Unaudited condensed interim financial results

for the six months ended 30 June 2015

Highlights

Net asset value per share increased to **127 cents** per share.

Diluted earnings per share increased by **21%** to **11,6 cents** per share.

Headline earnings per share ("HEPS"), and earnings per share ("EPS") increased by **27%** to **12,2 cents** per share.

Cash conversion ratio increased to **96%.**

Delivering integrated and diversified people solutions

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

Condensed consolidated statement of comprehensive income

for the six months ended 30 June 2015

	Notes	**Six months to 30 June 2015 R'000**	Six months to 30 June 2014 R'000	Year to 31 December 2014 R'000
Continuing operations				
Revenue	7	**904 594**	871 840	1 801 895
Cost of sales		**(696 306)**	(679 204)	(1 403 346)
Gross profit		**208 288**	192 636	398 549
Other income		**1 000**	–	927
Operating costs		**(170 418)**	(154 285)	(319 708)
Earnings before impairment, depreciation, amortisation, interest and taxation ("EBITDA")		**38 870**	38 351	79 768
Depreciation and amortisation of non-financial assets		**(5 673)**	(5 087)	(10 501)
Operating profit	7	**33 197**	33 264	69 267
Finance income		**978**	771	148
Finance costs		**(8 025)**	(9 276)	(18 194)
Profit before taxation		**26 150**	24 759	51 221
Taxation credit/(expense)	8	**2 008**	(619)	8 313
Profit for the period from continuing operations		**28 158**	24 140	59 534
Loss from discontinued operations		**–**	(1 924)	–
Profit for the period		**28 158**	22 216	59 534
Other comprehensive (loss)/income for the period		**1 200**	(184)	185
Fair value gains/(losses) on available-for-sale financial instruments		**1 200**	(184)	185
Total comprehensive income for the period		**29 358**	22 032	59 719
Profit for the period attributable to:				
Owners of the parent		**27 524**	21 628	59 209
Non-controlling interests		**634**	588	325
		28 158	22 216	59 534
Total comprehensive income attributable to:				
Owners of the parent		**28 724**	21 444	59 394
Non-controlling interests		**634**	588	325
		29 358	22 032	59 719
Earnings per share (cents)	9			
Basic		**12,2**	9,6	26,2
Diluted		**11,6**	9,6	26,2

Condensed consolidated statement of financial position

for the six months ended 30 June 2015

	Notes	**Six months to 30 June 2015 R'000**	Six months to 30 June 2014 R'000	Year to 31 December 2014 R'000
Assets				
Non-current assets		**114 579**	97 931	109 391
Property, plant and equipment	5	**8 451**	7 910	7 052
Goodwill		**41 280**	41 280	41 280
Intangible assets	6	**23 991**	19 800	23 694
Deferred tax assets		**37 641**	27 294	35 349
Other financial assets		**3 216**	1 647	2 016
Current assets		**460 562**	447 557	453 506
Trade and other receivables		**449 774**	441 478	440 039
Inventories		**3 076**	2 855	3 085
Taxation		**–**	330	38
Cash and cash equivalents	10	**7 712**	2 894	10 344
Total assets		**575 141**	545 488	562 897
Equity and liabilities				
Equity		**301 981**	234 593	272 313
Share capital and premium		**236 867**	236 867	236 867
Treasury shares		**(7 616)**	(7 616)	(7 616)
IFRS 3 reverse acquisition adjustment		**(125 499)**	(125 499)	(125 499)
Available-for-sale reserve		**969**	(600)	(231)
Equity-settled employee benefits reserve		**1 208**	355	898
Retained earnings		**195 789**	130 684	168 265
Equity attributable to owners of the parent		**301 718**	234 191	272 684
Non-controlling interests		**263**	402	(371)
Non-current liabilities		**14 026**	14 840	14 233
Financial liabilities		**8 529**	8 998	8 822
Deferred tax liabilities		**5 497**	5 842	5 411
Current liabilities		**259 134**	296 055	276 351
Trade and other payables		**89 785**	102 686	84 117
Financial liabilities		**169 108**	192 826	192 210
Taxation		**236**	543	–
Bank overdrafts	10	**5**	–	24
Total equity and liabilities		**575 141**	545 488	562 897

