, with a firm focus on relevancy, will prove a major advantage as this division enters its new financial year and we have every confidence in the quality of our management teams and the strategic priorities that have been put in place.

We are approaching the imminent changes to the country's labour legislation, specifically as it applies to the TES (temporary employment services) industry, with a level-headed and proactive stance and we have no doubt that the group will successfully negotiate its way through this uncertain period and emerge strongly into a new and hopefully more equitable labour economy.

Workforce retail

Retailers and wholesalers have very specialised requirements and to provide this industry with an optimum staffing solution, we operate a specialist retail division, operated by highly qualified and experienced personnel with hands-on industry knowledge.

Services offered by this division include recruitment and staff outsourcing solutions, contingency staffing (temps and casuals), merchandisers, stock takers, as well as strike and industrial action staffing solutions.

This specialised division offers the retail sector legally compliant, fully managed solutions embracing all categories and levels of staff. Guided by a philosophy of flexibility and customisation, Workforce Retail is geared to respond rapidly and efficiently to immediate staffing demands.

During the year under review, we tripled the number of staff categories on offer and initiated a database of competent workers to draw from in support of our short-term growth plans.

Workforce is one of the few national organisations able to provide replacement staff during industrial action situations from a vast database of highly skilled staff in almost every category. Over the review period, this flexible and responsive capability has seen primary growth emanate from the provision of retail staff on a short-term basis to cover retail operations during industrial action. This trend is expected to continue into the next financial year.

Following a comprehensive streamlining of the business, we are confident that the coming year will see significant gains, arising from our strong focus on recruitment and training, coupled with some innovative expansion plans in the pipeline for 2011, including creative service extensions.

Workforce Hospitality

Workforce Hospitality is growing its footprint throughout South Africa and is driven by an experienced management team with an in-depth understanding of the unique quality demands of the hospitality industry. Through diligent recruiting, the division has built up large hospitality skills databases, enabling it to respond quickly to client demands.

The division experienced a defining moment during the 2010 FIFA World Cup when Match Hospitality, FIFA's official hospitality provider, selected Workforce Hospitality as a preferred provider of hospitality staff for the event. This contract effectively entrenched the division in this specialised market and established an upswing in requests for staff that maintained momentum well into the year. Our hospitality specialists in KwaZulu-Natal followed this success shortly afterwards with a debut at the prestigious Vodacom Durban July.

These and other blue-chip events during the year under review have successfully positioned Workforce Hospitality as a quality provider of a diverse range of customised staffing solutions to the catering, hospitality and leisure industries and we are confident that it will build on these successes in the new financial year.

Recruitment and professional staffing

Our recruitment and professional staffing team *(from left to right):* Evelyn Vanassche (Director, Fempower), Petrus Lombard (Managing Director, Workforce Worldwide), Jonathan Dawkins (Managing Director, Only the Best/Teleresources), Liz Riviere (Operations Manager, Only the Best), Samantha Bester (Operations Manager, Teleresources), Donald McMillan (Managing Director, Albrecht Nursing Agency), Adele McGlynn (Divisional Director, Accotech Interim Outsourcing)

Sourcing, engaging and retaining skills will remain the single most important human resources challenge for employers. Through its niche focused business divisions, the group continues to play an increasingly important role in assisting employers find the right talent.

Fempower Personnel

Forty-year-old Fempower Personnel, one of the most established divisions in the group, provides a broad spectrum of recruitment solutions focused on white-collar professional staff. Fempower's service portfolio includes permanent placements, temporary staffing, ad-response handling, executive search, outsourcing and call centre solutions. The division's recruitment model is underpinned by an operational methodology that successfully identifies, attracts and places candidates of quality, whose skills harmonise with the culture and calibre of client companies.

This division turned in an improved performance against the previous financial year, turning around its loss of 2009 and recording a small net profit before tax. This is attributed to an increase in demand for permanent services, particularly in sectors emerging from the economic recession, a strong thrust towards new business development, as well as a plethora of successful tenders. The introduction of a centralised database was an additional factor, allowing this division to identify candidates nationally and cross-pollinate the skills base.

A newly established business development team successfully renewed a percentage of dormant business and injected fresh activity into existing client business relationships. During the review period Fempower also recorded the lowest staff turnover in six years.

Fempower continues to expand its areas of specialisation to sectors with promising growth potential.

Workforce Worldwide Staffing

Workforce Worldwide Staffing is the group's global staffing division. During the review period turnover dropped and operating expenditure increased, resulting in a bigger net loss before tax. However, Worldwide Staffing's strong and reputable brand is expected to enable it to emerge in a stronger position after the effects of the global economic crisis subside.
The division continues to focus on strengthening relationships in various geographical regions and global business sectors to enable it to capitalise on demand from companies recovering from the recession.

Group investment into this division has stimulated orders from both past clients and new customers and the outlook is more positive for the coming year.

Albrecht Nursing Agency

Based in the Western Cape, Albrecht Nursing Agency offers temporary and contract staff solutions developed specifically for the South African healthcare and frail care industries. Operating within a climate of severe scarcity of professional healthcare skills, this division recruits from an extensive database of candidates selected for their ability to integrate into existing structures such as private and government hospitals, retirement and frail care homes, and become immediately productive.

This division has moved beyond placing only nursing staff to include general practitioners, pharmacists, occupational therapists and a particular focus on the increasing demand for frail care workers.

During the year under review, turnover dropped, but operating expenses were held in check. Successful operational improvements have positioned Albrecht Nursing Agency for growth on a national basis to meet the demand for professional staff of quality.

Telebest Group

Since its acquisition by the Workforce Group in 2007, the Telebest Group has continued to expand our presence in the white-collar arena – meeting a growing demand for permanent staff for office support and administration positions – as well as the call centre market. Telebest's main operating subsidiaries are Only the Best, Teleresources and Khetha Staffing Services.

Only the Best

Although net profit before tax was slightly down on the previous year, internal operational improvements and an increased investment in personnel have increased efficiencies, improved recruitment processes and streamlined the management of client relationships. This entity has implemented international standards of staff training and selection and efficient internal systems, as well as good cost management measures, and continues to apply innovations in keeping with the latest trends in the global recruitment market.

Teleresources

This division is dedicated to recruiting personnel solely for the contact centre industry, drawing from a multi-faceted service offering. Investment into staff training and improving processes and technology bore fruit during the year under review, although the business environment remained exacting.

A high operating expenditure resulted in a bigger net loss before tax than 2009; however, the enhancements set in motion during the year are expected to place Teleresources in pole position once the industry emerges from the economic recession.

Khetha Staffing Services

Originally launched as a black empowerment initiative, Khetha Staffing Services is rated as a Level 1 B-BBEE contributor, affirming its commitment to black economic empowerment and sustainable business practices. Khetha's service offering includes temporary, contract and permanent staff for the office support and tele-business sectors. The division rests firmly on unique and cost-effective recruitment solutions which ensure that staff are highly compatible with customers' enterprises.

Operating expenditure remained high in comparison to turnover and this division recorded a bigger loss than the previous year.

Accotech Interim Outsourcing

A newly establish brand, Accotech Interim Outsourcing, provides a specialised, tailor-made recruitment service targeting companies in the IT and financial sectors, while facilitating sound career development for talented individuals, particularly independent contractors. Accotech's services include permanent placements, temporary placements, interim management and employee contracting.

During the year under review Accotech harnessed social media to develop and rapidly expand a valuable network of candidates and will continue to use this media to build up its talent pool. This was supported by an electronic registration facility that allowed for highly skilled individuals to register online from any location.

Accotech reported a loss on its first year of operation within the group. While 2010 was largely focused on laying sound foundations for this new division, as it moves into the new financial year the focus will shift to entrenching its brand as a scarce skills specialist in the IT and financial fields.

Human resources support services

Our human resources support services team *(from left to right):* Dr Richard Malkin (Managing Director, Workforce Healthcare), Jonathan Kruger (Managing Director, Babereki Employee Support Services), James Mckenzie (Managing Director, Training Force), Mark Robberts (Business Manager, Workforce Infotech), Quentin Chilvers (Business Manager, Workforce Payrolling), Keith Thomas (Chief Information Officer, Workforce Software), Dawn Halsey (Manager – Special Projects, The Workforce Group)

Human resources support services *(continued)*

The extensive range of human resources support services offered by the group's specialist business divisions enable our clients to focus on their core business without spending important management time on the onerous administrative and legislative compliance burdens.

Training Force

The group's Training Force division is accredited by the Services SETA (Sector Education Training Authority) and offers a range of courses aligned with the South African Qualifications Authority (SAQA). All courses offered are outcomes-based soft and formal skills training interventions. Training Force also offers tailored induction programmes and job-specific training to suit client requirements.

Training of contract workers plays an important role, both in our business and in that of our clients, as it enables us to cultivate a large database of highly skilled workers who can be deployed in any given sector of commerce and industry. At the same time, this training enhances the "employability" of individuals, particularly those from historically disadvantaged communities.

Although a higher turnover was generated during the year under review, operating expenditure increased substantially, resulting in a bigger net loss before tax. To address this, the division has been restructured to rationalise its operating expenditure and several new systems have been implemented to ensure prudent operational control in the future.

Training Force has embarked on an accreditation process with the Department of Higher Education that is expected to result in the entity's registration as a private Further Education and Training College. This will allow Training Force to offer both the public and private sectors full qualifications in the next financial year and position it to take optimum advantage of the government's skills development programmes.

Moving into 2011, Training Force aims to consolidate its operations, while examining the possibility of expanding into other parts of Africa – and improving its service delivery levels across the board.

Babereki Employee Support Services

Babereki Employee Support Services, a registered member of the NCR (National Credit Regulatory Authority), was established to provide a range of lifestyle products to employees and associates of the Workforce group. Its current product portfolio includes mobile handsets, airtime and financial products structured as micro-loans. Babareki's key differentiator is the ability to deliver uncomplicated and ethical products and services to the employee solutions market.

The strong growth recorded in 2009 was exceeded during 2010, with a higher turnover and a much improved net profit before tax. The division applies stringent controls and standards of legal compliance.

Babareki's superior quality services have played a primary role in enabling specialist business divisions within the group to retain, recognise and reward skilled personnel by making affordable lifestyle products and services available to them. This division's ever-evolving high-tech systems, coupled with its in-depth knowledge of the market and diversified approach, are expected to create a solid platform for growth in 2011.

Workforce Healthcare

Employers need to provide occupational healthcare to their employees to prevent the risk of liability and avoid the implications of non-compliance to the Occupational Health and Safety Act. Workforce Healthcare responds to this requirement with a specialist approach to employee health management, offering comprehensive primary and occupational health management solutions.

This specialist division's services are structured in such a way that clients can select only the elements they need. This way, employers benefit from access to fully equipped occupational healthcare clinics, mobile clinics for medical screening and guidance and training and management of HIV and Aids at the work site, while their employees gain access to affordable quality healthcare services.

During the year under review, turnover and net profit before tax increased satisfactorily to make this the division's most profitable year to date. Healthcare's AAA B-BBEE rating has positively impacted growth and should continue to do so in 2011, guided by a powerful, well-trained and motivated management team.

The primary challenge remains the shortage of skilled and qualified healthcare workers, coupled with ever-changing compliance requirements. The division is addressing this through an ongoing personal development programme to attract and retain top quality professionals, combined with system enhancements to improve compliance levels.

Workforce Healthcare regards the imminent implementation of National Health Insurance as a potentially positive development and is establishing communication channels with policymakers to provide future direction.

Workforce Superdata

At the beginning of the year under review, Workforce's Infotech division acquired the SMME Superdata and rebranded itself as "Workforce Superdata". This business integration has opened up channels to new suppliers, highly experienced human resources, as well as an existing client network.

The division is responsible for providing automated data collection and time and attendance solutions to various specialist business divisions within the group, as well as to an external base of clients. Products provided include standard clocking and biometrics terminals accompanied by "Time-Zone" software. Together, these record and process data to generate a number of reports that can be used for analysis and cross-checking by management. Time-recorded data can also be exported directly into a client's wage system, eliminating the need for capturing hours worked manually. State-of-the-art systems ensure a seamless integration between the group's systems and those of clients.

Turnover increased substantially during the year under review, but operating expenses eroded any benefit and produced a bigger loss before tax than 2009. However, a mature sales force and promising business pipeline indicate that improvements will be realised in the next financial year.

Workforce Software

This division designs, develops and customises software solutions for internal use to automate traditional manual human resource administration processes. While this software is developed to suit the business of the Workforce group, it can also be acquired by our clients and customised to suit specific trading requirements. Workforce Software's product suite includes the following:

HR Zone: an online HR management system that streamlines employee administrative functions.

Human resources support services *(continued)*

Human resources support services can be integrated with staffing solutions to complete the full service solution offered by the group.

Recruit Zone: an online recruitment system used to search and retrieve data to match candidate skills to job specifications.

Contractor Zone: a contractor-specific web-based application that stores critical information, including personal details, résumés and a record of current and previous client assignments.

PAW (an acronym for “pay as worked”): records the specific rules applicable to each of our clients, calculates hours worked from data captured, Time-Zone or any electronic timesheet supplied by clients and feeds processed information into Paymatic.

Paymatic: our core payroll, debtors, EFT system that caters for all wage salary and client invoicing requirements.

Time-zone: captures field data from any number of production environments, links clocking or biometrics terminal data and integrates with PAW or with a client’s wage system.

Worktrac Zone: an online self service centre for clients of the Workforce Group, allowing them to view, track and approve employee records, timesheets, scheduling, productivity tracking, wage information, etc.

Babareki finance system: a fully integrated loan application system that hosts credit vetting, electronic funds transfers, collections through payroll and debit order deductions as well as customer relationship management.

Training Zone: a web-based system to meet the administrative needs of the group’s Training Force division that records training provided, SETA requirements, training consumables, stock management and provides an invoicing system that integrates into the general ledger.

Project Management System: a complete set of software tools to support Workforce projects. The system keeps a record of work performed and materials utilised and makes it possible to budget for projects before any work begins.

Infotech: a complete stock control and debtors system used by Workforce Superdata.

Business Report Creator: software used by management to generate reports and create dashboards to streamline the daily running of the group.

Throughout the year under review Workforce Software continued to improve its software to accommodate changes needed to support its growing client base, as well as new legislative reporting requirements.

Workforce payrolling

The Workforce payrolling division offers a complete payroll outsourcing service that covers the full spectrum of both wage and salaries payroll requirements. Clients are able to select the extent of the services they require – either a full spectrum package or a basket of individual services. These individual services include processing salaries and wages, processing selected reports, printing cheques, direct deposits, payment of statutory levies and taxes, as well as payment of third party vendors, such as provident fund and medical aid administrators.

The division recorded a decrease in turnover and a net loss before tax higher than that recorded in 2009. It has taken consequent measures to minimise costs.

Special projects division

The Group established a special projects division to respond to the increased demand for contracts which require more in-depth project management, implementation and services coordination to achieve desired outcomes. The nature of the projects undertaken to date vary, but primarily incorporate our core competencies of recruitment, skills development, job creation and database management.

This division has been resourced by highly skilled individuals with extensive expertise in project management and with the capability to define and accurately cost projects, identify the required services and create synergies and partnerships where appropriate, to ensure project deliverables and outcomes are achieved.

During the past year a major project undertaken encompassed a mass recruitment and training contract for historically disadvantaged South Africans and previously unemployed individuals residing within the boundaries of the City of Johannesburg municipality. The division successfully achieved the desired project outcomes, while generating profit for the group.

Future project plans include aligning similar projects with government's recently released "economic growth plan" to continue to create job opportunities and to take advantage of developments in the alternative energy sector.

Corporate support

Our corporate support team *(from left to right):* Steven Herscovitz (Group Portfolio Manager, CEO's desk), Nobusi Shikwane (Director, Group Business Development), Carol Knoetze (Group Human Resources Director), Mohamed Valoria (Group Finance Manager), Frieda Hall (Group Marketing Director), Martin van der Spuy (Systems Business Analyst), Leon Coertzen (Group IT Operations Manager), Rian Ferreira (Group Legal Director)

Corporate support *(continued)*

Workforce's decentralised management structure gives our operating divisions a great deal of autonomy in running their businesses, backed by the group's corporate support teams. The result is an entrepreneurial culture and focused teams able to react swiftly to market opportunities.

Finance and administration

The finance department manages the group's financial and management accounting, accounts payable, treasury, taxation and statutory reporting functions.

Weekly and monthly payroll processing, payments to the group's large database of contractors and customer invoicing is managed by group administration

Debtors department

The debtors department continued to excel during the year, achieving an average debtors days outstanding (DSO) of 55 days during the second half of the year, compared to 61 days in the comparative period. This has been achieved by further optimising available systems, improving processes and working more closely with operations.

The credit-vetting department's continued diligent efforts kept bad debt write-offs to a minimum.

Wages and invoice processing

This department's initiative was essential in improving the DSO. Their effort facilitated the improved streamlining of systems and processes.

