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

Preliminary audited condensed consolidated results for the year ended 31 December 2013 and notice of annual general meeting

Highlights
- Revenue from continuing operations increased by 13% to R1,658 billion compared to December 2012
- Headline earnings (HEPS) from continuing operations decreased by 51% to 5,2 cents per share
- Headline earnings (HEPS) decreased by 79%
- Group days sales outstanding ("DSO") decreased to 47 days from 56 days in December 2012
- Cash flow from operating activities of R16,4 million versus an outflow of R22,9 million in the previous year

Please note, the above movements are based on prior period restated results

Condensed consolidated statement of comprehensive income
for the year ended 31 December

	Notes	Group 2013 R'000	Restated group 2012 R'000
Continuing operations			
Revenue		1 658 802	1 471 744
Cost of sales		(1 324 299)	(1 157 365)
Gross profit		334 503	314 379
Operating costs		(304 949)	(270 486)
Earnings before impairment, depreciation, amortisation, interest and taxation (EBITDA)		29 554	43 893
Depreciation and amortisation of non-financial assets		(8 844)	(8 751)
Operating profit		20 710	35 142
Finance income		3 233	2 670
Finance costs		(15 831)	(12 460)
Profit before taxation		8 112	25 352
Taxation credit/(expense)		3 817	(1 219)
Profit for the year from continuing operations		11 929	24 133
Loss from discontinued operations	14	(8 297)	(6 086)
Profit for the period		3 632	18 047
Other comprehensive income for the year, net of tax:		(185)	(462)
Fair value loss on available-for-sale financial assets to be reclassified subsequently to profit or loss		(185)	(462)
Total comprehensive income for the year		3 447	17 585
Profit for the year attributable to:			
Owners of the parent		3 519	17 688
Non-controlling interests		113	359
		3 632	18 047
Total comprehensive income attributable to:			
Owners of the parent		3 334	17 226
Non-controlling interests		113	359
		3 447	17 585
Earnings per share (cents per share)			
Basic and fully diluted	10	1,6	7,8

Condensed consolidated statement of financial position
as at 31 December

	Notes	Group 2013 R'000	Restated group 2012 R'000	Restated group 2011 R'000
Assets				
Non-current assets		97 807	85 942	79 081
Property, plant and equipment	7	8 001	7 657	9 187
Goodwill		41 280	41 280	41 280
Intangible assets	8	20 252	17 224	13 165
Deferred tax assets		26 443	18 165	13 371
Other financial assets		1 831	1 616	2 078
Current assets		434 994	423 508	363 615
Trade and other receivables		418 034	400 261	343 434
Inventories		2 581	3 198	3 343
Taxation		726	1 523	861
Cash and cash equivalents	9	13 653	18 526	15 977
Total assets		532 801	509 450	442 696
Equity and liabilities				
Equity		212 206	209 309	191 941
Equity attributable to owners of the parent		212 392	209 058	191 832
Share capital and premium		236 867	236 867	236 867
Treasury shares		(7 616)	(7 616)	(7 616)
Reverse acquisition reserve		(125 499)	(125 499)	(125 499)
Available-for-sale reserve		(416)	(231)	231
Retained earnings		109 056	105 537	87 849
Non-controlling interests		(186)	251	109
Non-current liabilities		14 736	14 282	13 091
Financial liabilities		8 970	9 124	9 153
Deferred tax liabilities		5 766	5 158	3 938
Current liabilities		305 859	285 859	237 664
Trade and other payables		100 583	72 935	62 521
Financial liabilities		204 578	207 893	175 139
Taxation		693	565	-
Bank overdraft		5	4 466	4
Total equity and liabilities		532 801	509 450	442 696