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2015

	Attributable to owners of the parent	
	Share capital and premium R'000	**Reverse acquisition reserve R'000**
Balance at 1 January 2015	**236 867**	**(125 499)**
Recognition of share-based payments	**–**	**–**
Total comprehensive income for the period	**–**	**–**
Balance at 30 June 2015	**236 867**	**(125 499)**
Balance at 1 January 2014	236 867	(125 499)
Total comprehensive income for the period	–	–
Balance at 30 June 2014	236 867	(125 499)
Balance at 1 January 2014	236 867	(125 499)
Payment of dividends	–	–
Recognition of share-based payments	–	–
Total comprehensive income for the year	–	–
Balance at 31 December 2014	236 867	(125 499)

	Attributable to owners of the parent					
Treasury shares R'000	Available for sale reserve R'000	Retained earnings R'000	Equity-settled employee benefits reserve R'000	Total R'000	Non-controlling interest R'000	Total R'000
(7 616)	**(231)**	**168 265**	**898**	**272 684**	**(371)**	**272 313**
–	**–**	**–**	**310**	**310**	**–**	**310**
–	**1 200**	**27 524**	**–**	**28 724**	**634**	**29 358**
(7 616)	**969**	**195 789**	**1 208**	**301 718**	**263**	**301 981**
(7 616)	(416)	109 056	355	212 747	(186)	212 561
–	(184)	21 628	–	21 444	588	22 032
(7 616)	(600)	130 684	355	234 191	402	234 593
(7 616)	(416)	109 056	355	212 747	(186)	212 561
–	–	–	–	–	(510)	(510)
–	–	–	543	543	–	543
–	185	59 209	–	59 394	325	59 719
(7 616)	(231)	168 265	898	272 684	(371)	272 313

Condensed consolidated statement of cash flows

for the six months ended 30 June 2015

	Notes	**Six months to 30 June 2015 R'000**	Six months to 30 June 2014 R'000	Year to 31 December 2014 R'000
Cash generated from operations before net working capital changes		**31 899**	27 046	58 751
Cash generated from operations	16.1	**38 870**	35 951	77 750
Finance income		**978**	771	148
Finance costs		**(8 025)**	(9 276)	(18 194)
Taxation paid		**76**	(400)	(953)
(Increase) in net working capital	16.2	**(3 748)**	(21 532)	(38 621)
Cash flows from operating activities		**28 151**	5 514	20 130
Cash flows from investing activities		**(7 369)**	(4 544)	(10 432)
Property, plant and equipment acquired – maintaining operations	5	**(3 209)**	(1 765)	(2 802)
Proceeds on disposal of property, plant and equipment		**–**	–	586
Intangible assets acquired – maintaining operations	6	**(4 160)**	(2 779)	(7 166)
Acquisition of other financial assets		**–**	–	(1 050)
Cash flows from financing activities		**(23 395)**	(11 724)	(13 026)
Repayment of borrowings		**(23 395)**	(11 724)	(12 516)
Dividends paid		**–**	–	(510)
Net change in cash and cash equivalents		**(2 613)**	(10 754)	(3 328)
Cash and cash equivalents at beginning of the period		**10 320**	13 648	13 648
Cash and cash equivalents at end of the period	10	**7 707**	2 894	10 320

for the six months ended 30 June 2015

1. Nature of operations and general information

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

The consolidated interim financial statements are presented in South African Rand ("ZAR"), which is also the functional currency of the parent company.

The consolidated interim financial statements were approved for issue by the Board of Directors on 25 August 2015.

2. Basis of preparation and significant accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with the Listings Requirements of JSE Limited ("JSE") for interim financial statements, International Accounting Standard ("IAS") 34, *Interim Financial Reporting* and the South African Companies Act, 2008 (Act 71 of 2008), as amended, the SAICA Financial Reporting Guides, as issued by the Accounting Practice Committee, as well as the SAICA Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The condensed interim financial statements for the six months ended 30 June 2015 were compiled under the supervision of W van Wyk CA(SA), the Group Financial Director. The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards and have been applied consistently with the accounting policies applied in the Annual Financial Statements for the year ended 31 December 2014.