Accounting

The accounting department's renewed focus on service delivery to operational business units paid dividends in terms of more functional budgets, improved analysis of results, and better reaction times in addressing operational issues.

Human resources

Group human resources is responsible for defining group policy and monitoring the implementation of enterprise-wide human resources (HR) practices and for providing the generic functions of remuneration administration, employee benefits and employee relations.

During the year under review, greater emphasis was placed on facilitating transformation in the workplace through intensified skills development and skills transfer programmes. This will remain a key focus area for all group trading divisions, as the optimisation of employee potential is essential not only to transformation, but also to achieving our employment equity goals.

To further optimise talent and performance management, the group's recruitment and retention strategies were reviewed and a number of best practice human capital management practices were introduced. Retaining top calibre employees who not only have expertise in a specific job function, but who have also gained particular knowledge of the niche sector in which they operate, continues to be integral to the successful execution of our business strategies.

Marketing

Marketing's strategic business objectives remain building and preserving brand equity for each trading entity and assisting each niche focused business unit by applying marketing strategies that improve their positioning and standing in their respective markets,

As a number of the trading divisions in the group experienced tough trading conditions during the global economic crisis, marketing was tasked with and initiated various interventions in an innovative and cost-efficient manner. The availability and utilisation of in-house expertise employed during the latter part of 2009 played an important role in this regard.

Key drivers of the marketing portfolio continue to be internal and external communication, sales support and producing marketing collateral to promote the long-term competitive advantage of each brand.

Marketing's tender department recorded a marked increase in the number of tenders submitted and successfully awarded.

Legal

The legal team is tasked with the responsibility of providing advice and information on procedural standards to all operating divisions and for promoting awareness of and compliance with labour and business laws. The group has a robust in-house legal capability and, given the range and complexity of labour legislation in the industrial work environment, this is a genuine competitive advantage.

During the year, the group's legal representative actively participated in various forums involved with drafting amendments to the current labour laws. This participation reinforced our position as one of the industry's key players, committed to protecting the future of the industry through representation at the Confederation of Associations in the Private Employment Sector (CAPES), Business Unity South Africa (BUSA) and the National Economic Development and Labour Council (NEDLAC).

While the group's view is that the proposed amendments will not be passed in their current form, various business systems and processes, including software and hardware, have been proactively enhanced to provide greater reporting functionality and business flexibility. This will benefit both the group and its clients, regardless of whether these amendments are ultimately promulgated.

Increased collaboration between the legal and debtors departments resulted in fewer litigations, notwithstanding the poor economic conditions within which trading conditions were conducted.

Information technology

The IT Operations Team is responsible for supporting and monitoring the group's national IT infrastructure to ensure security and integrity of data traffic. This embraces supporting all related hardware, standard commercial software, as well as the numerous custom-based applications developed and implemented by the Workforce Software Division.

Key focus areas during 2010 were system stability, service delivery and data transfer with related cost controls.
The implementation of our national Multiprotocol Label Switching (MPLS) network and the structured cabling installation into our data centre, resulted in improved service delivery and security of access, as well as enhanced cost control. Branch IT infrastructure was greatly enhanced with stringent standards applied.

IP telephony implemented in the past two years proved beneficial with significant cost reduction recorded throughout the group.

Corporate governance

Workforce strives to maintain and enhance sound governance standards by constantly reviewing current and emerging trends. The release of the King III Report reflects South Africa's commitment to world-class principles and guidelines on corporate governance. King III has therefore become the cornerstone of corporate governance principles and the company secretary's focus remains that of ensuring that the board and group adhere to the highest corporate governance procedures and that directors act in line with their governance and fiduciary responsibilities.

During the year under review, in light of King III's principle of "apply or explain", it was necessary for the group to reassess the status of its corporate governance framework and processes against King III. The company complies with all material requirements of the King Code and a framework is developed to address other non-compliance areas of King III.

Board of directors

The board is based on a unitary structure and exercises full and effective control over the group. It comprises three executive directors and four non-executive directors of which three non-executive directors are independent. The responsibility of all directors is clearly divided to ensure a balance of power and authority that prevents unfettered powers of decision-making.

The board is:

- guided by the letter and spirit of the values expressed in King III and the JSE Listing Requirements
- responsible for actively reviewing and enhancing the group's system of control and governance on a continuous basis, to ensure that the group is managed ethically and within prudently determined risk parameters
- committed to sustainable value creation for all identified stakeholders
- responsible for the integrity of the integrated reporting and for overseeing all sustainability issues

The board's composition is reviewed regularly and new appointments are considered by the board as a whole. This involves evaluating the existing balance of skills and experience and a continuous process of assessing the group's needs. A policy detailing procedures for appointments to the board has been approved by its members. Although the board evaluates the chairman annually, election of the chairman does not occur annually, but only when required.

The board is subject to an annual evaluation to assess its effectiveness in fulfilling its duties and responsibilities, with a view to continuously improving the manner in which the group is governed. An informal independent evaluation of the directors, board and board committees will be conducted during 2011.

The board is responsible for monitoring and reporting on the effectiveness of the company's system of internal control, assisted by two board committees.

The chairman

The chairman's role is to set the ethical tone for the board and to make sure the board remains efficient, focused and operating as a unit. Ronny Katz is an executive chairman and his role is separate from that of the CEO. Since Ronny Katz is not independent, John Macey has been appointed as independent lead director to assist Ronny Katz in this regard. Ronny Katz's role as executive chairman has been approved by the board. Given his vast experience of the industry, the chairman will remain executive to ensure that the business is set on a sustainable growth path, until such time as it is appropriate to appoint a non-executive chairman.

Ronny Katz provides overall leadership to the board without limiting the principle of collective responsibility for board decisions. He is not chairman of any other board committee.

Abridged curricula vitae of Ronny Katz and John Macey can be found on page 4.

Non-executive directors

All members of the board have a fiduciary responsibility to represent the best interests of the group and all its stakeholders. The group's non-executive directors are individuals of high calibre and credibility who make a significant contribution to the board's deliberations and decisions. They have the necessary skills and experience in areas such as strategy, performance, transformation, diversity and employment equity. All non-executive directors are independent, with the exception of Mark Anderson, who is a shareholder-nominated non-executive director.

The non-executive directors are Mark Anderson, Lulu Letlape, John Macey and Kyansambo Vundla. During the period under review, Ethan Dube resigned as a non-executive director of the company.

Chief executive officer

The collective responsibility of management vests with the CEO, Lawrence Diamond, supported by the executive chairman. He is responsible for formulating and recommending strategies and policies to the board and plays a critical role in the operation and success of the company's business. The CEO is accountable to the board and consistently strives to achieve the group's goals within the authority framework, providing regular reports during board meetings and at other times, when required.

Company secretary

The company secretary plays a vital role in group corporate governance and is responsible for ensuring board compliance with procedures and regulations of a statutory nature. The company secretary also ensures compliance with listing requirements and is responsible for submitting the annual compliance certificate to the JSE Limited.

She provides the board (as an entity) and the directors (individually) with guidance on discharging their responsibilities and duties. The company secretary plays a vital role in providing this advice and guidance to the board and to other company employees on matters of good governance and changes in legislation.

The company secretary ensures that, in accordance with the pertinent laws and regulatory framework, the board's proceedings and affairs, its members, the company itself and, where appropriate, the owners of securities in the company are properly administered. She is the secretary of all board committees.

During the year under review Routledge Modise Inc, practising as Eversheds, gave notice that it would be closing its Corporate Governance Department and as a result resigned as company secretary. Sirkien van Schalkwyk, was appointed in this role effective 1 November 2010.

Board meeting attendance

The following board meetings were held during the period under review:

Director	16 Mar 2010	27 May 2010	10 Aug 2010	29 Nov 2010	Period of service (date of resignation)
M Anderson	¸	¸	¸	¸	3 years
LH Diamond	¸	¸	¸	¸	2 years
E Dube	¸	n/a	n/a	n/a	(20 May 2010)
RS Katz	¸	¸	¸	¸	4 years
L Letlape	n/a	n/a	n/a	¸	2 months
JR Macey	¸	¸	¸	¸	2 years
W van Wyk	¸	¸	¸	¸	2 years
K Vundla	n/a	n/a	n/a	¸	2 months
Designated advisor	¸	¸	¸	¸	

Board committees

While the board remains accountable and responsible for the performance and affairs of the company, it delegates certain functions to management and board committees to assist it in properly discharging its duties. The chairman of each board committee reports at every scheduled board meeting and minutes of board committee meetings are provided to the board. Each board committee functions in accordance with the provisions of the committee mandate, as approved by the board. The board has two standing committees, namely the audit and risk committee and remuneration committee, both of which are chaired by John Macey.

During the period under review, it was agreed that owing to the size of the board, the responsibilities of the nomination committee would vest with the board. These responsibilities include, inter alia, to review the composition of the board regularly and to nominate potential candidates for board appointments.

Both the directors and members of the board committees are provided with full and timely information that enables them to properly discharge their responsibilities. Directors have unrestricted access to all group information. The chairman of both committees is expected to attend annual general meetings to answer questions raised by shareholders.

Audit and risk committee

The audit and risk committee fulfils a vital role in terms of ensuring the integrity of the group's integrated reporting and ensures transparency and integrity of the group's financial and risk reporting. It achieves this, *inter alia*, by reviewing the draft financial statements with management and external auditors prior to publication. Risk management remains an integral component of the group's strategic and business processes.

Owing to the size of the current businesses, the board decided to combine the audit committee and risk committee into one entity, to ensure that all regulatory requirements are met. The agenda is divided into two sections to attend to both audit and risk management responsibilities. The composition of the committee meets both the requirements of the Corporate Laws Amendment Act of 2006 and that of King III.

The committee has its own charter which was approved by the board and which guides committee members to understand and discharge their duties and enable them to add value in discharging these duties. The committee has adopted combined assurance processes to optimise and balance the reports it receives from management, external and internal auditors, and to maintain the risk register regularly. The committee constantly considers legal, regulatory, risk, ethical, sustainability issues and information technology and has standard agenda items on each of these responsibility areas.

The committee meets at least four times a year and is primarily responsible for assisting the board in carrying out the following duties:

- Overseeing shareholder reporting: financial reporting, including considering, approving and recommending the annual financial statements for approval by the board.
- Monitoring the group's internal control systems.
- Recommending the external auditors' appointment and agreeing their audit fees.
- Reviewing the scope of work of external auditors and approving non-audit work to be carried out by the auditors.
- Holding meetings with external auditors.
- Appointing internal auditors.
- Reviewing the internal auditors' capacities, resources, scope of work and findings.
- Reviewing the approval of non-audit services by the external auditors.
- Reviewing the resources and adequacy of the finance function, including the appropriateness, expertise and experience of the finance director.
- Overseeing sustainable issues and/or reporting.
- Overseeing the integrity of the integrated report.
- Overseeing risk management processes, including information technology (IT), fraud, corruption and compliance.
- Reviewing any statements on ethical standards or requirements for the company and the procedures or review systems implemented to promote and enforce compliance.
- Reviewing the group's business risks and ensuring compliance with numerous statutory laws and regulations.
- Evaluating if management is setting appropriate controls by communicating the importance of risk management and ensuring that all employees have an understanding of their roles and responsibilities .

The committee's terms of reference are reviewed annually and have been amended to meet regulatory requirements. In order to meet the new areas of responsibility in terms of King III, the terms of reference now include responsibilities in areas such as the integrated reporting and information technology.
A committee work plan was adopted to ensure that the committee deals with all its duties on an annual basis and at other appropriate times.

The members of the audit and risk committee are John Macey (chairman), Lulu Letlape and Kyansambo Vundla, all of which are independent non-executive directors. During the period under review, Ethan Dube resigned as a non-executive director and Lulu Letlape and Kyansambo Vundla were appointed as independent non-executive members on the committee. Mark Anderson resigned as a member of the committee however, is a standing invitee to the committee. The committee now consists of three independent non-executive directors, which is in line with the requirements of King III and the Companies Act.

The committee has also established an IT Steering Committee comprising the chief information officer (CIO) as chairman and representatives from various business areas. The audit and risk committee recommended a charter for this sub-committee, which was approved by the board, to assist the committee in discharging its IT responsibilities. The CIO will present a report on all IT matters, as well as related risks, at each committee meeting.

A report from the audit and risk committee chairman can be found on page 30 of the annual report.

The CEO, financial director and senior audit partner of the external auditors attend committee meetings by invitation, but have no voting rights. The internal audit function department currently functions primarily on an operational level. The auditors have unrestricted access to the chairman of the committee, as well as to the chairman of the board.

During the past year, the committee also reviewed and assessed the external auditors' effectiveness and was satisfied with the objectivity and independence of services rendered. The committee also satisfied itself with Willie van Wyk's work experience, performance and technical skills within the service industry in fulfilling his role as finance director. The adequacy of the finance function was also assessed and deemed to be adequate.

A quorum for a meeting is three members present for the duration of the meeting. The chairman of the committee reports to the board on the activities and recommendations made by the committee. The following meetings were held during the financial year:

Member	16 Mar 2010	27 May 2010	10 Aug 2010	29 Nov 2010	Period of service (committee resignation date)
M Anderson	¸	¸	¸	¸	3 years
E Dube	¸	n/a	n/a	n/a	(20 May 2010)
L Letlape	n/a	n/a	n/a	¸	2 months
JR Macey	¸	¸	¸	¸	2 years
K Vundla	n/a	n/a	n/a	¸	2 months
Designated advisor	¸	¸	¸	¸	n/a

Remuneration committee

This committee comprises John Macey (chairman) and Mark Anderson. The CEO and general manager human resources attend by invitation. Ronny Katz is excused from all discussions relating to the CEO's remuneration package.

During the period under review, the committee's terms of reference were adopted by the board and will be implemented during the coming year. A reward strategy will be created during 2011 and the remuneration report, as recommended in King III, will be included in the next annual report.

Informal meetings took place during the reporting period. However, the committee will meet at least twice during the next financial year and will be primarily responsible for assisting the board in carrying out the following duties:

- Overseeing and implementing the group's remuneration policy.
- Annually reviewing and approving remuneration packages for executive directors and approving annual bonuses, performance-based incentives and share incentive schemes.
- Reviewing the ongoing appropriateness and relevance of the executive remuneration policy and other executive benefit programmes.
- Annually approving management's recommendation for the average annual increase per employee.
- Making recommendations to the board on the remuneration of non-executive directors.
- Review succession planning.

The company's pending share incentive scheme has been updated to include the latest requirements of the JSE Listing Requirements and will be approved by shareholders shortly.

Refer to the notes to the group financial statements for the directors' emoluments.

Board procedures

A board charter has been put in place and outlines the responsibilities of the board as a whole as follows:

Corporate governance *(continued)*

- Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, shareholders and other company stakeholders, along sound corporate governance principles.
- Retain full and effective control of the company.
- Elect a chairman of the board who is an independent non-executive director.
- Give strategic direction to the company, in both the long and short term.
- Monitor management's implementation of plans and strategies, as approved by the board.
- Create value through social, economic and environmental performance.
- Appoint the CEO and evaluate the incumbent's performance.
- Ensure that succession is planned.
- Identify and regularly monitor key risk areas and key performance indicators of the business.
- Ensure that the company complies with relevant laws, regulations and codes of business practice.
- Ensure that the company communicates with shareowners and relevant stakeholders openly and promptly.
- Identify and monitor relevant non-financial matters.
- Establish a formal and transparent procedure for appointments to the board, as well as a formal orientation programme for incoming directors.
- Regularly review processes and procedures to ensure the effectiveness of internal systems of control and accept responsibility for the total process of risk management.
- Assess the performance of the board, its committees and its individual members on a regular basis.
- Ensure that the company is, and is seen to be, a responsible corporate citizen by having regard for not only the financial aspects of the business of the company, but also for the impact business operations have on the environment and the society within which they operate.
- Ensure that the company's performance includes that of an economic and social perspective.
- Ensure that the company's ethics are managed effectively.
- Ensure that the company has an effective and independent audit committee.
- Take responsibility for IT governance.
- Appreciate that stakeholders' perceptions affect the company's reputation.
- Ensure the integrity of the company's integrated report.
- Monitor company compliance with the above and make this a regular item on the board agenda.
- Act in the best interests of the company by ensuring that individual directors:
  - adhere to legal standards of conduct;
  - exercise the degree of care, skill and diligence that would be exercised by a reasonable individual;
  - in terms of their fiduciary duty, act in good faith and in the manner the director believes is in best interest of company;
  - are permitted to take independent advice in connection with their duties following an agreed procedure;
  - disclose real or perceived conflicts to the board and deal with them accordingly;
  - deal in securities only in accordance with the policy adopted by the board; and
  - commence business rescue proceedings as soon as the company is identified as being financially distressed.

The charter also addresses issues such as the board's composition and size, board procedures, matters reserved for board decision and the frequency and proceedings of board meetings. A work plan has been approved to ensure that all board responsibilities are addressed annually.

Directors' dealings in shares

The board has an approved trading in shares policy, in terms of which dealing in the group's shares by directors and employees is prohibited during closed periods.