Group statement of changes in equity
for the year ended 31 December 2013

	Attributable to owners of the parent		
	Share capital and premium R'000	Reverse acquisition reserve R'000	Treasury shares R'000
Balance at 1 January 2012 as previously reported (refer to note 31) (restated)	236 867	(125 499)	(7 616)
Adjustment	-	-	-
Balance at 1 January 2012	236 867	(125 499)	(7 616)
Payment of dividends	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 1 January 2013 as previously reported (refer to note 31) (restated)	236 867	(125 499)	(7 616)
Adjustment	-	-	-
Balance at 1 January 2013	236 867	(125 499)	(7 616)
Payment of dividends	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31 December 2013	236 867	(125 499**)	(7 616)
Notes	9	9	9

	Attributable to owners of the parent		
	Available-for-sale reserve R'000	Retained earnings R'000	Total R'000
Balance at 1 January 2012 as previously reported (refer to note 31) (restated)	231	93 395	197 378
Adjustment	-	(5 546)	(5 546)
Balance at 1 January 2012	231	87 849	191 832
Payment of dividends	-	-	-
Total comprehensive income for the year	(462)	17 688	17 226
Balance at 1 January 2013 as previously reported (refer to note 31) (restated)	(231)	116 580	220 101
Adjustment	-	(11 043)	(11 043)
Balance at 1 January 2013	(231)	105 537	209 058
Payment of dividends	-	-	-
Total comprehensive income for the year	(185)	3 519	3 334
Balance at 31 December 2013	(416)	109 056	212 392
Notes	5*		

	Non-controlling interests R'000	Total equity R'000
Balance at 1 January 2012 as previously reported (refer to note 31) (restated)	109	197 487
Adjustment	-	(5 546)
Balance at 1 January 2012	109	191 941
Payment of dividends	(217)	(217)
Total comprehensive income for the year	359	17 585
Balance at 1 January 2013 as previously reported (refer to note 31) (restated)	251	220 352
Adjustment	-	(11 043)
Balance at 1 January 2013	251	209 309
Payment of dividends	(550)	(550)
Total comprehensive income for the year	113	3 447
Balance at 31 December 2013	(186)	212 206

Notes
*Fair value gains on available-for-sale financial assets are recognised in other comprehensive income and reclassified to profit or loss on disposal (note 5).
**The reverse acquisition reserve arose on the listing of Workforce Holdings Limited in the 2006 financial year end.

Condensed consolidated statement of cashflows
for the year ended 31 December

	Notes	Group 2013 R'000	Group 2012 R'000
Cash generated from operations before net working capital changes		6 254	23 513
Cash generated from operations	11.1	18 554	35 851
Finance income		3 233	2 646
Finance costs		(15 831)	(12 460)
Taxation paid	11.2	296	(2 524)
Increase in net working capital	11.3	10 185	(46 316)
Cash flows from operating activities		16 438	(22 803)
Cash flows from investing activities		(12 831)	(11 618)
Dividends received		-	24
Property, plant and equipment acquired			
- maintaining operations	7	(4 329)	(3 108)
- expanding operations	7	(55)	(321)
Proceeds on disposal of property, plant and equipment		147	381
Intangible assets acquired - maintaining operations	8	(8 194)	(8 594)
Acquisition of other financial assets		(400)	-

Cash flows from financing activities		(4 019)	32 508
Proceeds from borrowings		(3 469)	32 725
Dividends paid to shareholder in subsidiary		(550)	(217)
Net change in cash and cash equivalents		(412)	(1 913)
Cash and cash equivalents at the beginning of the year		14 060	15 973
Cash and cash equivalents at the end of the year	11.4	13 648	14 060

Notes to the condensed consolidated financial statements
for the year ended 31 December 2013

1. Nature of operations and general information
The principle activities of Workforce Holdings Limited and its subsidiaries are staff outsourcing, recruitment and specialist staffing and human resources support services (including the provision of financial and retail lending products).

2. Basis of preparation and significant accounting policies
This preliminary report is extracted from audited information, but is not itself audited. The board of directors of Workforce takes full responsibility for the preparation of this preliminary report and that the financial information has been correctly extracted from the underlying annual financial statements.