3. Events after reporting date

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

4. Auditor's responsibility

These condensed consolidated interim financial results have not been audited nor reviewed by the group's auditors. This is not a requirement of the JSE Listings Requirements. The auditors are responsible for monitoring compliance with the disclosure requirements of the JSE.

for the six months ended 30 June 2015

5. Property, plant and equipment

	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
Six months to June 2015							
Carrying amount at 1 January 2015	**2 105**	**1 865**	**463**	**1 263**	**227**	**1 129**	**7 052**
Additions	**–**	**1 224**	**1 534**	**417**	**20**	**14**	**3 209**
Depreciation	**(477)**	**(573)**	**(150)**	**(327)**	**(62)**	**(221)**	**(1 810)**
Carrying amount at 30 June 2015	**1 628**	**2 516**	**1 847**	**1 353**	**185**	**922**	**8 451**
Six months to June 2014							
Carrying amount at 1 January 2014	2 387	1 800	234	1 797	338	1 445	8 001
Additions	620	576	304	81	18	166	1 765
Depreciation	(479)	(612)	(59)	(360)	(67)	(279)	(1 856)
Carrying amount at 30 June 2014	2 528	1 764	479	1 518	289	1 332	7 910
Year to 31 December 2014							
Carrying amount at 1 January 2014	2 387	1 800	234	1 797	338	1 445	8 001
Additions	714	1 283	372	189	24	220	2 802
Disposals	(1)	–	–	–	–	–	(1)
Depreciation	(995)	(1 218)	(143)	(723)	(135)	(536)	(3 750)
Carrying amount at 31 December 2014	2 105	1 865	463	1 263	227	1 129	7 052

6. Intangible assets

	Work in progress R'000	Brands R'000	Computer software R'000	Total R'000
Six months to June 2015				
Carrying amount at 1 January 2015	**2 527**	**2 870**	**18 297**	**23 694**
Additions	**3 282**	**–**	**878**	**4 160**
Amortisation	**–**	**(535)**	**(3 328)**	**(3 863)**
Carrying amount at 30 June 2015	**5 809**	**2 335**	**15 847**	**23 991**

6. Intangible assets continued

	Work in progress R'000	Brands R'000	Computer software R'000	Total R'000
Six months to June 2014				
Carrying amount at 1 January 2014	–	156	20 096	20 252
Additions	–	–	2 779	2 779
Amortisation	–	(25)	(3 206)	(3 231)
Carrying amount at 30 June 2014	–	131	19 669	19 800
Year to 31 December 2014				
Carrying amount at 1 January 2014	–	156	20 096	20 252
Additions	2 527	–	4 639	7 166
Acquired through business combination	–	3 027	–	3 027
Amortisation	–	(313)	(6 438)	(6 751)
Carrying amount at 31 December 2014	2 527	2 870	18 297	23 694

7. Segment analysis

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

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

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

for the six months ended 30 June 2015

7. Segment analysis continued

Revenues, profit, assets and liabilities generated for each of the group's business segments are summarised as follows:

	Staffing and Recruitment R'000	Training and Consulting R'000
Six months to June 2015		
Segment revenues	**772 039**	**23 581**
Cost of sales	**(607 873)**	**(12 545)**
Operating costs	**(101 771)**	**(9 702)**
Other income	**–**	**–**
EBITDA	**62 395**	**1 334**
Depreciation and amortisation of non-financial assets	**(1 400)**	**(338)**
Segment operating profit	**60 995**	**996**
Capital expenditure	**1 135**	**104**
Segment total assets	**251 975**	**6 835**
Segment total liabilities	**(44 201)**	**(18 144)**
Net segment assets/(liabilities)	**207 774**	**(11 309)**
Six months to June 2014		
Segment revenues	758 250	18 466
Cost of sales	(601 853)	(7 731)
Operating costs	(92 390)	(9 908)
EBITDA	64 007	827
Depreciation and amortisation of non-financial assets	(1 028)	(410)
Segment operating profit	62 979	417
Capital expenditure	899	256
Segment total assets	282 171	12 821
Segment total liabilities	(67 026)	(13 323)
Net segment assets/(liabilities)	215 145	(502)
Year to 31 December 2014		
Segment revenues	1 570 885	32 893
Inter-segment revenues	338	6 512
Cost of sales	(1 247 702)	(17 826)
Operating costs	(196 113)	(19 382)
Other income	927	–
EBITDA	128 335	2 077
Depreciation and amortisation of non-financial assets	(2 210)	(827)
Segment operating profit	126 125	1 250
Capital expenditure	9 686	367
Segment total assets	255 465	8 721
Segment total liabilities	(35 409)	(14 666)
Net segment assets/(liabilities)	220 056	(5 945)