Directors of the company and its subsidiaries may not deal in the company's shares without first advising and obtaining clearance from the CEO and the finance director. The CEO and finance director may not deal in the company's shares without first advising and obtaining clearance from the chairman.

No director or executive may trade in Workforce shares during closed periods as defined in the JSE Listings Requirements. The directors of the company keep the company secretary advised of all their dealings in securities.

Relations with stakeholders

The group maintains dialogue with its key financial audiences, especially institutional shareholders and analysts. The investor relations team manages the dialogue with these audiences and presentations take place at the time of publishing interim and final results.

The group adopts a proactive stance by timeously disseminating appropriate information to stakeholders via print and electronic news releases and the statutory publication of the group's financial performance. The group's website provides current and historical financial information, including financial reports. Monthly newsletters and electronic newsflashes are circulated to all employees.

The board encourages shareholders to attend its annual general meeting, notice of which is contained in this annual report. At this meeting shareholders have the opportunity to put questions to the board, including the chairpersons of the board committees.

The company has not refused any requests for information in terms of the Promotion of Access to Information Act, 2000, during the year under review.

Refer to the sustainability report on pages 34 to 37 for more information.

Code of conduct and ethics

The group is committed to the highest ethical standards of business conduct and to complying fully with all applicable laws and regulations. The directors, employees, employees of outsourced functions and suppliers to Workforce are expected to comply with the principles and act in terms of the code of conduct. The directors believe that the group's ethical standards, as stipulated in the code of conduct, are monitored and are being met. Where there is non-compliance with the code of conduct, appropriate discipline is enforced with consistency, as the group responds to offences and prevents recurrences.

The board has developed a code of ethics that underwrites its commitment to the highest level of ethical standards. The company adopts a "top-down" approach, which has permeated throughout the company. This approach is an important aspect of the business, where the example set by the board and individual directors is crucial to the buy-in of everyone involved in the affairs of the company. It confirms the board's zero tolerance approach, not only to fraud and dishonest behaviour, but also to criminal behaviour in general. Strong action is taken against any employee found guilty of offences of this nature.

The group does not engage in or accept any illegal acts in the conduct of its business. The directors' policy is to actively pursue and prosecute perpetrators of fraudulent or other illegal activities, should they become aware of any such acts.

Annual financial statements

The board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with International Financial Reporting Standards and the responsibility of the external auditors to report on these financial statements. The board is also responsible for ensuring the maintenance of adequate accounting records and effective systems of internal control.

Looking ahead

During the coming year effort will be made to address areas of non-appliance identified in the King III gap analysis, with the primary aim of enhancing the group's standards of corporate governance.

Sustainability report

The King III Code of Governance for South Africa calls for integrated sustainability reporting among other governance requirements. At Workforce we view corporate sustainability as the creation and protection of value for all stakeholders, through effectively managing financial and non-financial factors impacting our social, environmental, economic and financial performance.

Our stakeholders have been identified as:

- shareholders
- board of directors
- customers
- employees
- suppliers
- communities in which we operate
- government and regulators
- the environment
- other individuals and entities which engage with the group regularly

Wealth creation

The group's primary purpose is to create and generate sustainable wealth for the benefit of all its stakeholders through its commitment to satisfying consumers' needs, while pursuing persistent and satisfactory profit growth, based on both organic and non-organic strategies.

The effects of the economic downturn have resulted in a greater focus on managing cash flow, reducing operating expenses and protecting market share.

Shareholders

The group recognises the importance of fostering good relationships with its shareholders and the value of transparent communication. Direct communication with shareholders and the market takes place via the group's annual report, interim results announcement through SENS and communiqués posted to registered shareholders.

Customers

Most of the group's business is derived from credit customers. During the past three years much effort has been put into reducing debtors days.

Employees

Our employees are crucially important to our reputation and success. They are our ambassadors and our public face. We strive to treat all our staff fairly and responsibly, to help them achieve their full potential and to respect their personal and community commitments.

The group makes every effort to remunerate its staff and directors fairly and equitably. Full-time employees reap the benefit of a basic salary and other benefits that include a retirement fund, risk and medical aid benefits which are subsidised at differing levels, dependent upon an employee's position and selection of benefit-type. As participation in the group's provident fund is compulsory, 100% of permanent employees are members.

Skills development and training

The group actively pursues people development to influence, support and enhance operational efficiency and performance. Strong leadership is required to guide a successful business and therefore training and development are important elements of the group's business philosophy.

Acknowledging the diversity of cultures in the employee complement, the group continually seeks to redress historical imbalances to allow all employees to compete on equal terms. The group strives to create an environment in which individuals and teams may develop to their full potential for their own benefit and that of the group.

Employment equity

The group has timeously completed and submitted all reports in terms of the Employment Equity Act on its employment equity progress.

A strategy implemented in late 2008 to introduce regional employment equity committees focused on achieving equitable representation at regional level, continued to show positive results in 2010. Slight increases in the number of black (coloured, Indian and African) people in senior and middle management positions were reflected in the employment equity report submitted to the Department of Labour towards the end of 2010.

The group is satisfied with this progress, given that there were retrenchments and a limited amount of recruitment activity during the year, owing to arduous economic conditions.

In the year ahead the regional committees will continue to focus on succession planning and career pathing to grow and develop staff within the existing organisational structure.

Broad-based black economic empowerment (B-BBEE)

The group is committed to the country's various transformation initiatives. Its vast geographic presence, which extends to all provinces, creates an important basis to facilitate transformation in the areas of skills development, as well as supporting and using resources from the local communities in which it operates.

During the year under review, two black female independent non-executive directors were appointed to the main board and a black female director was appointed to the board of the group's main operating subsidiary.

B-BBEE audits are conducted annually and during the year. Workforce Holdings Limited has been rated as the holding company incorporating various subsidiaries and divisions. The following ratings were received:

- Workforce Holdings Limited – level 3
- Training Force (Pty) Limited – level 2
- Workforce Healthcare (Pty) Limited – 3

HIV and Aids

Workforce recognises the gravity and potential impact of the ongoing HIV and Aids pandemic on its permanent and temporary workforces. The group continues to foster non-discriminatory and empathetic workplace environments to ensure HIV-positive employees are managed with care and compassion. All HIV-positive employees have access to high-quality disease management programmes, either through their own medical schemes or at state facilities, and are encouraged to access these facilities.

The group's compulsory funeral policy provides immediate financial aid to employees and their families.

Environment

The group's environmental objective is to manage the environmental impacts of its activities by complying with all relevant safety, health and environmental legislation and by enhancing awareness among employees. Minimising water and electricity consumption is actively encouraged at all workplaces.

The group strives to keep waste materials to a minimum and to reduce, recycle and, where necessary, dispose of waste (including electronic waste such as computers) by the safest and most responsible means available, to reduce environmental impact.

Government and regulators

The group proactively meets its obligations in respect of legislative and regulatory requirements and is an active participant in various industry regulatory associations, including, but not limited to the National Credit Regulator, Confederation of Associations in the Private Employment Sector (CAPES) and the Association of Personnel Service Organisations (APSO).

Industry regulation

The group and all its subsidiaries have at all times embraced the regulation of our industry and will continue to do so in the light of any new laws promulgated. Despite extensive publicity during the past year calling for the banning of "labour brokers" and the proposed Labour Legislation Amendment Bills recently tabled, we do not believe these Bills will be passed in their current form. Not only is this the official view of the group and endorsed by its directors and executive management, but it also the view of our industry and business commentators in general.

Workforce will continue to be an active participant in the various forums in place to influence the Nedlac negotiations, through our membership of CAPES and our representation at Business Unity South Africa (Busa) and the National Economic Development and Labour Council (Nedlac). Our participation enables us to reinforce our position as one of the industry's key players, committed to ensuring the protection of employee rights, as well as the future of the industry. It also enables us to be better informed and proactive in planning ahead, in turn keeping our customers informed and, most importantly, safeguarding our interests.

The group is well placed to proactively continue normal trading operations, within the framework of the amendment bills tabled. Over the past three years, the group invested heavily in improving and changing various business processes and systems, resulting in it being operationally well geared and aligned for these proposed amendments.

Social report

The nature of our business dictates that many of our activities are focused on development of the individual for long term sustainability – enabling people to achieve their full potential, earn an income with dignity and share the skills they acquire to build capacity in their communities.

The group's transformation programme, which centres on facilitating learnerships and internships, is congruent with government's Integrated Skills Development Programme which focuses on integrating education and training to promote growth in employment, social development and the economy in general.

During the year under review, Workforce was awarded a Services SETA (Sector Education and Training Authority) certificate in recognition of being a "Top Gainful Employer" on our Internship and Learnership Programme. There are currently 180 000 Services Seta stakeholders, making this award a significant recognition of the role Workforce plays in facilitating skills development and employment.

Learnership programme

Workforce has 261 learners registered on our current learnership programme, which includes unemployed and disabled learners and encompasses a combination of funded and unfunded learnerships.

A learnership is a 12-month vocational education and training programme combining theory and practice that culminates in a qualification that is registered on the National Qualifications Framework (NQF). Someone who successfully completes a learnership earns a qualification that signals occupational competence and which is recognised throughout the country.

Internship programme

Workforce's internship programme comprises funded and unfunded internships. During 2010, 761 internships were successfully completed and 241 interns are registered on our current internship programme. An internship is a six-month work readiness programme that enables graduates with qualifications to gain practical workplace experience. On completion, interns are certificated by the Services SETA.

The group's training division facilitates the learnership and internship programmes. Objectives include:

- creating opportunities for unemployed young people (including graduates).
- upskilling permanent staff who do not have a formal qualification.
- meeting our employment equity targets.
- participating in the country's National Skills Development Strategy via our learnership and internship programmes.

Community projects

Charities caring for people

Workforce supports various communities and organisations within which the group is active. We accomplish this through direct donations, project support or by sponsoring sports and fundraising events. During the period under review our beneficiaries included:

- Kids Haven
- SPCA
- Oasis Haven
- Orange Farm
- Hillcrest Aids Centre Trust
- National Sea Rescue Institute
- Muscular Dystrophy Foundation
- Masibithando Educare Nursery School
- SA Visfabrieke Netbal
- The Children's Hospital Trust
- PE Ladies Benevolent Society
- Western Province Care Centre
- Project: Food for Life
- Kapteintjie Day Care Centre
- SA Medical and Education Foundation
- IMBU
- Hope for Haiti

Social and community upliftment projects:

Job Pathways programme

The group's special projects division undertakes contracts with a strong emphasis on social and community upliftment, The Job Pathways programme, part of a mass recruitment and training contract awarded to Workforce in the last quarter of 2009, gained significant traction in 2010. During the review period 4 999 individuals were successfully placed as part of this contract. Of these individuals, 100% were historically disadvantaged South Africans and previously unemployed individuals residing within the boundaries of the City of Johannesburg municipality. Of those placed 83% were youth.

Placements secured were a combination of:

- permanent and/or contract placements.
- internships/learnerships/apprenticeships.
- Expanded Public Works Programme contracts (only gaining momentum towards the end of 2010).
- New Venture Creation projects.

In an economy where formal employment is scarce, the New Venture Creation component of the Job Pathways programme has attracted considerable interest and participation. Potential entrepreneurs are encouraged to learn and develop skills which they can use and develop into a sustainable business venture.

Opportunities to date have been created in nail technician training, beaded jewellery design and creation, false eyelash and ethnic hair training, as well as barber skills. The project is underpinned by various initiatives to encourage and support sustainability of the new business ventures.

The work and skills 100 000 programme

The Work and Skills 100 000 programme, awarded to Workforce three years ago, aims to alleviate poverty, reduce unemployment and improve the future employment and self-employment prospects of participants in the Western Cape by integrating skills development with access to practical work experience.

The programme seeks to identify and establish 100 000 workers with learning opportunities sourced from all commercial sectors, including the public sector, community structures and NGOs. Beneficiary target groups are individuals from no and/or low income households, youth between the ages of 18 – 35 with a matric or equivalent qualification. The initiative incorporates a focus on women and individuals from rural areas of the Western Cape.

The programme continued to be well supported with 1 010 trainees receiving training during the past year. Of those trained 450 were successfully placed in permanent employment.

Financial statements

Directors' responsibility

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 2010, and 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 and in the manner required by the Companies Act of South Africa.

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 2011 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 2010.

The company and group annual financial statements of Workforce Holdings Limited, which have been prepared in accordance with the Companies Act of South Africa and comply with International Financial Reporting Standards, were approved by the board of directors on 18 March 2011 and are signed on its behalf by:

RS Katz
Chairman

L Diamond
Chief Executive Officer

W van Wyk
Group Financial Director

Declaration by the company secretary

In terms of section 268G(d) of the Companies Act, 1973, as amended, I hereby declare 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
Secretary

Johannesburg
18 March 2011

Report of the independent auditor

To the members of Workforce Holdings Limited

We have audited the company and group annual financial statements of Workforce Holdings Limited, which comprise the directors' report, the statements of financial position at 31 December 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the annual financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements fairly present, in all material respects, the consolidated and separate financial position of Workforce Holdings Limited at 31 December 2010, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Horwath Leveton Boner

Horwath Leveton Boner
Registered Auditor

Per: Selwyn Bloch
Partner
Registered Auditor

3 Sandown Valley Crescent
Sandown
2196

18 March 2011

Financial statements

Report of the audit and risk committee

The committee is pleased to present its report for the financial year ended 31 December 2010. The report is presented in accordance with the requirements of the Companies Act of 1973 and the recommendations contained in the third King Report on Governance for South Africa and the King Code of Governance for South Africa (King III,2009).

Audit and risk committee members

The audit and risk committee comprises of the following three independent non executive Directors:

JR Macey

L Letlape

K Vundla

M Anderson, although not regarded as independent, served on the audit committee until such time as two new independent non-executive directors were inducted.

The chairman of the board, chief executive officer, financial director, designated advisor, group financial manager, external auditor and other assurance providers attend meetings by invitation.

During the current year four meetings were held on the following dates:

15 March 2010

02 June 2010

18 August 2010

22 November 2010

Name of member	Number of meetings attended
J R Macey (chairman) BBusSci (Hons), BCom (Hons), CA(SA) Appointed: 1 June 2009	4
N M Anderson BCom (Hons), CA(SA) Appointed: 15 October 2007	3
E Dube MSc Statistics Resigned: 19 May 2010	1
L Letlape BArts, HDE, BEd Appointed: 1 November 2010	1
K Vundla HDip Accounting, CA (SA) Appointed: 1 November 2010	1

The board ensured that the audit and risk committee members jointly as a collective body are subject-matter specialists in the fields of finance, risk, audit, compliance and corporate governance and have sufficient qualifications, skills and experience to fulfil their obligations. In addition, all members are independent of character and their judgement is not impaired in any way. They all bring invaluable integrity and experience to the audit and risk committee's deliberations and make positive contributions on an ongoing basis.

Roles and responsibilities

The audit and risk committee's roles and responsibilities include its statutory duties in terms of section 270A of the companies act, the JSE Listing Requirements and the responsibilities assigned to it by the board.

Statutory duties

In the conduct of its duties, the audit committee has performed the following statutory duties:

- Nominated for appointment as auditor of the company, a registered auditor who, in the opinion of the audit committee, is independent of the company;
- Determined the fees to be paid to the auditor and the auditor's terms of engagement;
- Ensured that the appointment of the auditor complies with the companies act and any other legislation relating to the appointment of auditors;
- Determined the nature and extent of any non-audit services that the auditor may provide to the company; and
- Pre-approved any proposed agreement with the auditor for the provision of non-audit services to the company.

Please also refer to the Corporate Governance report on page 28 for a list of statutory duties.

External auditor

The committee has satisfied itself that Horwath Leveton Boner and Selwyn Bloch, the designated auditor, are independent as defined in terms of prescribed legislation and that Selwyn Bloch may continue to serve as the designated auditor.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2010 financial year.

There is a formal procedure that governs the process whereby the auditor is considered for non-audit services. The committee approved the terms of a master service agreement for the provision of non-audit services by the external auditor, and approved the nature and extent of non-audit services that the external auditor may provide in terms of the agreed pre-approval policy.

The committee has nominated, for election at the annual general meeting, Horwath Leveton Boner as the external audit firm and Selwyn Bloch as the designated auditor responsible for performing the functions of auditor, for the 2011 financial year. The audit committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE list of auditors and their advisors.

Internal financial controls

Based on the results of the formal documented review of the design, implementation and effectiveness of the company's system of internal financial controls conducted by the internal audit function during the 2010 year, and in addition, considering information and explanations given by management and discussions with the external auditor on the results of their audit, nothing has come to the attention of the audit committee that caused the committee to believe that the company's system of internal financial controls is not effective and does not form a basis for the preparation of reliable financial statements.

Report of the audit and risk committee continued

Financial statements

The audit and risk committee has reviewed interim reports, result announcements and other releases of price-sensitive information. It also reviewed the principles, policies and practices adopted in preparation of the financial statements of companies in the group to ensure that the annual financial statements of the group comply with all statutory requirements.