The condensed consolidated financial statements have been prepared in accordance with the JSE Limited's Listings Requirements for annual financial statements, International Accounting Standard (IAS) 34, Annual Financial Reporting and the South African Companies Act, No 71 of 2008, as amended, as well as the SAICA Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

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

3. Audit opinion
The consolidated results for the year ended 31 December 2013 have been audited by the group's auditors, Horwath Leveton Boner, and their unqualified audit report is available for inspection at the registered office of the group.

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

5. Posting of integrated annual report and notice of annual general meeting
The integrated annual report for the year ended 31 December 2013 will be despatched to shareholders on 31 March 2014.

Notice is hereby given that the annual general meeting of shareholders of Workforce will be held at 10:00 on Tuesday 20 May 2014 at 11 Wellington Street, Parktown, Johannesburg, 2193 to transact the business stated in the notice of the annual general meeting, which is contained in the integrated annual report.

The board of directors of the company determined that, in terms of section 62 (3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended, the record date for the purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 9 May 2014. Accordingly, the last day to trade in Workforce shares in order to be recorded in the Register to be entitled to vote at the annual general meeting will be Wednesday, 30 April 2014.

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

7. Property, plant and equipment

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

2012	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Motor vehicles	4 736	(3 635)	1 101
Computer equipment	16 857	(14 493)	2 364
Industrial equipment	2 148	(2 015)	133
Office equipment	10 944	(8 826)	2 118
Leasehold improvements	1 078	(701)	377
Training manuals	5 838	(4 274)	1 564
	41 601	(33 944)	7 657

2011	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Motor vehicles	5 668	(3 807)	1 861
Computer equipment	15 852	(12 926)	2 926
Industrial equipment	2 137	(1 955)	182
Office equipment	10 029	(8 219)	1 810
Leasehold improvements	974	(594)	380
Training manuals	5 256	(3 228)	2 028
	39 916	(30 729)	9 187

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
Carrying value at 1 January 2011	2 720	1 729	321	2 511
Additions	672	1 734	-	1 170
Disposals	(470)	(1)	-	(51)
Reclassifications	-	594	(80)	(514)
Depreciation	(1 061)	(1 130)	(59)	(1 306)
Carrying value at 1 January 2012	1 861	2 926	182	1 810
Additions	583	1 189	10	967
Disposals	(535)	(18)	-	(2)
Depreciation	(808)	(1 733)	(59)	(657)
Carrying value at 31 December 2012	1 101	2 364	133	2 118
Additions	2 235	858	180	478
Disposals	(109)	(11)	-	(59)
Depreciation	(840)	(1 411)	(79)	(740)
Carrying value at 31 December 2013	2 387	1 800	234	1 797

	Leasehold improvements R'000	Training manuals R'000	Total R'000
Carrying value at 1 January 2011	202	2 416	9 899
Additions	258	562	4 396
Disposals	-	(1)	(523)
Reclassifications	-	-	-
Depreciation	(80)	(949)	(4 585)
Carrying value at 1 January 2012	380	2 028	9 187
Additions	89	591	3 429
Disposals	-	-	(555)
Depreciation	(92)	(1 055)	(4 404)
Carrying value at 31 December 2012	377	1 564	7 657
Additions	85	548	4 384
Disposals	-	-	(179)
Depreciation	(124)	(667)	(3 860)
Carrying value at 31 December 2013	338	1 445	8 001

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 (2012: Nil).

The net book value of motor vehicles held under instalment sales at 31 December 2013 amounted to R1 961 578 (2012: R595 583). Motor vehicles acquired under instalment sales amounted to R2 398 803 (2012: R394 423).