Financial and Lifestyle Products R’000	Employee Health Management R’000	Process Outsourcing R’000	Central cost R’000	Consolidation entries R’000	Total R’000
32 709	17 375	60 480	–	(1 590)	904 594
(9 248)	(7 221)	(59 419)	–	–	(696 306)
(17 926)	(8 989)	(3 656)	(29 964)	1 590	(170 418)
1 000	–	–	–	–	1 000
6 535	1 165	(2 595)	(29 964)	–	38 870
(1 296)	(284)	(33)	(2 322)	–	(5 673)
5 239	881	(2 628)	(32 286)	–	33 197
1 684	1 921	7	2 518	–	7 369
154 746	12 419	24 298	124 868	–	575 141
(137 155)	(7 432)	(22 863)	(43 365)	–	(273 160)
17 591	4 987	1 435	81 503	–	301 981
27 178	13 439	57 712	–	(3 205)	871 840
(8 201)	(5 106)	(56 313)	–	–	(679 204)
(16 808)	(6 899)	(1 901)	(29 584)	3 205	(154 285)
2 169	1 434	(502)	(29 584)	–	38 351
(1 482)	(157)	(42)	(1 968)	–	(5 087)
687	1 277	(544)	(31 552)	–	33 264
312	445	7	2 625	–	4 544
129 092	8 283	17 796	95 325	–	545 488
(118 161)	(5 367)	(26 638)	(80 735)	–	(311 250)
10 931	2 916	(8 842)	14 590	–	234 238
59 835	26 096	112 186	–	–	1 801 895
–	830	–	–	(7 680)	–
(16 711)	(10 412)	(109 029)	–	–	(1 403 346)
(33 578)	(13 972)	(5 842)	(58 201)	7 680	(319 408)
–	–	–	–	–	927
9 546	2 542	(2 685)	(58 201)	–	79 768
(2 975)	(325)	(96)	(4 068)	–	(10 501)
6 571	2 229	(2 781)	(62 269)	–	69 267
774	488	12	1 668	–	12 995
145 595	7 411	18 536	127 169	–	562 897
(149 723)	(6 685)	(18 895)	(65 205)	–	(290 583)
(4 128)	726	(359)	61 964	–	272 314

for the six months ended 30 June 2015

8. Taxation

The effective tax rate of (7,7%) (2014: 2,5%) for the period was based on the anticipated average tax rate for the full financial year. The low tax rate is due to learnership allowances as well as employment tax incentive income.

	Six months to 30 June 2015 R'000	Six months to 30 June 2014 R'000	Year to 31 December 2014 R'000
9. Earnings per share			
Basic earnings per share			
Profit attributable to equity shareholders of the parent company (R'000)	**27 524**	21 628	59 209
Weighted average number of shares in issue ('000)	**225 630**	225 630	225 630
Diluted weighted average number of shares in issue ('000)	**236 514**	225 630	225 630
Basic earnings per share (cents)	**12,2**	9,6	26,2
Diluted earnings per share (cents)	**11,6**	9,6	26,2
Headline earnings per share			
The earnings used in the calculation of headline earnings per share are as follows:			
Profit after taxation (R'000)	**27 524**	21 628	59 209
Headline earnings adjustment (R'000)	**–**	–	(1 088)
• Gain on disposal of property, plant and equipment	**–**	–	(584)
• Gain on bargain purchase	**–**	–	(927)
• Tax effect of adjustments	**–**	–	423
Total headline earnings (R'000)	**27 524**	21 628	58 121
Weighted average number of shares in issue ('000)	**225 630**	225 630	225 630
Headline earnings per share (cents)	**12,2**	9,6	25,8
Headline earnings per share from continuing operations			
The earnings used in the calculation of headline earnings from continuing operations are as follows:			
Headline earnings (R'000)	**27 524**	21 628	58 121
• Loss from discontinued operation	**–**	1 924	–
Total headline earnings (R'000)	**27 524**	23 552	58 121
Weighted average number of shares in issue ('000)	**225 630**	225 630	225 630
Headline earnings per share (cents) from continuing operations	**12,2**	10,4	25,8
10. Cash and cash equivalents			
Cash and cash equivalents include the following components:			
Cash at bank and on hand	**7 712**	2 894	10 344
Bank overdraft	**(5)**	–	(24)
	7 707	2 894	10 320

11. Dividends

No dividend was declared relating to the period under review.