The audit and risk committee has evaluated the consolidated annual financial statements for the year ended 31 December 2010 and is satisfied that they comply, in all material aspects, with regulatory requirements and International Financial Reporting Standards. The committee has therefore recommended the annual financial statements for approval to the board. The board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

Going concern

The audit committee reviewed an assessment by management of the going concern premise of the company before concluding to the board that the company will be a going concern in the foreseeable future.

Expertise and experience of financial director and finance function

The audit committee has satisfied itself that the financial director has appropriate expertise and experience. The audit committee has considered, and has satisfied itself of the appropriateness of the expertise, resources and adequacy of the finance function and experience of the senior members of management responsible for the financial function.

Duties assigned by the board

The audit and risk committee fulfils an oversight role regarding the company's integrated report and the reporting process, including the system of internal financial control. It is responsible for ensuring that the company's internal audit function is independent and has the necessary resources, standing and authority within the company to enable it to discharge its duties. Furthermore, the audit committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

The audit and risk committee is satisfied that, in respect of the financial year, it complied with its legal, regulatory and other responsibilities.

Risk management

The audit and risk committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

The committee reviewed the management of risk and the monitoring of compliance and legal governance effectiveness within the group and ensured that the group's existing combined assurance model addressed the significant risks facing the group.

Internal audit

The audit and risk committee considered and recommended the internal audit charter for approval by the board.

The internal audit function reports centrally with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the company's operations. The chief audit executive is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the audit and risk committee on a regular basis.

The chief audit executive has direct access to the audit and risk committee, primarily through its chairman.

The audit and risk committee played an oversight role in respect of the internal audit function to ensure its effectiveness and is also responsible for the assessment of the performance of the chief audit executive and the internal audit function.

Whistle-blowing

The audit and risk committee receives and deals with any concerns or complaints, whether from within or outside the group, relating to the accounting practice and internal audit of the group, the content or auditing of the company's financial statements, the internal financial controls of the group and related matters.

Sustainability reporting

The audit and risk committee considered the group's sustainability information as disclosed in the integrated report and has assessed its consistency with operational and other information known to committee members, and for consistency with the annual financial statements. The committee discussed the sustainability information with management, and has considered the conclusion of the external assurance provider. The committee is satisfied that the sustainability information is reliable and consistent with the financial results.

Additional duties performed during the year as required by the King III code

The committee adopted a new formal terms of reference that has been approved by the board, and satisfied its responsibilities for the year in compliance with its terms of reference and will monitor this in line with the approved committee's annual work plan.

Recommendation of the integrated report for approval by the board

The audit and risk committee has, at their meeting held on 15 March 2011, recommended the integrated annual report for approval by the board of directors.

Conclusion on fulfilment of duties and obligations

Given the above, the committee is of the opinion that it has appropriately addressed its key responsibilities in respect of internal control, financial accounting control, stakeholder reporting and statutory and regulatory requirements.

JR Macey

Chairman of the committee

18 March 2011

Financial statements

Directors' report

The directors present their report for the year ended 31 December 2010. This report forms part of the audited financial statements.

Nature of business

Workforce Holdings Limited is an investment holding company. Its subsidiaries carry on the business of staff outsourcing, recruitment and specialist staffing and human resources support services (including the provision of financial and retail lending products).

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

Financial results

The financial year ending 31 December 2010 proved to be a tough year for the Workforce Group. Despite this, earnings per share of 6,8 cents per share (2009: 5,1 cents per share) were some 33% higher than the comparative earnings per share for the prior year. HEPS increased to 6,7 cents, from 6,4 cents for the comparative period. The outstanding matter relating to assessments issued in terms of the Compensation for Occupational Injuries and Disease Act, No 130 of 1993, which gave rise to a contingent liability of R13,5 million was resolved in the group's favour. The outcome is that the company has no liability in this regard. Group revenue of R1,153 billion reflected a 10% increase, compared to revenue of R1,043 billion achieved in the previous year. EBITDA of R35,9 million for the year ended December 2010 is marginally down on the R36,3 million for the comparative year, primarily as a result of increases in operational costs across the various businesses. Operating costs increased by 15% as a result of an ongoing focus on upskilling existing employees and the costs associated with attracting and retaining key staff, which we believe will position the group well into the future.

Subsidiaries

The company's directly owned subsidiaries are as follows:

Direct subsidiaries	% holding
The Workforce Group (Proprietary) Limited	100
Albrecht Nursing Agency (Proprietary) Limited	100
Rapitrade 465 (Proprietary) Limited	100
Telebest Holdings (Proprietary) Limited	100
Tenichron (Proprietary) Limited trading as Interchange Process Outsourcing	100
Letcolex (Proprietary) Limited trading as Programmed Construction	100

Details of the subsidiaries indirectly held are set out below:

Indirect subsidiaries	% holding
Babereki Employee Support Services (Proprietary) Limited	100
Khetha Staffing Services (Proprietary) Limited	100
Only The Best (Proprietary) Limited	100
Pha Phama Africa Staff Services (Proprietary) Limited	100
Teleresources (Proprietary) Limited	100
Top Level Personnel (Proprietary) Limited	100
Training Force (Proprietary) Limited	100
Workforce Finance (Proprietary) Limited	100
Workforce Healthcare (Proprietary) Limited	50
Workforce Software (Proprietary) Limited	100
Workforce Worldwide Staffing (Proprietary) Limited	100

The Pha Phama Africa Employee Empowerment Trust and its subsidiary Pha Phama Africa Investments (Proprietary) Limited are consolidated in line with the requirements of *IAS 27 Consolidated Financial Statements and Accounting for Investments in Subsidiaries* and *SIC 12 Special Purpose Entities* issued by the International Accounting Standards Board.

The subsidiary of the share trust is the beneficial owner of 14 370 000 (2009: 14 370 000) shares in Workforce Holdings Limited. The cost of these shares amounted to R7 615 838 (2009: R7 615 838) and the loan outstanding is R9 111 761 (2009: R8 245 938).

Aggregate profits of subsidiaries attributable to the holding company is as follows:

	2010 R'000	2009 R'000
Profit for the year attributable to owners of the parent	**22 426**	17 884

Dividends

No dividends were declared in the current financial year (2009: R Nil).

Share capital

Details of the company's authorised and issued share capital at 31 December 2010 are shown in note 9 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 articles of association, the directors have unlimited borrowing powers. Interest-bearing borrowings comprise loans secured by mortgage bonds, instalment sale agreements as well as cession of debtors. During the year Workforce entered into an invoice discounting agreement, replacing the previous securitisation structure, at the same amount (R160 million). This resulted in improved funds availability, relative to the debtors book, as well as reduced finance costs. Borrowings are, however, now reflected as current.

Subsequent events

No material events occurred between the year-end date and the date of this report.

Special resolutions

A special resolution was passed at the previous annual general meeting enabling the company, by way of general authority, to acquire ordinary shares issued by the company in terms of sections 85(2), 85(3) and 89 of the Companies Act, 1973, as amended and in terms of the listings requirements of the JSE Limited.

A special resolution was passed approving the sale of book debts to Absa Bank Limited, the terms and conditions of such sale were to be determined in accordance with the Invoice Discounting Agreement. The above resolution was passed by the following companies:
Albrecht Nursing Agency (Proprietary) Limited
Only The Best (Proprietary) Limited
Tenichron (Proprietary) Limited
Teleresources (Proprietary) Limited
Training Force (Proprietary) Limited
Workforce Finance (Proprietary) Limited
The Workforce Group (Proprietary) Limited
Letcolex (Proprietary) Limited
Pha Phama Africa Staff Services (Proprietary) Limited

Directors

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

Executive directors
LH Diamond
RS Katz
WP van Wyk

Non-executive directors

EG Dube	(resigned 19 May 2010)
NM Anderson	
JR Macey	
L Letlape	(appointed 1 November 2010)
K Vundla	(appointed 1 November 2010)

Secretary

Routledge Modise Inc, practicing as Eversheds, closed its corporate governance department and tendered its resignation as company secretary with effect from 30 September 2010. Sirkien van Schalkwyk was appointed as company secretary with effect from 1 November 2010. Her postal and business addresses are as follows:

PO Box 4896, Rietvalleirand, 0174
No1 Carlsberg, 430 Nieuwenhuyzen Street, Erasmuskloof, 0048

Auditor

Horwath Leveton Boner will continue in office as external auditor in accordance with section 270(2) of the Companies Act of South Africa.

Group statement of financial position

at 31 December 2010

	Notes	2010 R'000	2009 R'000
Assets			
Non-current assets		**72 721**	66 337
Property, plant and equipment	1	**9 899**	10 087
Goodwill	2	**41 205**	40 657
Other intangible assets	3	**9 640**	6 627
Deferred tax assets	4	**10 038**	7 119
Other financial assets	5	**1 939**	1 847
Current assets		**320 525**	314 968
Trade and other receivables	6	**271 352**	237 198
Inventories	7	**1 271**	1 345
Taxation		**105**	4 891
Cash and cash equivalents	8	**47 797**	71 534
Total assets		**393 246**	381 305
Equity and liabilities			
Equity		**173 804**	159 216
Share capital and premium	9	**103 752**	103 752
Available for sale reserve		**92**	–
Retained earnings		**69 950**	54 835
Equity attributable to owners of the parent		**173 794**	158 587
Non-controlling interests		**10**	629
Non-current liabilities		**13 096**	170 509
Borrowings	10	**10 129**	168 406
Deferred tax liabilities	4	**2 967**	2 103
Current liabilities		**206 346**	51 580
Trade and other payables	11	**46 416**	38 334
Borrowings	10	**159 578**	387
Amounts due to vendors	12	**–**	11 276
Bank overdraft	13	**352**	1 583
Total equity and liabilities		**393 246**	381 305
Group net asset value per share (cents per share)		**77,0**	70,6

Group statement of comprehensive income

for the year ended 31 December 2010

	Notes	2010 R'000	2009 R'000
Revenue	14	**1 153 842**	1 043 064
Cost of sales		**(875 289)**	(795 881)
Gross profit		**278 553**	247 183
Operating costs		**(242 570)**	(210 808)
Earnings before impairment, depreciation, amortisation, interest and taxation (EBITDA)		**35 983**	36 375
Depreciation and amortisation of non-financial assets		**(7 137)**	(6 819)
Operating profit		**28 846**	29 556
Finance income	15	**2 240**	1 223
Finance costs	16	**(12 721)**	(15 431)
Impairment of available-for-sale financial assets		**–**	(739)
Profit before taxation		**18 365**	14 609
Taxation	17	**(2 359)**	(2 930)
Profit for the year	18	**16 006**	11 679
Other comprehensive income for the year, net of tax:			
Fair value gains on available-for-sale financial assets		**92**	–
Total comprehensive income for the year		**16 098**	11 679
Profit for the year attributable to:			
Owners of the parent		**15 342**	11 421
Non-controlling interests		**664**	258
		16 006	11 679
Total comprehensive income attributable to:			
Owners of the parent		**15 434**	11 421
Non-controlling interests		**664**	258
		16 098	11 679
Earnings per share (cents per share)			
Basic and fully diluted	19	**6.8**	5.1

Group statement of changes in equity

for the year ended 31 December 2010

	Attributable to owners of the parent						
	Share capital and premium R'000	Treasury shares R'000	Available-for-sale reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total equity R'000
Balance at 1 January 2009	111 368	(6 694)	–	43 414	148 088	371	148 459
Transactions with owners	–	(922)	–	–	(922)	–	(922)
Total comprehensive income for the year	–	–	–	11 421	11 421	258	11 679
Balance at 1 January 2010	111 368	(7 616)	–	54 835	158 587	629	159 216
Payment of dividends	–	–	–	–	–	(1 010)	(1 010)
Acquisition of non-controlling interests	–	–	–	(227)	(227)	(273)	(500)
Total comprehensive income for the year	–	–	92*	15 342	15 434	664	16 098
Balance at 31 December 2010	111 368	(7 616)	92	69 950	173 794	10	173 804
Notes	9	9					

** Fair value gains on available-for-sale financial assets*

Group statement of cash flows

for the year ended 31 December 2010

	Notes	2010 R'000	2009 R'000
Cash generated from operations before net working capital changes		**25 516**	17 171
Cash generated from operations before net working capital changes	20.1	**36 169**	37 423
Interest received		**1 696**	746
Interest paid		**(12 721)**	(15 431)
Taxation paid	20.2	**372**	(5 567)
Increase/(decrease) in net working capital	20.3	**(25 999)**	27 104
Cash flows from operating activities		**(483)**	44 275
Cash flows from investing activities		**(7 771)**	(6 016)
Acquisition of subsidiaries	21	**(500)**	–
Dividends received		**544**	477
Property, plant and equipment acquired – maintaining operations	1	**(2 955)**	(3 039)
– expanding operations	1	**(613)**	(384)
Proceeds on disposal of property, plant and equipment		**555**	530
Intangible assets acquired	3	**(4 802)**	(3 600)
Cash flows from financing activities		**(14 252)**	325
Payment for treasury shares		**–**	(922)
Proceeds from borrowings		**(866)**	1 247
Payment of amounts due to vendors		**(12 376)**	–
Dividends paid to shareholder in subsidiary		**(1 010)**	–
Net change in cash and cash equivalents		**(22 506)**	38 584
Cash and cash equivalents at the beginning of the year		**69 951**	31 367
Cash and cash equivalents at the end of the year	20.4	**47 445**	69 951

Financial statements

Accounting policies

for the year ended 31 December 2010

1. General information

Workforce Holdings Limited (the company) is a limited company incorporated in South Africa. The address of its registered office and principal place of business are disclosed in the corporate information in the annual report. The principal activities of the group are staff outsourcing, recruitment and specialist staffing and human resources support services (including the provision of financial and retail lending products).

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)

2.1 Standards, amendments and interpretations to existing standards adopted during the financial year

The following new and revised standards and interpretations have been adopted in the current period and have not affected the amounts reported in these financial statements:

Amendments to IAS 7 Statement of Cash Flows – effective from 1 January 2010

The amendments (part of Annual Improvements to IFRSs 2009) specify that only expenditures that result in a recognised asset in the balance sheet, can be classified as investing activities in the statement of cash flows. No change in accounting policy was required as a result of this revised standard.

IAS 10 Events after the Reporting Period – effective from 1 July 2009

In conjunction with IFRIC 17 a further amendment (part of Annual Improvements to IFRSs 2008) has been made to IAS 10 that clarifies the recognition of a liability for a dividend payable. No change in accounting policy was required as a result of this revised standard.

IAS 17 Leases – effective from 1 January 2010

The amendment (part of Annual Improvements to IFRSs 2009) resulted in the deletion of specific guidance regarding the classification of leases of land so as to eliminate inconsistency with the general guidance on lease classification. As a consequence, the classification of land as finance or operating lease should be established by the application of the general principles of IAS 17. Refer note 3.15.

IAS 27 Consolidated and Separate Financial Statements (revised) – effective from 1 July 2009

The revised standard introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the group's interest in subsidiaries. Management does not expect the standard to have a material effect on the group's financial statements. Refer note 3.3.

IAS 36 Impairment of Assets – effective 1 January 2010

A further amendment (part of Annual Improvements to IFRSs 2009) was made to clarify that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined in *IFRS 8 Operating Segments*. Refer note 3.10.

IAS 38 Intangible Assets – effective from 1 July 2009

Additional consequential amendments (part of Annual Improvements to IFRSs 2009) arising from revised IFRS 3 relating to the measurement of the fair value of an intangible asset acquired in a business combination. Refer note 3.13.

Amendments to IFRS 2 Share-based payments

An amendment confirms that in addition to business combinations as defined in IFRS 3 (2008) Business Combinations, contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of *IFRS 2 Share Based Payments*. This amendment is effective for annual periods beginning on or after 1 July 2009. A further amendment was made relating to the accounting for group cash-settled share-based payment transactions and provides more guidance on the definition of the term 'group'. This amendment is effective for annual periods beginning on or after 1 January 2010. No change in accounting policy was required as a result of this revised standard.

IFRS 3 Business combinations (revised 2008) – effective from 1 July 2009

The standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard introduces changes to the accounting requirements for business combinations, but still requires use of the purchase method, and will have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009. Refer note 3.4.

2. Adoption of new and revised International Financial Reporting Standards (IFRSs) *(continued)*

2.1 Standards, amendments and interpretations to existing standards adopted during the financial year *(continued)*

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – effective from 1 July 2009

Disclosures in these financial statements have been modified to reflect the International Accounting Standards Board's clarification (as part of Annual Improvements to International Financial Reporting Standards 2009) that the disclosure requirements in standards other than IFRS 5 do not generally apply to non-current assets classified as held-for-sale and discontinued operations. No change in accounting policy was required as a result of this revised standard.

IFRS 8 Operating Segments – effective from 1 January 2010

An amendment (part of Annual Improvements to International Financial Reporting Standards 2009) has been made to the standard to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker. This amendment is effective for annual periods beginning on or after 1 January 2010 with earlier application permitted. Refer note 3.6.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective

At the date of authorisation of these 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.