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

8. Intangible assets

2013	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Computer software	96 529	(76 485)	20 096
Brands	182	(26)	156
	96 711	(76 511)	20 252

2012	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Computer software	31 816	(14 592)	17 224
Brands	-	-	-
	31 816	(14 592)	17 224

2011	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Computer software	23 263	(10 098)	13 165
Brands	-	-	-
	23 263	(10 098)	13 165

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

	Brands R'000	Computer software R'000	Total R'000
Carrying value at 1 January 2011	-	9 640	9 640
Additions	-	6 634	6 634
Amortisation	-	(3 109)	(3 109)
Carrying value at 1 January 2012	-	13 165	13 165
Additions	-	8 594	8 594
Amortisation	-	(4 535)	(4 535)
Carrying value at 31 December 2012	-	17 224	17 224
Additions	182	8 012	8 194
Amortisation	(26)	(5 140)	(5 166)
Carrying value at 31 December 2013	156	20 096	20 252

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 (2012: Nil). Computer software is mostly internally generated.

Brands represents the brand "Tshwane Nursing agency" which was bought in June 2013, in order to give the group's nursing business a foothold in Tshwane.

The group has no further contractual commitments to acquire intangible assets at the reporting date. Included in intangible assets is computer software that is not considered integral to computer equipment.

9. Cash and cash equivalents
Cash and cash equivalents include the following components:

	2013	2012	2011
	R'000	R'000	R'000
Cash at bank and in hand	13 364	17 717	8 797
Short-term deposits	289	809	7 180
	13 653	18 526	15 977

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

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

	2013	2012
Profit attributable to equity shareholders of the parent company (R'000)	3 519	17 688
Weighted average number of ordinary shares in issue ('000)	225 630	225 630
Basic earnings per share (cents)	1,6	7,8

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:

	2013	2012
Profit attributable to equity shareholders of the parent company (R'000)	3 519	17 688
Headline earnings adjustment (R'000)	24	125
Loss on disposal of property, plant and equipment	33	174
Tax effects of adjustments	(9)	(49)
Total headline earnings (R'000)	3 543	17 813
Weighted average number of shares in issue ('000)	225 630	225 630
Headline earnings per share (cents)	1,6	7,9

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

	2013	2012
Headline earnings (R'000)	3 543	17 813
- Loss from discontinued operations (R'000)	8 297	6 086
Total headline earnings (R'000)	11 840	23 899
Weighted average number of shares in issue ('000)	225 630	225 630
Headline earnings per share from continuing operations (cents)	5,2	10,6

11. Notes to the statement of cash flows
11.1 Cash generated from operations

	2013	2012
	R'000	R'000
Profit before taxation	8 112	25 352
Interest and dividend income	(3 233)	(2 670)
Finance costs	15 831	12 460
Loss from discontinued operations	(11 523)	(8 452)
Adjusted for non-cash items:		
Loss on disposal of property, plant and equipment	33	174
Depreciation and amortisation of non-financial assets	9 026	8 939
Share Option Grants	308	48
	18 554	35 851

11.2 Taxation paid

	2013	2012
	R'000	R'000
Charged to profit or loss	3 817	1 147
Adjusted for deferred tax	(4 445)	(3 574)
Movement in taxation balance	925	(97)
	298	(2 524)

11.3 Working capital changes

	2013	2012
	R'000	R'000
Change in trade and other receivables	(17 773)	(56 827)
Change in inventories	617	145
Change in share-based payment	(308)	(48)
Change in trade and other payables	27 649	10 414
	10 185	(46 316)

11.4 Cash and cash equivalents

	2013	2012
	R'000	R'000
Bank and cash balances (note 9)	13 653	18 526
Bank overdraft	(5)	(4 466)

	13 648	14 060

12. Segment reporting

The group's segmental analysis is based on the following five core business segments:
- Staffing and Recruitment comprises staff outsourcing which provides human resources to clients on both a short-term and long-term basis, recruitment and specialist staffing, which include permanent and temporary placements, ad-response handling, executive search, call centre staffing and importing and exporting of skills.
- Training and Consulting, which responds to market demands as a registered Private Further Education and Training (FET) provider.
- Financial and Lifestyle Products, which offers a range of lifestyle products and support services to employees.
- Employee Health Management, which offers a comprehensive range of occupational and primary health management services.
- Process Outsourcing, which 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.