12. Business combinations

There were no business combinations during the period under review.

13. Related party transactions

The group, in the ordinary course of business, entered into various sale and purchase transactions on an arm's length basis at market rates with related parties.

14. Changes to the Board

There have been no changes to the Board in the current period.

15. Other significant matter

The employment tax incentive introduced in January 2014 incentivises companies that employ young job seekers. The effect of this incentive on the group's results has been substantial and has been treated as a deduction of the relevant wage expense in terms of IAS20: *Accounting for government grants and disclosure of government assistance*.

	Six months to 30 June 2015 R'000	Six months to 30 June 2014 R'000	Year to 31 December 2014 R'000
16. Notes to the condensed consolidated statement of cash flows			
16.1 Cash generated from operations			
Profit before taxation from continuing operations	**26 150**	24 759	51 221
Loss before taxation from discontinued operations	**–**	(2 672)	–
Interest and dividend income	**(978)**	(771)	(148)
Finance costs	**8 025**	9 276	18 194
Adjustment for non-cash items:			
Gain on disposal of property, plant and equipment	**–**	–	(584)
Depreciation and amortisation of non-financial assets	**5 673**	5 087	10 501
Equity-settled share-based payments	**–**	272	543
Gain on bargain purchase	**–**	–	(927)
Increase in contingent consideration payment	**–**	–	(1 050)
	38 870	35 951	77 750
16.2 Working capital changes			
Change in trade and other receivables	**(9 735)**	(23 444)	(22 005)
Change in inventories	**9**	(274)	(504)
Change in share-based payment	**310**	(272)	–
Change in trade payables	**5 668**	2 458	(16 112)
	(3 748)	(21 532)	(38 621)

for the six months ended 30 June 2015

	Six months to 30 June 2015 R'000	Six months to 30 June 2014 R'000	Year to 31 December 2014 R'000
17. Group net asset value per share (cents per share)			
The net asset value per share and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:			
Group net asset value	**302 024**	233 836	272 685
Weighted average number of ordinary shares in issue ('000)	**237 530**	225 630	225 630
	127	104	121

Directors' commentary

Group overview

Workforce Holdings has been at the forefront of industrial permanent and contract staffing solutions in Southern Africa since 1972, helping organizations find ways to reduce their operating costs, streamline their manpower processes, and improve operational efficiencies. Over the past decade the group has expanded its business offering to include training, healthcare and project capabilities. In so doing, the group and its portfolio of businesses ensure that contract workers receive fair remuneration for their work, are adequately trained and continuously upskilled, and are offered benefits such as financial services, funeral policies, medical aid and life cover that are normally only associated with permanent employment.

Our continued growth during 2015 is built on the diversification strategy that we have had in place for some time now, which has equipped Workforce to offer its clients a turnkey staffing solution. Our core business remains that of staffing solutions, and we expect this to grow in spite of recent regulatory changes, because our company focuses on the people it places in temporary employment as much as it focuses on our clients that provide them with a decent wage.

Financial overview

The Workforce Group results for the first six months of 2015 reflect tough trading conditions as a result of slower than expected economic activity across most sectors, and the impact of the recently implemented amendments to the labour legislation which has put a damper on buyer behaviour within the flexible staffing segment of our business.

Group revenue increased by 4% to R905 million whilst earnings before interest, tax, depreciation and amortisation ("EBITDA") of R38,9 million was mostly unchanged on the previous period in 2014. Headline earnings per share ("HEPS") and Earnings per share ("EPS") increased by 27% to 12,2 cents per share.

Cash generated from operating activities before working capital changes increased to R38,9 million (June 2014: 5,9 million). Net cash generated from operating activities improved to R 28,2 million, up from R 5,5 million in the comparative period. In this regard, the Group's Days Sales Outstanding ("DSO") improved to 44 days (June 2014: 49 days).

The group's gross margin increased to 23% (2014: 22%). This improved margin is in part reflective of the increased benefit received through the Employee Tax Incentive ("ETI"), which amounted to R30,8 million for the period under review.