IAS 1 Presentation of Financial Statements – effective from 1 January 2011

Clarification of statement of changes in equity as part of the Annual Improvements to IFRSs 2010. This amendment clarifies that entities may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

IAS 12 Income Taxes – effective from 1 January 2012

A rebuttable presumption was introduced that an investment property will be recovered in its entirety through sale.

IAS 24 Related Party Disclosures – effective from 1 January 2011

The revised standard provides partial relief from the requirements for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party.

IAS 27 Consolidated and Separate Financial Statements – effective from 1 July 2010

Transition requirements for amendments arising as a result of IAS 27 (part of the Annual Improvements to International Financial Reporting Standards 2010).

IAS 32 Financial Instruments: Presentation – effective from 1 July 2010

Clarification for the accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer.

IAS 34 Interim Financial Reporting – effective from 1 January 2011

Clarification of disclosure requirements around significant events and transactions including financial instruments

IFRS 1 First Time Adoption of International Financial Reporting Standards – effective from 1 July 2010

This amendment relieves first-time adopters of IFRS from providing the additional disclosures introduced through Amendments to IFRS 7 in March 2009. The amendment clarifies that changes in accounting policies in the year of adoption fall outside of the scope of IAS 8. A further amendment permits the use of revaluation carried out after the date of transition as a basis for deemed cost as well as permitting the use of the carrying amount under previous GAAP as deemed cost for operations subject to rate regulation.

IFRS 3 Business combinations

This amendment (part of Annual Improvements to IFRSs 2010) clarifies that contingent consideration balances arising from business combinations that occurred before an entity's date of adoption of IRFS 3 (revised 2008) shall not be adjusted on the adoption date. It also provides guidance on the subsequent accounting for such balances. This amendment is effective for annual periods beginning on or after 1 July 2010. Further amendments were made to the transition requirements for measurement of non-controlling interests and clarifications on unreplaced and voluntarily replaced share-based payment awards. These amendments are effective for annual periods beginning on or after 1 July 2010.

Accounting policies continued

for the year ended 31 December 2010

2. Adoption of new and revised International Financial Reporting Standards (IFRSs) *(continued)*

2.2 Standards, amendments and interpretations to existing standards that are not yet effective *(continued)*

IFRS 7 Financial Instruments: Disclosures

An amendment (part of the Annual Improvements to IFRSs 2010) has been made to clarify the disclosure requirements of the standard to remove inconsistencies, duplicative disclosure requirements and specific disclosures that may be misleading. This amendment is effective for annual periods beginning on or after 1 January 2011. Further amendments enhancing disclosures about transfers of financial assets are effective for annual periods beginning on or after 1 July 2011.

IFRS 9 Financial instruments – effective from 1 January 2013

The new standard forms the first part of a three-part project to replace *IAS 39 Financial Instruments: Recognition and measurement.*

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – effective 1 April 2010

This interpretation addresses the accounting by the entity that issues equity instruments in order to settle, in full or in part, a financial liability.

The directors anticipate that all applicable pronouncements that are effective in the next financial year will be adopted in the group's financial statements for the period commencing 1 January 2011 and that the adoption of those pronouncements will have no material impact on the financial statements of the group in the period of initial application.

3. Summary of accounting policies

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. The consolidated 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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act of South Africa as well as the JSE listings requirements.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The group has elected to present the 'income statement' and a 'statement of comprehensive income' in one statement: the 'statement of comprehensive income'.

The 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 financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group. All subsidiaries have a reporting date of 31 December. 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.

3. Summary of accounting policies *(continued)*

3.3 Basis of consolidation *(continued)*

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 balance.

3.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the 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. Any excess of identifiable net assets over acquisition cost is recognised in profit or loss immediately after acquisition.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition, to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

3.5 Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in South African Rand (ZAR), which is the functional currency of the company and the presentation currency for the consolidated financial statements.

Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates, are recognised in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

On consolidation, assets and liabilities are translated into Rand at the closing rate at the reporting date. Income and expenses are translated into the group's presentation currency at the average rates over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

3.6 Segment reporting

In identifying its operating segments, management generally follows the group's service lines, which represents the main services provided by the group. The group is organised into three main operating segments, namely staff outsourcing, recruitment and specialist staffing and human resources support services. Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources.

Accounting policies continued

for the year ended 31 December 2010

3. Summary of accounting policies *(continued)*

3.6 Segment reporting *(continued)*

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. The group's assets and liabilities are not organised within segments as this is not reported to the chief operating decision-maker and cannot be allocated reasonably to each segment as this would not be meaningful.

3.7 Revenue recognition

Revenue comprises revenue from the sale of goods and the rendering of services. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the group's different activities has been met. The specific recognition criteria are based on the services or goods provided and the contract conditions are described below.

Rendering of services

Revenue from a transaction involving the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date, when the outcome of the transaction can be estimated reliably.

Sale of goods

Sale of goods is recognised when the group has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

Construction contracts for project outsourcing

The group provides project outsourcing services that are within the scope of *IAS 11 construction contracts*. When the outcome can be assessed reliably, contract revenue and associated costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. Revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

When the group cannot measure the outcome of a contract reliably, revenue is recognised only to contract costs incurred, to the extent that such contract costs are recoverable. Contract costs are recognised in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss. Contract costs are recognised as expenses in the period in which they are incurred.

Interest and dividend income

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

3.8 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 the 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. Summary of accounting policies *(continued)*

3.9 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.

3.10 Goodwill

Goodwill represents the excess of the acquisition cost in a business combination over the fair value of the group's share of the identifiable net assets acquired (see note 3.4). Goodwill is carried at cost less accumulated impairment losses. Refer to note 3.14 for a description of impairment testing procedures.

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

3.11 Investment in subsidiaries

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less accumulated impairment. The cost of an investment in a subsidiary is the aggregate of the fair value, at the date of exchange, of its assets given, liabilities incurred or assumed, and equity instruments plus any costs directly attributable to the purchase of the subsidiary.

3.12 Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated average useful lives are as follows:

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

3.13 Other intangible assets

Intangible assets acquired separately

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.

Accounting policies continued

for the year ended 31 December 2010

3. Summary of accounting policies *(continued)*

3.13 Other intangible assets *(continued)*

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 are 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	3 to 5

Intangible assets with a finite life are assumed to have a residual value of nil, unless there is a commitment to purchase the intangible assets by a third party or an active market exists.

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.

Computer software

Computer software is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided to write down the cost on a straight-line basis over its useful life.

3.14 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.

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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses for cash-generating units reduce first 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. Summary of accounting policies *(continued)*

3.15 Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. 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.

3.17 Taxation

Tax expense recognised in the 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 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, 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.

Accounting policies continued

for the year ended 31 December 2010

3. Summary of accounting policies *(continued)*

3.17 Taxation *(continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

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.

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, 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.

3.19 Equity, reserve and dividends paid

Share capital and premium

Share capital represents the nominal 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

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Treasury shares

Where the company or other consolidated subsidiaries purchase the company's equity share capital, 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 financial statements on equity investments in the holding company'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. These entities are considered to be special purpose vehicles of the group and are therefore consolidated.

The share trust purchased shares for a share incentive scheme to benefit previously disadvantaged employees and to allow the company to meet its objective of achieving its B-BBEE 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.

Reserves

Gains and losses on certain financial instruments are included in reserves for available-for-sale financial assets and cash flow hedges respectively. Retained earnings include all current and prior period retained profits.

Dividends paid

Dividends paid on ordinary shares are recognised against equity in the period in which they are approved by the company's shareholders. Dividends declared after the reporting date are not recognised.

3.20 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3. Summary of accounting policies *(continued)*

3.20 Provisions *(continued)*

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation recognised in accordance with *IAS 18 Revenue.*

3.21 Retirement benefit costs

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

3.22 Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value and subsequently as described below.

3.22.1 Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within 'other expenses'.

Accounting policies continued

for the year ended 31 December 2010

3. Summary of accounting policies *(continued)*

3.22 Financial instruments *(continued)*

3.22.1 Financial assets *(continued)*

Available-for-sale (AFS) financial assets

Listed shares and listed redeemable notes held by the group that are traded in an active market are classified as AFS and are stated at fair value. Investments in unlisted shares that are not traded in an active market are also classified as AFS financial assets and stated at fair value if the directors consider that fair value can be reliably measured. Fair value is determined in the manner described in note 24.2. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans, cash and cash equivalents and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment include significant financial difficulty of the issuer or counterparty, or default or delinquency in interest or principal payments, or it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's 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, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3. Summary of accounting policies *(continued)*

3.22 Financial instruments *(continued)*

3.22.1 Financial assets *(continued)*

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If 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 asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.22.2 Financial liabilities

Financial liabilities are classified as either financial liabilities at 'FVTPL' or 'other financial liabilities'. The group's financial liabilities comprise borrowings and trade and other payables.

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'.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

3.23 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.

Accounting policies continued

for the year ended 31 December 2010

3. Summary of accounting policies *(continued)*

3.23 Critical accounting judgements and key sources of estimation uncertainty *(continued)*

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.

3.23.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations described in note 3.23.2 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 financial statements.

Government grants

Determining whether training fees are recoverable from the Services SETA and when these amounts are recoverable, involve the exercising of judgement by management. Details of these learnerships are detailed in note 6.

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 the time of recognition. Details of intangible assets are provided in note 3 of the notes to the group 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 4 of the notes to the group financial statements.

Allowance for doubtful debts

The provision was measured at the group's best estimate of future unrecoverable trade receivables, taking into account circumstances prevailing at year-end. Details of provision are provided in note 6 of the notes to the group financial statements.

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. The judgement application is used to determine if the obligation is recognised as a liability, disclosed as a contingent liability or ignored for financial statement purposes.

3. Summary of accounting policies *(continued)*

3.23 Critical accounting judgements and key sources of estimation uncertainty *(continued)*

3.23.2 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.

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 risk and the appropriate adjustment to asset-specific risk factors. Details of the impairment of goodwill are provided in note 2 of the notes to the group financial statements.

Useful lives of depreciable assets and residual values

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2010 management assesses that the useful lives represent the expected utility of the assets to the group.
The carrying amounts are analysed in notes 1 and 3 of the notes to the group financial statements.
Actual results, however, may vary due to technical obsolescence, particularly relating to computer software.

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.

In making its judgement, management has assessed at each balance sheet date whether there is an indication that items of property, plant and equipment and other assets may be impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make.
These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Notes to the group financial statements
at 31 December 2010

	2010 Cost R'000	2010 Accumulated depreciation R'000	2010 Carrying value R'000	2009 Cost R'000	2009 Accumulated depreciation R'000	2009 Carrying value R'000
1. Property, plant and equipment						
Motor vehicles	**7 744**	**(5 024)**	**2 720**	6 594	(4 646)	1 948
Computer equipment	**12 574**	**(10 845)**	**1 729**	10 989	(9 295)	1 694
Industrial equipment	**2 354**	**(2 033)**	**321**	2 189	(1 983)	206
Office equipment	**11 368**	**(8 857)**	**2 511**	10 321	(7 076)	3 245
Leasehold improvements	**717**	**(515)**	**202**	547	(491)	56
Training manuals	**4 694**	**(2 278)**	**2 416**	4 343	(1 405)	2 938
	39 451	**(29 552)**	**9 899**	34 983	(24 896)	10 087

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

	Motor vehicles R'000	Computer equipment R'000	Industrial equipment R'000	Office equipment R'000	Leasehold improvements R'000	Training manuals R'000	Total R'000
Carrying value at 1 January 2009	2 698	2 999	91	4 233	51	2 843	12 915
Additions	839	875	130	684	48	847	3 423
Disposals	(384)	(35)	–	(42)	–	–	(461)
Depreciation	(1 205)	(2 145)	(15)	(1 630)	(43)	(752)	(5 790)
Carrying value at 31 December 2009	1 948	1 694	206	3 245	56	2 938	10 087
Additions	1 968	1 613	165	1 082	170	350	5 348
Disposals	(164)	(4)	–	(20)	–	–	(188)
Depreciation	(1 032)	(1 574)	(50)	(1 796)	(24)	(872)	(5 348)
Carrying value at 31 December 2010	**2 720**	**1 729**	**321**	**2 511**	**202**	**2 416**	**9 899**

All depreciation charges are included in 'Depreciation and amortisation of non-financial assets' in the statement of comprehensive income. No property, plant and equipment have been impaired during the year (2009: Nil).

The net book value of motor vehicles held under instalment sales at 31 December 2010 amounted to R1 537 186 (2009: R356 062). Refer to note 10 for details of the instalment sale liabilities. Motor vehicles acquired under instalment sales amounted to R1 780 049 (2009: Nil).

	2010 R'000	2009 R'000
2. Goodwill		
Carrying value at beginning of the year	**40 657**	45 681
Adjustment of purchase price	**548**	(5 024)
Carrying value at end of the year	**41 205**	40 657

The cost of acquisition of Telebest Holdings (Proprietary) Limited includes an amount that was paid at the end of April 2010, based on the profits of the Telebest Group for the three years ending 31 December 2009. This amount was estimated at R11,676 million as at 31 December 2009 and in terms of *IFRS 3 Business combinations* (issued 2004) the fair market value was adjusted to R10,159 million and goodwill reduced by R5.024 million in 2009. The final payment amounted to R12,375 million and in terms of IFRS 3, goodwill has been adjusted accordingly by R548 000.

Goodwill is tested on an annual basis for impairment or more frequently if there are indications that goodwill might be impaired.

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units:

	2010 R'000	2009 R'000
Staff outsourcing	**4 275**	4 275
Recruitment and specialist staffing – Telebest	**31 115**	30 567
– Albrecht	**5 815**	5 815
	41 205	40 657

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 cash-generating units. The growth rates are based on industry growth forecasts. The group prepares cash flow forecasts based on budgeted results. A terminal value is calculated based on a conservative growth rate.

At the end of the reporting period, the group assessed the recoverable amount of goodwill and determined no impairment was required.

Staff outsourcing

Goodwill from business combinations is not separately identifiable in this segment as the acquired operations have been absorbed into the group.

For impairment testing purposes, the entire segment, which represents 82% (2009: 80%) of the group's turnover, was considered. Given sustainable profits for this segment, which are substantially more than the carrying value of the goodwill, no impairment was deemed necessary.

Recruitment and specialist staffing

This portion of goodwill represents businesses acquired in the 2007 financial year. Management's key assumptions for the recruitment and specialist staffing units include stable profit margins, which have been determined based on past experience in this market. The group's management believes that this is the best available input for forecasting this market.

The discounted cash flows and returns from projected numbers of the businesses were assessed and no impairment for the recruitment and specialist staffing units were deemed necessary.

Apart from the considerations above, management is not currently aware of any other probable changes that would necessitate changes in the key estimates used in determining the recoverable amounts of the cash-generating units.

Notes to the group financial statements continued

at 31 December 2010

	2010			2009		
	Cost R'000	**Accumulated amortisation R'000**	**Carrying value R'000**	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
3. Other intangible assets						
Computer software	**16 741**	**(7 101)**	**9 640**	11 940	(5 313)	6 627
	16 741	**(7 101)**	**9 640**	11 940	(5 313)	6 627

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

	Computer software R'000
Carrying value at 1 January 2009	4 056
Additions	3 600
Amortisation	(1 029)
Carrying value at 31 December 2009	6 627
Additions	4 802
Amortisation	(1 789)
Carrying value at 31 December 2010	**9 640**

The above amortisation expense is included in 'Depreciation and amortisation of non-financial assets' in the statement of comprehensive income. No intangible assets have been impaired during the year (2009: Nil).

	2010 R'000	2009 R'000
4. Deferred tax assets and liabilities		
Balance at beginning of the year	**5 016**	3 817
Movement per statement of comprehensive income	**2 055**	1 199
Balance at end of the year	**7 071**	5 016

Deferred tax balances are presented in the statement of financial position as follows:

	2010 R'000	2009 R'000
Deferred tax assets	**10 038**	7 119
Deferred tax liabilities	**(2 967)**	(2 103)
	7 071	5 016

2010	Opening balance R'000	Recognised in other comprehensive income R'000	Closing balance R'000
4. Deferred tax assets and liabilities *(continued)*			
Deferred tax assets/(liabilities) arise from the following:			
Temporary differences			
Property, plant and equipment	(98)	6	(92)
Intangible assets	(1 855)	(844)	(2 699)
Doubtful debts	3 054	535	3 589
Income received in advance	392	(392)	–
Provision for leave	1 288	269	1 557
Operating leases	–	(18)	(18)
Prepaid expenses	(150)	(6)	(156)
Tax losses	2 385	2 505	4 890
	5 016	2 055	7 071

2009	Opening balance R'000	Recognised in other comprehensive income R'000	Closing balance R'000
Deferred tax assets/(liabilities) arise from the following:			
Temporary differences			
Property, plant and equipment	(110)	12	(98)
Intangible assets	(1 135)	(720)	(1 855)
Doubtful debts	1 150	1 904	3 054
Income received in advance	–	392	392
Provision for leave	1 379	(91)	1 288
Prepaid expenses	(86)	(64)	(150)
Tax losses	2 619	(234)	2 385
	3 817	1 199	5 016

	2010 R'000	2009 R'000
5. Other financial assets		
Other financial assets comprise the following investment:		
Available-for-sale financial assets		
Listed shares		
4 616 907 (2009: 4 616 907) shares in Primeserv Limited at fair value	1 939	1 847

Fair value has been determined by reference to their quoted bid prices at reporting date.