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

2013	Staffing and Recruitment R'000	Training and Consulting R'000	Financial and Lifestyle Products R'000
Segment revenues	1 499 845	26 798	55 983
Inter-segment revenue	36	6 454	-
Cost of sales	(1 239 184)	(14 038)	(13 984)
Operating costs	(198 625)	(16 284)	(29 444)
EBITDA	62 072	2 930	12 555
Depreciation and amortisation of non-financial assets	(1 885)	(931)	(2 285)
Segment operating profit	60 187	1 999	10 270
Capital expenditure	3 886	936	3 284
Segment total assets	277 613	3 088	121 734
Segment total liabilities	(66 565)	(7 152)	(119 492)
Net segment assets	211 048	(4 064)	2 242

2013	Employee Health Management R'000	Process Outsourcing R'000	Central cost R'000
Segment revenues	24 019	52 157	-
Inter-segment revenue	1 095	-	-
Cost of sales	(9 551)	(47 542)	-
Operating costs	(13 529)	(3 174)	(51 478)
EBITDA	2 034	1 441	(51 478)
Depreciation and amortisation of non-financial assets	(191)	(77)	(3 475)
Segment operating profit	1 843	1 364	(54 953)
Capital expenditure	325	306	3 659
Segment total assets	5 978	8 292	116 096
Segment total liabilities	(5 700)	(8 390)	(113 296)
Net segment assets	278	(98)	2 800

2013	Consolidation entries R'000	Total R'000
Segment revenues	-	1 658 802
Inter-segment revenue	(7 585)	-
Cost of sales	-	(1 324 299)
Operating costs	7 585	(304 949)
EBITDA	-	29 554
Depreciation and amortisation of non-financial assets	-	(8 844)
Segment operating profit	-	20 710
Capital expenditure	-	12 396
Segment total assets	-	532 801
Segment total liabilities	-	(320 595)
Net segment assets	-	212 206

2012	Staffing and Recruitment R'000	Training and Consulting R'000	Financial and Lifestyle Products R'000
Segment revenues	1 352 735	25 558	50 088
Inter-segment revenue	7 368	14 055	-
Cost of sales	(1 102 190)	(10 405)	(17 761)
Operating costs	(184 580)	(33 186)	(18 015)
EBITDA	73 333	(3 978)	14 312
Depreciation and amortisation of non-financial assets	(2 246)	(1 286)	(1 866)
Segment operating profit	71 086	(5 264)	12 446
Capital expenditure	3 513	936	3 284
Segment total assets	277 128	4 982	97 403
Segment total liabilities	(40 352)	(3 009)	(17 906)
Net segment assets	236 776	1 973	79 497

2012	Employee Health Management R'000	Process Outsourcing R'000	Central cost R'000
Segment revenues	22 945	20 418	-
Inter-segment revenue	568	-	-
Cost of sales	(9 580)	(17 429)	-
Operating costs	(12 449)	(2 233)	(42 014)
EBITDA	1 484	756	(42 014)

Depreciation and amortisation of non-financial assets	(177)	(85)	(3 091)
Segment operating profit	1 307	671	(45 105)
Capital expenditure	325	306	3 659
Segment total assets	5 901	1 037	122 999
Segment total liabilities	(1 403)	(598)	(236 873)
Net segment assets	4 498	439	(113 874)

2012	Consolidation entries R'000	Total R'000
Segment revenues	-	1 471 744
Inter-segment revenue	(21 991)	-
Cost of sales	-	(1 157 365)
Operating costs	21 991	(270 486)
EBITDA	-	43 893
Depreciation and amortisation of non-financial assets	-	(8 751)
Segment operating profit	-	35 142
Capital expenditure	-	12 023
Segment total assets	-	509 450
Segment total liabilities	-	(300 141)
Net segment assets	-	209 309

