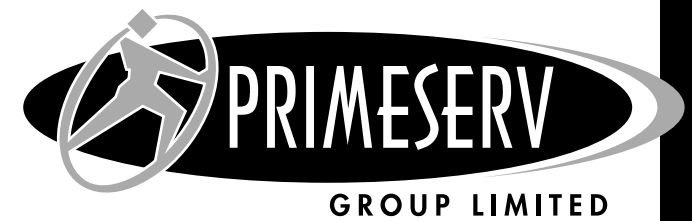


Unaudited Interim Group Results

FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

("Primeserv" or "the Group")
Incorporated in the Republic of South Africa
(Registration number 1997/013448/06)



Income statement

	Restated	
	Unaudited 6 months ended 31 December 2005 R'000	Audited 12 months ended 30 June 2005 R'000
Revenue ⁽¹⁾	169 290	374 641
EBITDA	854	3 665
Depreciation	(595)	(1 490)
Operating profit/(loss)	259	2 175
Interest received	976	927
Interest paid	(610)	(1 704)
Capital surplus on sale of business	-	4 234
Share of impairment of goodwill in associate	-	(1 558)
Share of profits from associate	62	44
Net profit/(loss) before exceptional items	687	4 118
Exceptional items	543	(1 500)
Net profit/(loss) before taxation	1 230	2 618
Taxation	(310)	716
Net profit/(loss) after taxation	920	3 334
Minority shareholders' interest	(146)	(255)
Net profit/(loss) attributable to shareholders	774	3 079
Reconciliation of headline earnings/(loss)		
Net profit/(loss) attributable to shareholders	774	3 079
After tax effect of loss/(profit) on sale of fixed assets	2	(98)
Capital surplus on sale of business	-	(4 234)
Share of impairment of goodwill in associate	-	1 558
Headline earnings/(loss)	776	305
Weighted average number of shares ('000)	114 859	115 766
Diluted number of shares ('000)	116 774	117 179
Earnings/(loss) per share (cents)	0,67	2,66
Diluted earnings/(loss) per share (cents)	0,66	2,63
Headline earnings/(loss) per share (cents)	0,68	0,26
Diluted headline earnings/(loss) per share (cents)	0,66	0,26

(1) Excluded from revenue is R24,7 million as a result of the deconsolidation of the Outsourcing division's Secunda branch and Bathusi Staffing Services (Pty) Ltd from 29 January 2005 and since accounted for as an associate. The excluded revenue in the current period affected the Outsourcing division and the HR Solutions division by R24,3 million and R0,4 million respectively.

Segmental analysis

	Restated	
	Unaudited 6 months ended 31 December 2005 R'000	Audited 12 months ended 30 June 2005 R'000
Revenue		
Outsourcing ⁽¹⁾	153 225	334 452
Computer Training Colleges	8 404	21 297
HR Solutions ⁽¹⁾	7 661	18 892
	169 290	374 641
Operating profit/(loss)		
Outsourcing	3 099	10 733
Computer Training Colleges	896	3 931
HR Solutions	(1 790)	(9 273)
Central Services	(1 946)	(3 216)
	259	2 175

Directors: JM Judin (Chairman)*, M Abel, Professor S Klein* (American), AT McMillan (British), C Nkosi*, NN Rodrigues, DL Rose*, DC Seaton* (*non-executive)
Company secretary: NN Rodrigues

Balance sheet

	Restated	
	Unaudited 6 months ended 31 December 2005 R'000	Audited 12 months ended 30 June 2005 R'000
ASSETS		
Non-current assets	20 073	19 042
Equipment and vehicles	2 856	2 412
Intangibles	576	576
Investment and loan in associate	5 744	5 247
Long-term receivables	1 170	770
Deferred tax asset	9 727	10 037
Current assets	49 349	47 346
Inventories	852	979
Trade receivables	30 989	32 419
Other receivables	3 305	2 170
Taxation receivable	208	173
Bank balances and cash	13 995	11 605
Total assets	69 422	66 388
EQUITY AND LIABILITIES		
Equity	40 317	39 397
Capital and reserves	40 110	39 336
Minority shareholders' interest	207	61
Non-current liabilities	744	382
Current liabilities	28 361	26 609
Trade and other payables	20 072	19 818
Short-term interest bearing borrowings	390	190
Taxation	-	51
Bank borrowings	7 899	6 550
Total equity and liabilities	69 422	66 388
Number of shares in issue at end of the period ('000)	114 859	114 859
Net asset value per share (cents)	35	34

Cash flow statement

	Restated	
	Unaudited 6 months ended 31 December 2005 R'000	Audited 12 months ended 30 June 2005 R'000
Operating activities	1 216	6 434
Investing activities	(736)	(7)
Financing activities	361	(369)
Net increase/(decrease) in cash and cash equivalents	841	6 058
Cash and cash equivalents at beginning of the period	4 865	(1 193)
Cash and cash equivalents at end of the period	5 706	4 865