Notes to the group financial statements continued

for the year ended 31 December 2010

	2010 R'000	2009 R'000
6. Trade and other receivables		
Trade and other receivables can be summarised as follows:		
Trade receivables	**246 319**	215 819
Other receivables	**24 472**	20 840
Trade and other receivables classified as financial instruments (refer note 24.1)	**270 791**	236 659
Prepayments	**561**	539
	271 352	237 198

	2010 R'000	2009 R'000
Trade receivables		
Trade receivables can be analysed as follows for the periods under review:		
Trade receivables	**217 213**	197 049
Gross trade receivables	**227 404**	205 078
Allowance for doubtful debts	**(10 191)**	(8 029)
Micro loans receivable	**29 106**	18 770
Gross micro loans receivable	**36 507**	25 491
Allowance for doubtful debts	**(7 401)**	(6 721)
	246 319	215 819

All amounts are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Trade and other receivables consist of a large number of customers, spread across diverse industries and geographical areas. Interest on micro loans 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 25.4.

Trade debtors to the value of R158 712 251 have been ceded to the bank in terms of an invoice discounting agreement as set out in note 10.

Included in trade receivables are amounts due from the Services SETA, in respect of training expenses for learnership and internship agreements registered with the Services SETA in terms of the Skills Development Act (No 97 of 1998).

	2010 R'000	2009 R'000
6. Trade and other receivables *(continued)*		
Amounts due from the Services SETA can be reconciled as follows:		
Opening balance	**7 676**	7 063
Claims submitted	**5 044**	4 493
Grants received	**(7 553)**	(3 880)
	5 167	7 676
Other receivables		
Other receivables comprise the following:		
Deposits	**919**	648
Staff debtors	**1 532**	1 114
Sundry debtors	**22 021**	19 078
	24 472	20 840
Allowance for doubtful debts		
Allowance for doubtful debts can be summarised as follows:		
Allowance for trade receivables	**10 191**	8 029
Allowance for micro loans receivable	**7 401**	6 721
	17 592	14 750
Days sales outstanding (excluding micro loans)	**54**	50

All of the group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables amounting to R14,364 million (2009: R8,364 million) were impaired and included in other expenses (see note 18). The impaired trade receivables are mostly due from customers in the business-to-business market that are experiencing financial difficulties. The full provision for doubtful debts relates to customer balances over 120 days.

The movement of the allowance for doubtful debts can be reconciled as follows:

	2010 R'000	2009 R'000
Balance at beginning of the year	**14 750**	7 183
Impairment losses raised	**(14 364)**	(8 364)
Amounts written off as uncollectible	**17 206**	15 931
	17 592	14 750

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Micro loans are limited in duration and extent. Accordingly, the directors believe that there is no further impairment required.

Notes to the group financial statements continued

for the year ended 31 December 2010

	2010 R'000	2009 R'000
7. Inventories		
Inventories can be analysed as follows:		
Consumables	**36**	195
Merchandise	**1 235**	1 150
	1 271	1 345

The cost of inventories recognised as an expense during the year was R7,9 million (2009: R8,6 million) of which an amount of R5,339 million (2009: R4,496 million) was included in the cost of sales and R2,526 million (2009: R4,128 million) in the administrative expenses in the statement of comprehensive income. No write-downs of inventory to net realisable value have been made.

	2010 R'000	2009 R'000
8. Cash and cash equivalents		
Cash and cash equivalents include the following components:		
Cash at bank and in hand	**44 453**	68 696
Short-term deposits	**3 344**	2 838
	47 797	71 534

	2010 R'000	2009 R'000
9. Share capital		
Authorised		
1 000 000 000 ordinary shares of 0,001c each	**10**	10
Issued	**111 368**	111 368
240 000 000 fully paid ordinary shares of 0,001c each	**2**	2
Share premium	**111 366**	111 366
Treasury shares		
14 370 000 shares	**(7 616)**	(7 616)
	103 752	103 752

The employee share empowerment trust and its subsidiary are consolidated and treasury shares held by the subsidiary of the trust are 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.

	2010 R'000	2009 R'000
9. Share capital *(continued)*		
The treasury shares can be reconciled as follows:		
Opening balance	**7 616**	6 694
Adjustment to purchase price	**–**	922
	7 616	7 616
Reconciliation of company and group share capital:		
Company share capital and premium	**236 867**	236 867
Treasury shares held by subsidiary	**(7 616)**	(7 616)
Goodwill reversed in terms of IFRS 3	**(125 500)**	(125 500)
Reverse take-over adjustment	**1**	1
Group share capital and premium	**103 752**	103 752

	Current		Non-current	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
10. Borrowings				
Borrowings include the following financial liabilities:				
Unsecured at amortised cost				
Loan on treasury shares, bearing interest at 10,5% per annum and repayable on 31 December 2012.	**–**	–	**9 112**	8 246
Gross amount owing	**–**	–	**9 112**	9 112
Imputed interest	**–**	–	**–**	(866)
Secured liabilities at amortised cost				
Loan bearing interest at prime overdraft rates and repayable on 31 March 2013.	**–**	–	**–**	160 000
Invoice discounting facility bearing interest at 1% below prime rate.	**158 887**	–	**–**	–
Instalment sale liabilities	**691**	387	**1 017**	160
	159 578	387	**10 129**	168 406

The loan on treasury shares is repayable out of dividends received by the subsidiary of the employee share empowerment trust. A preference share has been issued to the creditor of the subsidiary conferring cumulative preferential cash dividends.

Instalment sale liabilities are secured over motor vehicles with a carrying value of R1 537 186 (2009: R356 062) bearing interest at rates approximating the prime overdraft rate and repayable in monthly instalments of approximately R100 600 (2009: R36 300).

With effect from 15 November 2010 Workforce entered into an Invoice Discounting Agreement up to 85% of trade debts with a maximum facility of R160 million. This facility is classified as a short-term liability, whereas the previous facility was structured as a five-year securitisation arrangement, and hence classified as a long-term liability. As from 15 November 2011 onwards, this facility will be subject to a 3 month notice period from either party. The facility bears interest at 1% below prime overdraft rates. At year-end, debtors to the value of R158 712 251 were ceded to the bank subject to recourse.

The fair values of long-term financial liabilities have been determined by calculating their present value at the reporting date, using fixed effective market interest rates available to the group. No fair value changes have been included in the profit or loss for the period, as financial liabilities are carried at amortised cost in the statement of financial position.

Notes to the group financial statements continued

for the year ended 31 December 2010

	2010 R'000	2009 R'000
11. Trade and other payables		
Trade and other payables comprise:		
Trade payables classified as financial instruments	**32 763**	26 010
Income received in advance	**–**	1 400
VAT payable	**13 653**	10 924
Total trade and other payables	**46 416**	38 334
Trade payables classified as financial instruments		
Trade creditors	**14 743**	13 241
Audit fee accrual	**405**	317
Payroll liabilities	**6 965**	7 802
Employee benefit accrual	**5 559**	4 600
Other payables	**5 091**	50
	32 763	26 010

All amounts are short-term and the carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

The credit period of trade payables ranges between 7 and 90 days. No interest is charged on the trade payables for the first 90 days from the date of the invoice. The group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

	2010 R'000	2009 R'000
12. Amounts due to vendors		
Total amount due in respect of the acquisition of Telebest Holdings (Proprietary) Limited	**–**	11 276
Gross amount owing	**–**	11 676
Fair value adjustment in terms of IFRS 3	**–**	(400)
Less: Current portion	**–**	(11 276)
	–	–

The cost of acquisition of Telebest Holdings (Proprietary) Limited included an amount that was paid at the end of April 2010, dependent on the profits of the Telebest Group for the three years ending 31 December 2009. This amount was estimated at R11,676 million at 31 December 2009 and in terms of *IFRS 3 Business combinations* included at its fair market value, after imputed interest, of R11,276 million. As a result of the difference between the forecasted and actual profit, the final payment increased to R12,375 million and in terms of IFRS 3, goodwill has been adjusted accordingly.

	2010 R'000	2009 R'000
13. Bank overdraft		
Bank overdraft	**352**	1 583

The group has overdraft facilities amounting to R5 million. These facilities are repayable on demand and bear interest at rates linked to the prime overdraft rate.

	2010 R'000	2009 R'000
14. Revenue		
An analysis of the group's revenue for the year (excluding finance income – see note 15), is as follows:		
Revenue from the rendering of services	**1 090 939**	1 003 357
Imputed interest on trade receivables	**15 742**	12 032
Revenue from rendering construction services	**25 228**	7 367
Interest income on customer loans	**9 327**	12 111
Sale of goods	**12 606**	8 197
	1 153 842	1 043 064

See note 22 for an analysis of revenue by major products and services.

	2010 R'000	2009 R'000
15. Finance income		
Interest revenue	**1 696**	746
Bank deposits	**242**	654
Other loans and receivables	**1 454**	92
Dividends received	**544**	477
	2 240	1 223
Investment revenue earned on financial assets, analysed by category of asset, is as follows:		
Loans and receivables (including cash and bank balances)	**2 104**	1 108
Available-for-sale financial assets	**136**	115
	2 240	1 223

Notes to the group financial statements continued

for the year ended 31 December 2010

	2010 R'000	2009 R'000
16. Finance costs		
Total interest expense	**12 471**	14 996
Interest on long-term borrowings	**12 219**	14 782
Interest on bank overdrafts	**252**	214
Securitisation costs in respect of trade receivables	**250**	435
	12 721	15 431

	2010 R'000	2009 R'000
17. Taxation		
Taxation recognised in profit and loss		
Current tax expense		
Current year	**4 212**	4 129
Reversal of deferred tax		
Reversal of temporary differences	**(2 055)**	(1 199)
Secondary tax on companies		
Current year	**202**	–
	2 359	2 930
Estimated tax losses of subsidiaries of the group for utilisation against future taxable income:		
Tax losses recognised for deferred tax	**17 465**	8 518
Tax losses not recognised for deferred tax	**610**	8 448
	18 075	16 966

The tax rate for the year can be reconciled as follows:

	2010 %	2009 %
Standard corporate tax rate	**28,00**	28,00
Adjusted for:		
Non-deductible expenses	**(0,74)**	5,16
Tax allowances	**(14,70)**	(19,82)
Prior year tax losses now recognised	**(2,93)**	–
STC	**1,01**	–
Unused tax losses	**2,20**	6,72
Effective tax rate	**12,84**	20,06

	2010 R'000	2009 R'000
18. Profit for the year		
Profit before taxation for the year has been arrived at after charging/(crediting):		
Impairment losses on financial assets		
Impairment loss recognised on trade receivables – refer note 6	**14 364**	8 364
Impairment loss on loans receivable (included in trade and other receivables)	**–**	2 320
Impairment loss on available-for-sale financial assets	**–**	739
	14 364	11 423
Gains on disposal of financial assets		
Gains on disposal of property, plant and equipment	**(366)**	(69)
Depreciation and amortisation of non-financial assets		
Depreciation on property, plant and equipment – refer to note 1	**5 348**	5 790
Amortisation of intangible assets – refer to note 3	**1 789**	1 029
	7 137	6 819
Government grants received for staff training – refer note 6	**5 044**	4 493
Employee benefit expense		
Post-employment benefits	**5 149**	3 923
Staff costs	**164 195**	141 386
The number of employees of the group at the financial year-end was 814 (2009: 796).		
Auditor's remuneration		
Audit fees	**1 663**	1 710
Consulting and other services	**393**	330
	2 056	2 040
Operating lease rentals		
Premises	**15 131**	13 503
Equipment	**1 786**	1 679
	16 917	15 182

Notes to the group financial statements continued

for the year ended 31 December 2010

	2010	2009
19. 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:		
Profit attributable to equity shareholders of the parent company (R'000)	**15 342**	11 421
Weighted average number of ordinary shares in issue ('000)	**225 630**	225 630
Basic earnings per share (cents)	**6.8**	5.1
Diluted earnings per share		
There are no potential dilutive shares therefore diluted earnings per share equates to basic earnings per share.		
Headline earnings per share		
The earnings used in the calculation of headline earnings per share are as follows:		
Profit attributable to equity shareholders of the parent company (R'000)	**15 342**	11 421
Headline earnings adjustment (R'000)	**(264)**	3 009
(Gain)/loss on disposal of property, plant and equipment (R'000)	**(366)**	(69)
Impairment of loans receivable (R'000)	**–**	2 320
Impairment loss on available-for-sale-financial assets (R'000)	**–**	739
	(366)	2 990
Tax effects of adjustments (R'000)	**102**	19
Total headline earnings (R'000)	**15 078**	14 430
Weighted average number of shares in issue ('000)	**225 630**	225 630
Headline earnings per share (cents)	**6.7**	6.4

	2010 R'000	2009 R'000
20. Notes to the statement of cash flows		
20.1 Cash generated from operations		
Profit before taxation	18 365	14 609
Interest and dividend income	(2 240)	(1 223)
Interest expense	12 721	15 431
Adjusted for non-cash items:		
(Gain)/loss on disposal of property, plant and equipment	(366)	(69)
Impairment loss on available-for-sale-financial assets	–	739
Depreciation and amortisation of non-financial assets	7 137	6 819
Imputed interest on amounts due to vendors	552	1 117
	36 169	37 423

	2010 R'000	2009 R'000
20. Notes to the statement of cash flows *(continued)*		
20.2 Taxation paid		
Charged to income statement	**(2 359)**	(2 930)
Adjusted for deferred tax	**(2 055)**	(1 199)
Movement in taxation balance	**4 786**	(1 438)
	372	(5 567)
20.3 Working capital changes		
Change in trade and other receivables	**(34 154)**	32 287
Change in inventories	**74**	(471)
Change in trade and other payables	**8 081**	(4 712)
	(25 999)	27 104
20.4 Cash and cash equivalents		
Bank and cash balances	**47 797**	71 534
Bank overdraft	**(352)**	(1 583)
	47 445	69 951

21. Acquisition of non-controlling interests

On 29 April 2010 the group acquired an additional 40% interest in Khetha Staffing Services (Proprietary) Limited, increasing its ownership from 60% to 100%. A cash consideration of R500 000 was paid to the non-controlling interest shareholders. The carrying value of Khetha's net assets at this date was R681 000 and the carrying value of the additional interest acquired was R273 000. The difference of R227 000 between the consideration and the carrying value of the interest acquired has been recognised in retained earnings within equity. The group recognised a decrease in non-controlling interest of R273 000.

22. Segment reporting

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

- Staff outsourcing, which provides human resources to clients on both a short and long-term basis.
- Recruitment and specialist staffing, which includes permanent and temporary placements, ad-response handling, executive search, call centre staffing and importing and exporting of skills.
- Human resources support services, which can be integrated with staffing solutions to optimise employee performance.

These operating segments, as further described in note 3.6 of the accounting policies, are monitored and strategic decisions are made on the basis of adjusted segment operating results. The format in which segmental information is presented to the chief operating decision-maker was changed, hence the format of the prior period numbers were changed. Furthermore income and expenses not previously allocated have now been allocated across segments.

Notes to the group financial statements continued

at 31 December 2010

	Staff out-sourcing R'000	Recruit-ment and specialist staffing R'000	Human resources support services R'000	Central cost R'000	Consoli-dation entries R'000	Total R'000
22. Segment reporting *(continued)*						
Segment information can be analysed as follows for the reporting periods under review:						
2010						
Segment revenues	946 751	136 020	77 149	–	(6 078)	1 153 842
Cost of sales	(763 733)	(89 811)	(21 745)	–	–	(875 289)
Operating costs	(125 730)	(40 561)	(48 070)	(34 287)	6 078	(242 570)
Depreciation and amortisation of non-financial assets	(2 712)	(438)	(2 306)	(1 681)	–	(7 137)
Segment operating profit	54 576	5 210	5 028	(35 968)	–	28 846

	Staff outsourcing R'000	Recruit-ment and specialist staffing R'000	Human resources support services R'000	Central cost R'000	Consoli-dation entries R'000	Total R'000
2009						
Segment revenues	843 591	147 108	58 897	–	(6 532)	1 043 064
Cost of sales	(680 628)	(99 975)	(15 278)	–	–	(795 881)
Operating costs	(111 238)	(33 792)	(37 602)	(34 708)	6 532	(210 808)
Depreciation and amortisation of non-financial assets	(2 964)	(452)	(1 604)	(1 799)	–	(6 819)
Segment operating profit	48 761	12 889	4 413	(36 507)	–	29 556

No segmental information is provided in respect of geographical analysis as the group operates primarily in South Africa.