2011	Staffing and Recruitment R'000	Training and Consulting R'000	Financial and Lifestyle Products R'000
Segment revenues	1 221 279	20 142	45 386
Inter-segment revenue	714	9 122	-
Cost of sales	(986 792)	(5 479)	(12 264)
Operating costs	(177 916)	(21 458)	(14 542)
EBITDA	57 285	(2 327)	18 580
Depreciation and amortisation of non-financial assets	(2 630)	(1 236)	(1 334)
Segment operating profit	54 655	(1 091)	17 246
Capital expenditure	2 767	466	3 971
Segment total assets	244 898	11 112	75 194
Segment total liabilities	(65 929)	(1 693)	(2 131)
Net segment assets	178 969	9 419	73 063

2011	Employee Health Management R'000	Process Outsourcing R'000	Central cost R'000
Segment revenues	20 744	41 010	-
Inter-segment revenue	541	-	-
Cost of sales	(8 318)	(26 733)	-
Operating costs	(11 054)	(12 761)	(40 620)
EBITDA	1 913	1 516	(40 620)
Depreciation and amortisation of non-financial assets	(123)	(275)	(2 096)
Segment operating profit	1 790	1 241	(42 716)
Capital expenditure	91	133	3 602
Segment total assets	3 992	1 527	105 973
Segment total liabilities	(897)	(149)	(179 956)
Net segment assets	3 095	1 378	(73 983)

2011	Consolidation entries R'000	Total R'000
Segment revenues	-	1 348 561
Inter-segment revenue	(10 377)	-
Cost of sales	-	(1 039 586)
Operating costs	10 377	(267 974)
EBITDA	-	41 001
Depreciation and amortisation of non-financial assets	-	(7 694)
Segment operating profit	-	33 307
Capital expenditure	-	11 030
Segment total assets	-	442 696
Segment total liabilities	-	(250 755)
Net segment assets	-	191 941

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

13. Prior period error
Due to the fraud as detailed in note 14, the financial results had to be adjusted as detailed below.

	Previously reported 2012 R'000	Restated 2012 R'000	Adjustment 2012 R'000
Condensed consolidated statement of comprehensive income			
(Loss) from discontinued operations	(589)	(6 086)	5 497
Earnings per share (cents per share)			
Basic and fully diluted	10,3	7,8	2,5
Headline	10,4	7,9	2,5
Condensed consolidated statement of financial position			
Non-current assets			
Deferred tax assets	13 757	18 165	(4 408)
Current assets			
Trade and other receivables	415 712	400 261	15 451
Equity and liabilities			
Equity			

Retained earnings	116 580	105 537	11 043
Condensed consolidated statement of cash flows			
Cash generated from operations before net working capital changes	31 214	15 763	15 451
Cash generated from operations	43 555	32 512	11 043
Finance income	2 646	2 646	-
Finance costs	(12 463)	(12 463)	-
Taxation paid	(2 524)	(6 932)	4 408
Increase in net working capital	(54 017)	(38 566)	(15 451)
Cashflows from operating activities	(22 803)	(22 803)	-

	Previously reported 2011 R'000	Restated 2011 R'000	Adjustment 2011 R'000
Condensed consolidated statement of comprehensive income			
Profit/(loss) from discontinued operations	2 193	(3 353)	5 546
Earnings per share (cents per share)			
Basic and fully diluted	10,4	7,9	2,5
Headline	10,4	7,9	2,5
Condensed consolidated statement of financial position			
Non-current assets			
Deferred tax assets	11 215	13 371	(2 156)
Current assets			
Trade and other receivables	351 136	343 434	7 702
Equity and liabilities			
Equity			
Retained earnings	93 395	87 849	5 546
Condensed consolidated statement of cash flows			
Cash generated from operations before net working capital changes	30 428	22 726	7 702
Cash generated from operations	40 932	35 386	5 546
Finance income	3 271	3 271	-
Finance costs	(10 896)	(10 896)	-
Taxation paid	(2 879)	(5 035)	2 156
Increase in net working capital	(65 751)	(58 049)	(7 702)
Cashflows from operating activities	(35 323)	(35 323)	-