Statement of changes in equity

	Restated	
	Unaudited 6 months ended 31 December 2005 R'000	Audited 12 months ended 30 June 2005 R'000
Balance at beginning of the period as previously stated	39 336	36 627
Minority shareholders' interest - opening balance	61	6
Purchase of shares by share trust	-	(374)
Issue of shares from share trust	-	4
Net profit/(loss) for the period	774	3 079
Minority shareholders' interest for the period	146	255
Deconsolidation of minority shareholders' interest in subsidiary when it became an associate	-	(200)
Balance at the end of the period	40 317	39 397

Registered address: Venture House, Peter Place Park, 54 Peter Place, Bryanston 2021 (PO Box 3008, Saxonwold 2132)

Sponsor: Deloitte & Touche Sponsor Services (Pty) Limited

Transfer secretaries: Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Marshalltown, Johannesburg 2001 (PO Box 61051, Marshalltown 2107)
e-mail: productivity@primeserv.co.za • Share code: PMV ISIN: ZAE000039277
www.primeserv.co.za

Commentary

Profile

Primeserv Group Limited is a holding company with specialised subsidiary and associate operations that meet the human resources (HR) needs of the South African corporate, industrial and public sectors. It uses a proprietary model to offer an integrated HR service.

Overview

These results are for Primeserv's interim period ending December 2005. The Group has recorded another operating profit, indicating that the remedial action specifically implemented in the HR Solutions division over the last 12 months is proving effective.

Financial review

The Group recorded an operating profit of R0,3 million compared to a restated operating loss of R2,0 million for the comparable previous period ("previous period"). Group revenue including Bathusi Staffing Services (Pty) Ltd ("Bathusi") (see note (1) to the income statement) was R194,0 million (2004: R208,4 million). As indicated at year-end, the Group continued to be affected by the loss incurred by the HR Solutions division. This loss is substantially lower than the previous period and in line with expectations.

Net profit attributable to shareholders of R0,8 million improved by R4,3 million from a restated net loss attributable to shareholders of R3,6 million in the previous period. The Group recorded headline earnings of 0,68 cents per share compared to a headline loss of 3,06 cents per share for the previous period.

The Group continued to generate positive cash flow of R0,8 million for the period; and R14,6 million since the previous period resulting in a net cash position of R5,7 million versus net borrowings of R8,8 million at 31 December 2004.

Group debtors' days remained under 30 days and the Group balance sheet has been further strengthened.

Interest received includes R0,6 million (2004: nil) on the loan for the sale of the Outsourcing division's Secunda branch to Bathusi. Interest paid continued to decline as a result of improved working capital management.

The exceptional item relates to a recovery of proceeds due on the disposal of an operation, which was previously impaired.

Operational review

The Outsourcing division, the Group's largest business unit, generated revenue of R177,5 million (includes Bathusi revenue of R24,3 million - see note (1) to the Income Statement) (2004: R188,7 million). The lower revenue was due to client delays in the start-up of certain large projects, a key client changing its strategy for outsourcing its staffing requirements, and the implementation of the Group's client-risk management policy. As referred to in the 2005 Annual Report, the division has invested in new IT infrastructure and the enhancement of its sales processes and operational capacity. Returns on these new investments have been slower to materialise than were anticipated and, as a consequence of which, the profitability of the division in the second half of the financial year will be adversely affected.

The Computer Training Colleges division delivered an operating profit of R0,9 million, which was higher than the previous period by R0,1 million. This was despite its revenue of R8,4 million for the period being lower than the previous period by R0,9 million. This was due to a large external training contract which was completed in the 2005 financial year. Learner numbers remain strong and higher intakes are expected in the second half. A solid performance for the full year is anticipated.

The strategic human capital HR Solutions division, comprising the Technical and Corporate training units and the HR Consulting operation, recorded an operating loss of R1,8 million. This was substantially less than the operating loss of R6,0 million for the previous period. Lower sales, and remaining high fixed expenses due to ongoing lease and other commitments, continue to affect this division.

Accounting policies

The results for the period have been prepared in accordance with the Group's accounting policies. These comply with International Financial Reporting Standards (IFRS) which were adopted with effect from 1 July 2005.

Due to the adoption of IFRS, the comparative figures for the period ended 31 December 2004 have been restated, resulting in goodwill amortisation of R41 000 not being charged to the income statement for that period. The effects of the restatement on the results of 31 December 2004 are as follows:

	Previously Reported R'000	Restated R'000	Adjustment R'000
Income Statement			
Net loss attributable to shareholders	(3 594)	(3 553)	41
Balance Sheet			
Intangibles	535	576	41
Capital and reserves	32 660	32 701	41

Dividend

In line with Group policy, dividends will be considered at the end of the financial year.

Directorate and Company Secretary

The Group's Chief Financial Officer and Company Secretary, NN Rodrigues, will be leaving the Group with effect from 25 April 2006 to take up a position outside of South Africa. The Board thanks him for his contribution and wishes him well in his new position.

For and on behalf of the Board

JM Judin
Chairman

M Abel
Chief Executive Officer

NN Rodrigues
Chief Financial Officer

Bryanston
23 March 2006