Most assets and liabilities are not directly attributable to individual segments and meaningful allocations to operating segments cannot be done on a reasonable basis.

	2010 R'000	2009 R'000
23. Leases		
Operating leases as lessee		
The group's non-cancellable operating lease commitments are as follows:		
Minimum future lease payments due:		
Not later than one year	**4 307**	6 558
Later than one year and not later than five years	**2 193**	5 193
	6 500	11 751

Lease payments recognised as an expense during the year amount to R16 916 828 (2009: R15 181 389). This amount consists of minimum lease payments. No sublease income is expected as all assets held under lease agreements are used exclusively by the group.

The group's operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain restrictions that would impose additional debt. Escalation clauses vary from contract to contract averaging 10% (2009: 10%). Contract renewal options are assumed to be exercised by the group, unless decided otherwise by management.

	Note	2010 R'000	2009 R'000
24. Financial instruments			
24.1 Categories of financial instruments			
Financial assets			
Available-for-sale financial assets			
Non-current financial assets:			
Listed shares	5	**1 939**	1 847
Loans and receivables			
Trade and other receivables	6	**270 791**	236 659
Cash and cash equivalents	8	**47 797**	71 534
		320 527	310 040
Financial liabilities			
Financial liabilities measured at amortised cost			
Non-current:			
Borrowings	10	**10 129**	168 406
Current:			
Borrowings	10	**159 578**	387
Trade and other payables	11	**46 416**	38 334
Amounts due to vendors	12	**–**	11 276
Bank overdraft	13	**352**	1 583
		216 475	219 986

Trade and other receivables exclude prepayments which do not represent financial instruments. A description of the group's risk management objectives and policies for financial instruments is given in note 25.

Notes to the group financial statements continued
for the year ended 31 December 2010

24. Financial instruments *(continued)*

24.2 Fair value of financial instruments

Unless otherwise disclosed, the directors consider that the carrying amount of financial assets and liabilities recognised at amortised cost in the financial statements, approximate their fair values. The fair values of financial assets and liabilities and impairment losses on financial assets are presented in the related notes.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- 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.

25. 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 24.1. The main types of risks are market risk, credit risk and liquidity risk.

The group's 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 by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

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 the above 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 most significant financial risks to which the group is exposed are described below.

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

25.1 Foreign currency risk management

Most of the group's transactions are carried out in Rand. Exposures to currency exchange rates arise from the group's overseas sales and purchases, which are primarily denominated in United Arab Emirates Dirham (AED) and Saudi Arabian Riyal (SAR).

To mitigate the group's exposure to foreign currency risk, cash flows in foreign currencies are monitored in accordance with the group's risk management policies. Generally, the group's risk management procedures distinguish short-term foreign currency cash flows (due within six months) from longer-term cash flows (due after six months). The group does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk.

Exposures to foreign exchange rates had a minimal effect on the group during the year. A sensitivity analysis has not been presented due to the effects being immaterial.

25.2 Interest rate risk management

The group is exposed to interest rate risk as entities in the group borrow funds at both fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings.

The group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 December 2010, the group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the group's money market funds are considered immaterial.

Total interest-bearing borrowings amount to R160,945 million (2009: R162,130 million). Details of the interest rates payable are set out in note 10. Interest rates are constantly monitored and where appropriate steps are taken to ensure that the group's exposure to interest rate fluctuations is limited.

	Profit for the year	
	R'000	R'000

25. Risk management *(continued)*

25.2 Interest rate risk management *(continued)*

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

	+ 1%	– 1%
31 December 2010	1 159	(1 159)
31 December 2009	1 167	(1 167)

These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

The group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments.

25.3 Other price risk sensitivity

The group is exposed to equity price risk arising from equity investments. Equity investments are considered to be long-term and held for strategic rather than trading purposes. Investments are continuously monitored and voting rights arising from these equity instruments are utilised in the group's favour.

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

	Profit for the year		Other equity reserves	
	R'000	R'000	R'000	R'000
	+ 5%	– 5%	+ 5%	– 5%
31 December 2010	97	(97)	–	–
31 December 2009	92	(92)	–	–

As the shares are classified as available-for-sale, 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.

25.4 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 group only transacts with entities that are rated the equivalent of investment grade and above. The information is supplied by independent rating 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 and 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.

Notes to the group financial statements continued

for the year ended 31 December 2010

	2010 R'000	2009 R'000
25. Risk management *(continued)*		
25.4 Credit risk management *(continued)*		
The group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date, as summarised below:		
Trade receivables	**227 404**	205 078
Other receivables	**24 472**	20 840
Micro loans receivable	**36 507**	25 491
Contract staff	**33 542**	22 944
Permanent staff	**2 965**	2 547
Cash and cash equivalents	**47 797**	71 534
	336 180	322 943

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 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 micro loans, 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, one customer represented more than 5% of the total balance of the trade receivables (2009: None). The balance due from this customer amounted to R14,1 million.

Included in the group's trade receivables are debtors with a carrying amount of R47,4 million (2009: R40 million) which are past due at the reporting date for which the group has not provided, as the amounts are still considered recoverable.

Ageing of amounts included in trade receivables that are past due at the end of the reporting period but against which the group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable, are as follows:

	2010 R'000	2009 R'000
31 – 60 days	**–**	160
60 – 90 days	**15 022**	10 602
90 – 120 days	**8 123**	2 334
120 + days	**24 280**	26 859
	47 425	39 955

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.

25. Risk management *(continued)*

25.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls and if available borrowing facilities are expected to be sufficient over the lookout period.

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 for a 180-day and a 360-day lookout period are identified monthly.

The group maintains cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The group's contractual maturities (including interest payments where applicable) are summarised below:

	Current		**Non-current**	
2010	**within months R'000**	**6 to 12 months R'000**	**1 – 5 years R'000**	**later than 5 years R'000**
Loan on treasury shares	**–**	**–**	**9 112**	**–**
Bank loans	**–**	**158 887**	**–**	**–**
Instalment sale liabilities	**359**	**332**	**1 017**	**–**
Trade and other payables	**46 416**	**–**	**–**	**–**
Bank overdraft	**352**	**–**	**–**	**–**
	47 127	**159 219**	**10 129**	**–**

	Current		Non-current	
2009	within months R'000	6 to 12 months R'000	1 – 5 years R'000	later than 5 years R'000
Loan on treasury shares	–	–	9 112	–
Bank loans	5 530	5 530	195 942	–
Instalment sale liabilities	218	153	146	–
Amount due for acquisition of subsidiary	11 676	–	–	–
Trade and other payables	38 334	–	–	–
Bank overdraft	1 583	–	–	–
	57 341	5 683	205 200	–

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Notes to the group financial statements continued

for the year ended 31 December 2010

26. 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 2008.

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-equity ratio of between 0,5 and 1,1. Based on the directors' recommendations, the group expects to decrease its gearing ratio closer to 60% through operating cash flows.

The gearing ratio for the reporting periods under review was as follows:

	2010 R'000	2009 R'000
Long and short-term borrowings	**169 707**	168 793
Amounts due to vendors	**–**	11 276
Bank overdraft	**352**	1 583
Cash and cash equivalents	**(47 797)**	(71 534)
Net debt	**122 262**	110 118
Total equity	**173 804**	159 216
Net debt-to-equity ratio	**0,7**	0,7

27. Related party transactions

Transactions between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. Details of transactions between the group and other related parties are disclosed below:

		2010 R'000	2009 R'000
27.1 Transactions with related parties			
During the year the group entities entered into the following trading transactions with related parties that are not members of the group:			
11 Wellington Street Investments (Proprietary) Limited		**3 476**	2 745
Relationship:	Director has significant influence		
Type of transaction:	Operating lease rentals paid		
Vunani Capital (Proprietary) Limited		**120**	54
Relationship:	Shareholder		
Type of transaction:	Designated advisors' fees		
Hunts Attorneys		**1 980**	1 274
Relationship:	Director with an interest in a legal practice – RS Katz		
Type of transaction:	Disbursements for advocates' fees paid		

	2010 R'000	2009 R'000
27. Related party transactions *(continued)*		
27.2 Related party loans		
Amounts due from/(payable to) related parties are as follows:		
Force Holdings (Proprietary) Limited	**(47)**	(47)
Relationship: Shareholder		
Simgarvan Investments (Proprietary) Limited	**(9 112)**	(6 219)
Relationship: Company controlled by a director of the group		
Hunts Attorneys	**142**	172
Relationship: Director with an interest in a legal practice – RS Katz		
R Malkin	**–**	704
Relationship: Shareholder of subsidiary		
For a detailed list of subsidiaries please refer to the directors' report.		

The remuneration of directors and other members of key management during the year was as follows:

	Basic remune-ration R	Bonus R	Allowances R	Retirement contri-butions R	Medical contri-butions R	Total R
27.3 Compensation of key management personnel						
Executive directors						
RS Katz	1 687 056	40 000	24 000	312 000	54 816	2 117 872
LH Diamond	1 322 210	200 000	60 500	139 181	25 438	1 747 329
WP van Wyk	776 759	50 000	24 500	81 764	–	933 023
Non-executive director						
JR Macey	100 000	–	–	–	–	100 000
L Letlape (appointed 01/11/2010)	16 667	–	–	–	–	16 667
K Vundla (appointed 01/11/2010)	16 667	–	–	–	–	16 667
	3 919 359	290 000	109 000	532 945	80 254	4 931 558

Notes to the group financial statements continued

for the year ended 31 December 2010

2009	Basic remune-ration R	Bonus R	Allowances R	Retirement contri-butions R	Medical contri-butions R	Total R
27. Related party transactions *(continued)*						
27.3 Compensation of key management personnel						
Executive directors						
RS Katz	1 493 084	40 000	24 000	312 000	49 908	1 918 992
LH Diamond (appointed 01/06/09)	692 500	100 000	73 500	63 500	14 735	944 235
RS Kaplan (resigned 31/08/09)	671 734	–	198 632	33 744	21 068	925 178
WP van Wyk	685 708	40 000	60 000	49 801	–	835 509
Non-executive director						
JR Macey (appointed 01/06/09)	58 333	–	–	–	–	58 333
	3 601 359	180 000	356 132	459 045	85 711	4 682 247

Compensation paid to key management personnel has all been done through The Workforce Group (Proprietary) Limited.

2010	Beneficial **Direct ’000**	Beneficial Indirect ’000
27.4 Directors’ interest in share capital		
The directors’ interest in share capital at year-end and at the date of this report were as follows:		
RS Katz	**–**	65 860
LH Diamond	**364**	–
WP van Wyk	**569**	–
E Dube	**–**	*
M Anderson	**–**	*
	933	108 760
2009		
R S Katz	–	65 860
LH Diamond	364	–
WP van Wyk	569	–
E Dube	–	*
M Anderson	–	*
	933	108 760

** These directors have an interest in Vunani Capital (Proprietary) Limited, which owns 42 900 000 shares in the company.*

28. Contingent liabilities

Workmen's compensation

The outstanding matter relating to assessments issued in terms of the Compensation for Occupational Injuries and Disease Act, No 130 of 1993, which gave rise to a contingent liability of R13,5 million in the 2009 financial statements, has been concluded in the group's favour. The outcome is that the company has no liability, contingent or otherwise, in this regard.

Third party claims

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 R826 157 (2009: R1 303 106). The directors believe, based on past history, that the likelihood of such claims being successful are minimal.

29. Legislative risk

As one of the leading firms in the Temporary Employment Services (TES) industry, the group has been at the forefront of negotiations and initiatives to protect the industry. Amendments to a range of legislation were presented to Cabinet during December 2010. These Bills have now been made public for comment by the end of February 2011 and will further be referred back to NEDLAC for negotiations between the representatives of government, labour and business before being resubmitted for passing into law. The group will again be an active participant in various forums that are in place to influence these negotiations.

Should the Bills be passed into law in their current format, the laws will become the subject of constitutional challenges which will most probably further delay the final implementation thereof. The Bills bring in a number of changes, other than the so-called "banning of labour brokers" which would greatly affect all employers in South Africa. The group anticipated these amendments and is already providing solutions to our clients to counteract the negative effects of the proposed amendments. TES (Temporary Employment Services) will still remain in existence for three years before being discontinued. The group and its clients will therefore have ample opportunity to best determine how the issue in relation to each client's unique requirements should be addressed.

The group is actively involved through its membership of CAPES (Confederation of Associations in the Private Employment Sector), which is the industry body partaking in the current discussions. The group has representatives on the executive committee of CAPES and BUSA (Business Unity South Africa), which are the business representatives at NEDLAC.

30. Retirement benefits

The group operates a defined contribution provident fund. As the scheme is a defined contribution scheme, no actuarial valuation is required as no actuarial shortfall can arise in the future. It is a mandatory requirement for all new permanent employees to join the fund. Employees contribute a percentage of their salaries and contributions are expensed as incurred (refer note 18).

Financial statements

Company statement of financial position

at 31 December 2010

	Notes	2010 R'000	2009 R'000
Assets			
Non-current assets			
Investment in subsidiaries	1	**213 149**	231 517
Current assets			
Cash and cash equivalents	2	**212**	203
Total assets		**213 361**	231 720
Equity and liabilities			
Equity		**213 360**	220 443
Share capital and premium	3	**236 867**	236 867
Retained earnings		**(23 507)**	(16 424)
Current liabilities		**1**	11 277
Trade and other payables		**1**	1
Amounts due to vendors	4	**–**	11 276
Total equity and liabilities		**213 361**	231 720

Company statement of comprehensive income

for the year ended 31 December 2010

	Notes	2010 R'000	2009 R'000
Administrative expenses		**(6 542)**	(6 836)
Operating loss		**(6 542)**	(6 836)
Finance income	5	**9**	1 490
Finance costs	6	**(550)**	(1 117)
Impairment of available-for-sale financial assets		**–**	–
Loss before taxation		**(7 083)**	(6 463)
Taxation	7	**–**	–
Loss for the year	8	**(7 083)**	(6 463)
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive loss for the year		**(7 083)**	(6 463)

Company statement of changes in equity

for the year ended 31 December 2010

	Share capital and premium R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2009	236 867	(9 961)	226 906
Total comprehensive loss for the year	–	(6 463)	(6 463)
Balance at 1 January 2010	236 867	(16 424)	220 443
Total comprehensive loss for the year	–	(7 083)	(7 083)
Balance at 31 December 2010	**236 867**	**(23 507)**	**213 360**

Company statement of cash flows

for the year ended 31 December 2010

	Notes	2010 R'000	2009 R'000
Cash flows from operating activities		**(192)**	1 321
Cash generated from operations	9.1	**349**	948
Interest received		**9**	11
Dividends received		**–**	1 479
Interest paid		**(550)**	(1 117)
Cash flows from investing activities		**11 477**	(1 309)
Proceeds on sale of financial assets		**–**	(1 309)
Investment in subsidiaries		**11 477**	–
Cash flows from financing activities		**(11 276)**	–
Amounts due to vendors		**(11 276)**	–
Net change in cash and cash equivalents		**9**	12
Cash and cash equivalents at beginning of year		**203**	191
Cash and cash equivalents at end of the year	9.2	**212**	203

Notes to the company financial statements

for the year ended 31 December 2010

	2010 R'000	2009 R'000
1. Investment in subsidiaries		
Wholly owned subsidiaries		
The Workforce Group (Proprietary) Limited	185 152	197 228
1 000 shares	97 832	81 083
Indebtedness	87 320	116 145
Telebest Holdings (Proprietary) Limited	25 907	34 289
100 shares*	–	–
Indebtedness	25 907	34 289
Amount owing by subsidiary	37 817	37 767
Provision for impairment	(11 910)	(3 478)
Albrecht Nursing Agency (Proprietary) Limited	–	–
100 shares*	–	–
Rapitrade 465 (Proprietary) Limited	2 090	–
100 shares*	–	–
Indebtedness	2 090	–
Amount owing by subsidiary	3 191	3 191
Provision for impairment	(1 101)	(3 191)
	213 149	231 517

** Amounts below R500*

During the current financial year, Workforce Holdings Limited increased its investment in The Workforce Group (Proprietary) Limited with an amount of R16 749 358 by capitalising a portion of the loan account.

The cost of acquisition of Telebest Holdings (Proprietary) Limited was adjusted in terms of IFRS 3 to the value of the final purchase price. Refer note 2 of the notes to the group financial statements for additional information.

The loans to subsidiaries are unsecured, interest free and have no fixed terms of repayment. Loans to subsidiaries amounting to R13,011 million (2009: R41,357 million) have been subordinated in favour of other creditors until the assets of these subsidiaries, fairly valued exceed their liabilities. The carrying value of loans approximate their fair value.