14. Discontinued operations
As previously communicated to shareholders Workforce discovered that an act of fraud had been perpetrated by senior members of management in the Programmed Construction business. Accordingly, the board decided to discontinue the affected business. The business has been in the process of being wound up during the year and will effectively be abandoned early in 2014. The net effect on the financial results are shown below.

	2013 R'000	2012 R'000
Condensed consolidated statement of comprehensive income		
Revenue	1 964	17 767
Cost of sales	(8 144)	(16 270)
Gross profit	(6 180)	1 497
Operating costs	(5 161)	(9 757)
Earnings before impairment, depreciation, amortisation, interest and taxation(EBITDA)	(11 341)	(8 260)
Depreciation and amortisation of non-financial assets	(182)	(188)
Operating (Loss)	(11 523)	(8 448)
Finance costs	-	(4)
Loss before taxation	(11 523)	(8 452)
Taxation	3 226	2 366
(Loss) for the period from discontinued operations	(8 297)	(6 086)
Condensed consolidated statement of financial position		
Total assets	11 727	24 050
Trade and other receivables	5 683	20 155
Taxation	6 044	2 818
Property, plant and equipment	-	455
Cash and cash equivalents	-	30
Inventory	-	592
Total equity and liabilities	11 727	24 050
Retained earnings	(18 361)	(10 064)
Loan from group company	29 483	31 978
Trade and other payables	605	2 136
Condensed consolidated statement of cash flows		
Net cash flows from operating activities	2 466	(11 820)
Net cash flows from investing activities	-	(643)
Net cash flows from financing activities	(2 496)	12 493
Net cash inflow/(outflow)	(30)	30

Workforce Holdings Limited

Overview
The financial year ended 31 December 2013 has been a positive one for the group with strong performance in top line growth and cost control. The negative impact of the losses incurred from discontinued operations and higher than normal bad debt write offs due to the board of directors implementing a more stringent evaluation of the debtors book impacted negatively on net profits. We believe the group's core business is very well positioned for growth and its strategy of diversifying revenue and risk is on track. Management across the group is confident of producing solid results in 2014 in line with budget.

Operational
Group revenues increased 13% to R1,6 billion off a well controlled cost base. Tight cost management resulted in a slight increase in operating costs before bad debt charges of 5%. EBITDA from continuing operations of R30 million was impacted by the R19 million bad debts charge that the group had to absorb. Losses from discontinued operations of R8,3 million resulted in a reduced net profit of R3,6 million for the period under review. Net EPS of 1,6 cents was down from 7,8 cents in the same period 2012.

The group's staffing and recruitment segment which includes both blue-collar industrial staffing and white-collar recruitment made inroads into the market with an increase in revenue to R1,5 billion from R1,35 billion in the previous year.

The blue-collar operations performed well showing strong signs of growth in market share and a well controlled cost base. New branches have been established across South Africa and in neighboring Mozambique to take advantage of what we believe are strong growth trends. The group's strategy of decentralising its sales and operations focus off a centralised administration and control function is serving the group well.

The white-collar operations including the brands of Teleresources and Fempower experienced a difficult year. Management changes within the Teleresource group are expected to impact positively on 2014 results. The group's nursing and allied medical support business - Allmed and Albrecht Nursing - continued there expansion into new geographies, which has come on the back of increased cost.