The consolidated group profit for the half year is R28,2 million, an increase of 27% compared to last year this time. As a result of the group's share incentive scheme and the share price trebling, the diluted weighted average number of shares increased to 236 514 shares. Diluted earnings per share increased to 11,6 cents (2014: 9,6 cents). Furthermore, the group continues to benefit from reduced taxation as a consequence of its learnerships rollout, as well as the ETI programme both of which resulted in a tax credit of R2 million.

Segmental overview

Staffing and recruitment – The group's blue-collar businesses performed well in difficult conditions, while the white collar businesses were up compared to the prior period, delivering consolidated EBITDA for this segment of business of R6,4 million (2014: R800 000).Turnover reflected was flat on the previous year, primarily as a result of the changes to the labour legislation and the uncertainty that surrounded these changes. However, management is confident that its customised solutions to the labour legislation amendments, together with the group's maturing diversification strategy will pay off, and our focus will remain on protecting current market share and positioning the business for growth over the next period.

The implementation of the new labour legislations has impacted buyer behaviour as many clients have stalled decisions on their flexible staffing requirements in anticipation of declarators. The group continues to engage with the market on its solutions which have been developed over the past few years, enabling clients to mitigate any risk that the amendments may pose. On the upside, new labour laws will continue to benefit the group's blue collar businesses as employers tend to favour larger, more reputable providers with a proven track record, who are better positioned to advise employers on regulatory and legislative compliance.

Training and consulting – Our training business, Training Force, continued to be an area of growth and investment and accordingly, delivered an increase in earnings of 50% on the previous year. The group believes that with additional focus this segment of the business will become more of a material contributor to earnings in the coming periods.

Financial services and employee benefits – The group's financial and lifestyle services segment contributed earnings of R5,5 million (2014: R2,2 million). Continued focus on collection methodology and systems within Babereki has resulted in latter collection rates. However, cash flow from this segment is still expected to be negative for the better part of the year as we increase our lending book. Our employee benefits business has been well received in the market and we are excited about the opportunities in this space.

Employee health management – Workforce Healthcare, provider of occupational health and wellness services, increased revenue by 29% on the previous year by securing major national contracts. The roll out of these contracts will deliver increased profitability over the next reporting period.

Process outsourcing – Programmed Process Outsourcing, the group's project capabilities segment continued to be challenged by its exposure to tough trading conditions within the steel industry. This is expected to continue for the balance of the 2015 fiscal year. The segment is focussing on securing contract wins in other industries where its value proposition is relevant.

Workforce Africa – Workforce is delivering on its stated growth and diversification strategy with the expansion of its African business, Workforce Africa. This business focuses on providing staffing, recruitment, training, healthcare and project capability solutions for employers needing turnkey people solutions in any location on the African continent, from artisans to knowledge workers. With the African continent currently acting as the hub of mining, oil and gas, construction and renewable energy projects, the time is right to grow this business, and will be a strong focus for management going forward.

Outlook and prospects

Management is confident that its strategy of focused growth and diversification will result in sustained future profits and cash generation. Numerous acquisition opportunities are currently being explored which will augment its current solid base of businesses. These acquisition opportunities fall across the group's portfolio of businesses, with a view to extending its share of the market and increasing its profitability.

In addition, the group continues to strengthen its geographic presence and aims to seek out opportunities across Africa where it is currently growing its footprint. Management believes that the group is well positioned for this growth phase beyond the South African borders.

Operationally, the focus on managing costs and operational efficiencies is of primary importance to leverage profitable growth, and management expects material progress in this area over the coming months.

Workforce has demonstrated robust growth in revenue over the past six months and is considered a significant competitor in the staffing, training and employee health management industries. Management believes that the group is only at the beginning of this growth trajectory and that there are multiple opportunities to capture significant commercial value from Workforce and its diverse business portfolio in the future.

For and on behalf of the Board

RS Katz	**LH Diamond**	**WP van Wyk**
Chairman	*Chief executive officer*	*Group financial director*

Johannesburg

25 August 2015

Executive directors
RS Katz
LH Diamond
WP van Wyk

Non-executive directors
NM Anderson
JR Macey
L Letlape
K Vundla

Designated adviser
Merchantec Capital

Company secretary
S van Schalkwyk

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

11 Wellington Road
Parktown
2193

Transfer secretaries
Link Market Services South Africa Proprietary Limited

11 Diagonal Street
Johannesburg
2001