The movement of the provision for impairment can be reconciled as follows:

	2010 R'000	2009 R'000
Balance at beginning of year	6 669	–
Impairment losses raised	6 342	6 669
Balance at end of year	13 011	6 669

	2010 R'000	2009 R'000
2. Cash and cash equivalents		
Cash and cash equivalents include the following components:		
Cash at bank and in hand	6	6
Short-term deposits	206	197
	212	203

	2010 R'000	2009 R'000
3. Share capital		
Authorised		
1 000 000 000 ordinary shares of 0.001c each	**10**	10
Issued		
240 000 000 fully paid ordinary shares of 0.001c each	**2**	2
Share premium	**236 865**	236 865
	236 867	236 867

	2010 R'000	2009 R'000
4. Amounts due to vendors		
Total amount due in respect of the acquisition of Telebest Holdings (Proprietary) Limited	**–**	11 276
Gross amount owing	**–**	11 675
Fair value adjustment in terms of IFRS 3	**–**	(399)
Less: Current portion	**–**	(11 276)
	–	–

Refer note 12 of the notes to the group financial statements for details.

	2010 R'000	2009 R'000
5. Finance income		
Interest revenue:		
Bank deposits	**9**	11
Dividends received	**–**	1 479
	9	1 490

	2010 R'000	2009 R'000
6. Finance costs		
Total interest expense		
Interest on borrowings	**550**	1 117

	2010 R'000	2009 R'000
7. Taxation		
No provision has been made for the current year's taxation as the company had no taxable income.		
Estimated tax losses for utilisation against future taxable income	**4 113**	3 923

Notes to the company financial statements continued

for the year ended 31 December 2010

	2010 R'000	2009 R'000
8. Loss for the year		
Loss for the year has been arrived at after charging/(crediting):		
Impairment losses on financial assets		
Impairment loss on loans carried at amortised cost	**6 342**	6 669
Auditor's remuneration		
Audit fees	**30**	25
Consulting and other services	**9**	48
	39	73

	2010 R'000	2009 R'000
9. Notes to the statement of cash flows		
9.1 Cash generated from operations		
Loss before taxation	**(7 083)**	(6 463)
Interest and dividend income	**(9)**	(1 490)
Interest expenses	**550**	1 117
Adjusted for non-cash items:		
Impairment loss on loans carried at amortised cost	**6 342**	6 669
Imputed interest on amounts due to vendors	**550**	1 117
Movements in working capital:		
Change in trade and other payables	**(1)**	(2)
	349	948
9.2 Cash and cash equivalents		
Bank and cash balances	**212**	203

	2010 R'000	2009 R'000
10. Related Party Loans		
The Workforce Group (Proprietary) Limited	**87 320**	116 145
Relationship Wholly owned subsidiary		
Telebest Holdings (Proprietary) Limited	**37 815**	37 767
Relationship Wholly owned subsidiary		
Rapitrade 465 (Proprietary) Limited	**3 191**	3191
Relationship Wholly owned subsidiary		

For a detailed list of subsidiaries please refer to the directors' report.

Analysis of shareholders

	Number of shareholders	% of total shareholders	Number of shares	% of total issued share capital
Analysis of shareholdings				
1 – 1 000	**61**	33.15	**36 966**	0,02
1 001 – 10 000	**68**	36,96	**328 791**	0,14
10 001 – 100 000	**38**	21,20	**1 914 946**	0,80
100 001 – 1000 000	**10**	5,43	**3 091 927**	1,29
1 000 001 – and more	**6**	3,26	**234 627 370**	97,76
Total	**183**	100,00	**240 000 000**	100,00
Major shareholders (5% and more of the shares in issue)				
Force Holdings (Proprietary) Limited*			**92 970 000**	38,74
Little Kittens (Proprietary) Limited			**65 860 000**	27,44
Vunani Capital (Proprietary) Limited			**42 900 000**	17,88
Pha Phama Africa Investments (Proprietary) Limited			**14 370 000**	5,99
Shareholder spread				
Non-public	**6**	3,26	**217 032 965**	90,43
Directors	**2**	1,09	**932 965**	0,39
10% or more of issued capital	**3**	1,63	**201 730 000**	84,05
Treasury shares	**1**	0,54	**14 370 000**	5,99
Public	**177**	96,74	**22 967 035**	9,57
Total	**183**	100,00	**240 000 000**	100,00
Distribution of shareholders				
Individuals	**155**	84,24	**3 748 170**	1,56
Pension funds	**5**	2,72	**686 769**	0,29
Other managed funds	**5**	2,72	**19 051 001**	7,94
Other companies and corporate bodies	**18**	10,33	**216 514 060**	90,21
Totals	**183**	100,00	**240 000 000**	100,00

**Indirectly held by a director*

Corporate information

Company secretary
Routledge Modise Inc practicing as Eversheds

Registered office
c/o Horwath Leveton Boner
3 Sandown Valley Crescent
Sandown
2196
PO Box 652550
Benmore
2010

Business address
11 Wellington Road
Parktown
2193
PO Box 11137
Johannesburg
2000

Designated advisor
Vunani Capital (Proprietary) Limited

Transfer secretaries
Link Market Services South Africa (Proprietary) Limited

Commercial bankers
ABSA Business Bank

Company registration number
2006/018145/06

Website address
www.workforce.co.za

Shareholders' diary

Financial year-end	31 December 2010
Abridged report released on SENS	22 March 2011
Annual report posted to shareholders	31 March 2011
Annual general meeting	12 May 2011
Half-year interim report	Mid-August 2011

Notice of annual general meeting

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

Notice is hereby given that the annual general meeting of the company's shareholders will be held at 11 Wellington Road, Parktown on Thursday, 12 May 2011 at 12:00 ("the annual general meeting") for the purpose of considering and, if deemed fit, passing with or without modification, the following resolutions:

Ordinary business

1. **Ordinary resolution number 1**
   The adoption of the annual financial statements
   To receive, consider and adopt the annual financial statements of the company for the financial year ended 31 December 2010, including the reports of the directors and the independent auditors thereon.

2. **Ordinary resolution number 2**
   The re-election of retiring directors
   To re-elect Mr John Macey, as non-executive director, who, in terms of the company's articles of association retires at the annual general meeting but, being eligible, offers himself for re-election.

   An abbreviated *curriculum vitae* of Mr Macey is on page 5 of the annual report.

3. **Ordinary resolution number 3**
   Confirmation of directors' appointments
   To ratify, by way of separate resolutions, the appointments of Ms Lulu Letlape and Ms Kyansambo Vundla as independent non-executive directors of the company with effect from 1 November 2010.

   Abbreviated *curricula vitae* of Ms Letlape and Ms Vundla are on page 5 of the annual report.

4. **Ordinary resolution number 4**
   Confirmation of the re-appointment of the auditors and the auditors' remuneration
   To confirm the re-appointment of Horwath Leveton Boner as independent auditors of the company for the ensuing year (the designated auditor being Mr Selwyn Bloch) on the recommendation of the company's audit and risk committee, and to confirm the auditors' remuneration for the year ended 31 December 2010, as reflected on page 75 of the annual report, as determined by the company's audit and risk committee.

5. **Ordinary resolution number 5**
   Approval of non-executive directors' remuneration
   To sanction the proposed remuneration payable to the non-executive directors for the ensuing year as set out in the table hereunder.

Category	Proposed remuneration payable with effect from 1 January 2011
Board	
Chairman	Not applicable. Executive Chairman
Board member	R20 000 annual retainer R10 000 per meeting attended
Audit and risk committee	
Chairman	R10 000 per meeting attended
Audit and risk committee member	R10 000 per meeting attended
Remuneration committee	
Chairman	R10 000 per meeting attended
Remuneration and nomination committee member	R10 000 per meeting attended

Notice of annual general meeting continued

6. **Ordinary resolution number 6**

   Placing unissued shares under directors' control

   To authorise, subject to the provisions of sections 221 and 222 of the Companies Act, No 61 of 1973, as amended ("the Act") and the Listings Requirements of the JSE Limited ("the JSE") ("the Listings Requirements"), the directors of the company to allot and issue at their discretion any number of authorised but unissued ordinary shares in the share capital of the company for such purposes and on such terms and conditions as they may determine, until the next annual general meeting of the company.

7. **Ordinary resolution number 7**

   General authority to issue shares for cash

   To authorise, in terms of a general authority and subject to the Listings Requirements, the directors to issue shares for cash, as and when suitable opportunities arise, subject to the following conditions:

   - that this general authority shall only be valid until the next annual general meeting of the company or for 15 months from the date of this meeting, whichever period is shorter;
   - the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
   - the shares so issued shall be issued only to public shareholders (as defined in the Listings Requirements) and not to related parties;
   - that an announcement giving full details of the issue, including the impact on net asset value, net tangible asset value, earnings per share and headline earnings per share, be published after any issue representing, on a cumulative basis within one financial year, 5% or more of the number of shares in issue prior to the issue concerned;
   - that the issues in aggregate in any one financial year shall not exceed 50% of the number of shares of the company's issued ordinary share capital at the time the issue is made; and
   - that in determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the company's ordinary shares on the JSE over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares.

   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 meeting, excluding the votes of the company's designated adviser and controlling shareholders of the company, together with their associates.

8. **Special resolution number 1**

   General authority for the repurchase of ordinary shares

   To authorise the company and any subsidiary of the company, by way of a general authority contemplated in section 85 of the Act, to approve the acquisition by the company or any subsidiary of the company of any ordinary shares issued of the company on such terms and conditions and in such amounts as the directors of the company may decide, but subject always to the provisions of the company's Articles of Association, the Act and the Listings Requirements, which general authority shall endure until the next annual general meeting of the company (when this approval shall lapse unless it is renewed at that annual general meeting) or for 15 months from the date of this special resolution, whichever period is shorter, subject to the following limitations:

   - the repurchase of shares is effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
   - general repurchases by the company are limited to a maximum of 20% in aggregate of the company's issued share capital in any one financial year;

- general repurchases by the subsidiaries of the company are limited to a maximum of 10% in aggregate of the company's issued share capital in any one financial year;
- repurchases are not made at a price greater than 10% above the weighted average of the market value for the company's shares for the five business days immediately preceding the date on which the transaction was effected;
- repurchases do not take place during a prohibited period as defined in the Listings Requirements unless there is a repurchase programme in place, the dates and quantities of shares to be repurchased during the prohibited period are fixed and full details thereof have been disclosed in an announcement prior to commencement of the prohibited period;
- the company publishes an announcement after it or its subsidiaries have cumulatively acquired 3% of the number of ordinary shares in issue at the time that the shareholders' authority for the purchase is granted and for each 3% in aggregate of the initial number acquired thereafter;
- the company appoints only one agent to effect any repurchase on its behalf; and
- the company may not enter the market to proceed with the repurchase of its shares until the company's designated adviser has confirmed the adequacy of the company's working capital.

Reason and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to authorise the company and its subsidiaries, by way of a general authority, to repurchase the company's issued ordinary shares on such terms and conditions and in such amounts to be determined by the directors of the company, subject to certain statutory provisions and the Listings Requirements.
The directors of the company have, at the date of this notice, no specific intention to effect the provisions of special resolution number 1, but will, however, continually review the company's position, having regard to prevailing circumstances and market conditions in considering whether to effect the provisions of this special resolution.

The directors, after considering the effect of the maximum repurchase permitted and for a period of 12 months after the date of the notice of this annual general meeting, must be of the opinion that if such repurchase is implemented:

- the company and the group will be able, in the ordinary course of business, to repay their debts;
- the assets of the company and the group will be in excess of the liabilities of the company and the group, the assets and liabilities being fairly valued in accordance with International Financial Reporting Standards and in accordance with the accounting policies used in the latest audited annual group financial statements;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes; and
- the working capital of the company and the group will be adequate for ordinary business purposes.

Other disclosures in terms of the Listings Requirements

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the Listings Requirements for purposes of special resolution number 1:

- Directors and management – pages 85;
- Major beneficial shareholders – page 93;
- Directors' interests in ordinary shares – page 86; and
- Share capital of the company – page 91.

Litigation statement

The directors of the company, whose names appear on page 45 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past (being at least the previous 12 months from the date of this annual report) a material effect on the group's financial position.

Notice of annual general meeting continued

Directors' responsibility statement

The directors, whose names appear on page 45 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information set out in this notice and the relevant disclosures in the annual report 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, all reasonable enquiries to ascertain such facts have been made and the special resolution contains all information required by the Act and the Listings Requirements.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the financial or trading position of the group since the year-end and the date of signature of the annual report.

9. Ordinary resolution number 8

Authority to action all ordinary resolutions and special resolution

To authorise any one director of the company or the company secretary to do all such things as are necessary and to sign all such documents issued by the company so as to give effect to the ordinary resolutions and special resolution.

Voting and proxies

All shareholders will be entitled to attend and vote at the annual general meeting or any adjournment thereof. On a show of hands every shareholder of the company, who, being an individual, is present or is present by proxy at the general meeting or which, being a company or body corporate, is represented thereat by a representative appointed in terms of section 188 of the Act, shall have one vote only and on a poll every shareholder of the company (whether an individual or a company or a body corporate) or represented by a proxy at the annual general meeting shall have one vote for every share held by such shareholder.

The necessary form of proxy is attached for the convenience of the certified shareholders and dematerialised shareholders with "own name" registration who cannot attend the annual general meeting but wish to be presented thereat. Any shareholder entitled to attend and vote at the annual general meeting may appoint one or more persons to attend, speak and vote in place of such shareholder. A proxy so appointed need not be a shareholder of the company. In order to be valid, duly completed proxy forms must be received by the company's transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 5th Floor, 11 Diagonal Street, Johannesburg, 2001 by no later than 12:00 on Tuesday, 10 May 2011.

Ordinary shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than by "own name" registration, who wish to vote by way of proxy must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

Dematerialised shareholders, other than "own name" dematerialised shareholders, who wish to attend the annual general meeting, must request their CSDP or broker to provide them with a letter of representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholders and the CSDP.

By order of the board

S van Schalkwyk

Company secretary

18 March 2011

Form of proxy

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

FORM OF PROXY – for use by certificated and "own name" dematerialised shareholders only at the annual general meeting of shareholders to be held at 11 Wellington Road, Parktown on Thursday, 12 May 2011 at 12:00 ("the annual general meeting").

I/We ____________________ of ____________________
(please print name in full)
____________________ (address)

Telephone number ____________________

being a member/members of Workforce and holding, [ ] , ordinary shares in the company, hereby appoint:

1. ____________________ of ____________________
or failing him/her
2. ____________________ of ____________________
of failing him/her
3. the chairman of the annual general meeting

as my/our proxy to act on my/our behalf at the annual general meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary resolutions and the special resolution or to abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions

		Number of shares		
		In favour of	Against	Abstain
Ordinary resolution number 1:	To receive, consider and adopt the annual financial statements for the year ended 31 December 2010			
Ordinary resolution number 2:	To re-elect Mr John Macey as non-executive director			
Ordinary resolution number 3:	To ratify the appointment of independent non-executive directors 3.1 L Letlape 3.2 K Vundla			
Ordinary resolution number 4:	To confirm the re-appointment of Horwath Leveton Boner as auditors and to confirm auditors' fees			
Ordinary resolution number 5:	Approval of non-executive directors' remuneration			
Ordinary resolution number 6:	Placing unissued shares under directors' control			
Ordinary resolution number 7:	General authority to issue shares for cash			
Special resolution number 1:	General authority to repurchase shares			
Ordinary resolution number 8:	To authorise any one director or the company secretary to sign all documents to give effect to the resolutions			

Please indicate with an "X" in the appropriate spaces overleaf how you wish your votes to be cast.

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

Signed at (place) ____________________ on (date) ____________________ 2011

Member's signature ____________________ Assisted by (if applicable) ____________________

Notes to the form of proxy

1. A shareholder may insert the name of a proxy or names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of the lesser number of shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit in respect of entire shareholders' votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder by his/her proxy, but the total of the votes cast and in respect thereof abstention is recorded may not exceed the total of the voted exercisable by the shareholder or by his/her proxy.
3. Forms of proxy must be received by the Company's transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 5th Floor, 11 Diagonal Street, Johannesburg, 2001 by not later than 12:00 on Tuesday, 10 May 2011.
4. 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.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to the form of proxy, unless previously recorded by the company/transfer secretaries or waived by the chairman of the annual general meeting.
6. Any alterations or correction made to this form of proxy must be initialed by the signatory/ies.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the company.
8. The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the chairman is satisfied as to the manner in which the shareholder wishes to vote.
9. The chairman of the annual general meeting may, in his absolute discretion, accept or reject any form of proxy which is completed other than in accordance with these notes.
10. If required, additional forms of proxy are available from the transfer secretaries of the company.
11. Dematerialised shareholders, other than by "own name" registration, must NOT complete this form of proxy but must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

Definitions

Code	The Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance for South Africa – 2002
Companies Act or the Act	The South African Companies Act, 1973, as amended
EBITDA	Earnings before interest, taxation, depreciation and amortisation
Group	Workforce and its subsidiaries
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
SENS	The Securities Exchange News Service of the JSE
Telebest	Telebest Holdings (Proprietary) Limited
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 ALT^x exchange of the JSE