The training and consulting operations continued to show signs of recovery. Various cost saving initiatives were implemented including the consolidation of numerous branches into the Workforce Staffing infrastructure. Sales pipelines look strong and good deal flow is expected in 2014 which will further strengthen the business. The training operations delivered less learnership than in prior years due to problems experienced with the relevant SETA administration. The group's tax benefits from learnerships resulted in a positive tax contribution from continuing operations of R2,6 million.

The group's financial services business continued to expand its revenue base. Further implementations of new systems to enhance the businesses debt recovery and rehabilitation process continued.

The cash collections environment continues to present challenges, however the group's days sales outstanding ("DSO") improved materially from 56 days in 2012 to 47 days at year-end. Further system enhancements are being made to assist with credit control and with the timeous collection of outstanding debt. The group expects to achieve its target DSO of 40 days during the next reporting period.

Group sustainability
The group is continually assessing its environment to determine potential risk areas and its relative impact on sustainability. This is an iterative process which includes all layers of management and employees within the group. Material sustainability issues which we have identified and actively managed include the following:

Labour law regulation
It is common knowledge that we are all facing a change within labour legislation in South Africa. Specifically with regards to the amendments to the following Acts:
- the Labour Relations Act;
- the Basic Conditions of Employment Act;
- the Employment Equity Act;
- the Broad-Based Black Economic Empowerment Act;
- Codes of Good Practise on Broad-Based Economic Empowerment; and
- the implementation of the Employment Services Bill.

Our business has invested in its resources to ensure that all our systems, policies, processes and contracts are aligned with the pending amendments. We have aligned ourselves as a business to ensure that as a temporary employment service we are still able to provide comprehensive staffing solutions to all our clients whilst operating within the necessary legislative framework.

Liquidity
Liquidity and the availability of cash to ensure that the group is able to meet its growth objectives remain a major focus for management. Various initiatives are ongoing and substantial progress has been made in 2013. Cash generated from operations improved to R16,4 million from an outflow of R22,8 million in the previous period. These initiatives include and focus on:
1. credit granting and terms and management of debtors days outstanding;
2. sustainable growth, with specific focus on improving current debt to equity and cash conversion ratios; and
3. the diversification of income streams.

Progress is monitored against targets which includes: 1) group DSO of 40 days; and 2) a cash conversion ratio of 80%. Management believes that these targets could be realised in 2014.

Human resource
Developing and retaining top talent has been identified by the group as a strategic priority. Substantial progress has been made toward achieving this goal. Various initiatives are being implemented which include senior management training and development to facilitate sustainability and succession, the implementation of various incentive schemes including the group's Share Appreciation Rights Scheme which made its second allocation in December 2013 and the identification and training of talent at lower and middle management levels across all functions. These initiatives together with the implementation and roll out of our group code of conduct, delegation of authority and whistleblower programme reinforce governance and create a diverse cultural environment with clear performance objectives.

Targets and outlook
Current market trends and ongoing developments within the group augur well for its future growth and profitability. Labour legislation is creating renewed growth opportunity resulting from consolidation of smaller players and a requirement by business to partner with compliant staffing providers. Our systems place us in a unique position to take advantage of this growth, and scale across geographies into Africa and other territories. The global requirement for flexible staffing solutions continues to expand amid a growing global challenge of skills shortages. Our group has over the past 43 years developed core competencies to assist clients wherever they need to manage these challenges. We remain focused on achieving our stated objectives and KPIs which include:

KPI	Target
Return on sales	3%
Return on equity	16%
OPEX	17%
DSO	40 days
Dividend % payout	25%

Our solid positioning in the market coupled with great people, process and systems will ensure that we deliver on our targets. We believe the group is well positioned for the future.

For and on behalf of the board

RS Katz
(Chairman)

LH Diamond
(Chief executive officer)

WP van Wyk
(Group financial director)

20 March 2014

Johannesburg

Designated Advisor
Merchantec Capital

Auditor
Horwath Leveton Boner

Transfer Secretaries
Link Market Services South Africa Proprietary Limited

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

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