2015

PRIMESERV GROUP LIMITED

INTEGRATED REPORT

CONTENTS

Should you require an electronic copy (by e-mail) or would like to request a hard copy, please contact the Financial Director, Mr R Sack, at the registered office of the Company, 25 Rudd Rd, Illovo, Johannesburg (PO Box 3008, Saxonwold, 2132) or by e-mail at **int15report@primeserv.co.za.**

ABOUT THIS REPORT

INTEGRATED REPORTING APPROACH

The Board of Directors is pleased to present Primeserv Group's Integrated Report for the year ended 31 March 2015. This report has been compiled in accordance with the guidelines outlined in the King Code of Governance Principles for South Africa (2009) ('King III'), and will provide insight into the Group's strategy, its business model and the way in which it is managed. It will also offer in-depth understanding of the Group's impact in the financial, economic, social and environmental spheres.

In preparing this report, the Board has considered and applied the principles and practices outlined in King III, as well as those contained in the discussion paper of the Integrated Reporting Committee of South Africa. The adoption of integrated reporting principles is, however, a developmental and evolutionary process, and it may take several years to comply with all of the requirements for integrated reporting.

For the period under review, this fifth Integrated Report nevertheless offers stakeholders a more comprehensive view of Primeserv's operations, and provides information on both financial and non-financial matters.

Other reporting principles and frameworks used in the compilation of this report include:	
• IFRS	Annual financial statements
• JSE Listings Requirements	Integrated Report
• King III	Integrated Report – Corporate Governance section
• Employment Equity Act	Integrated Report – Sustainability section
• Labour Relations Act	Integrated Report – Sustainability section
• Skills Development Act	Integrated Report – Sustainability section
• Basic Conditions of Employment Act	Integrated Report – Sustainability section
The full Integrated Report is available online at www.primeserv.co.za	

ASSURANCE AND COMPARABILITY

The Primeserv Integrated Report has not been independently assured, as the Group does not yet have a combined assurance model for the integrated reporting process. A suitable model is being formulated.

Most of the performance measures included in this report have comparative figures and, unless otherwise stated, cover the 2015 financial year.

FEEDBACK REQUEST

Primeserv welcomes feedback from its stakeholders on the Group's 2015 Integrated Report. Interested and affected parties are invited to contact Primeserv on int15report@primeserv.co.za should they have any questions or queries relating to the report.

FORWARD LOOKING STATEMENTS

Certain statements contained in this report are forward looking statements, which Primeserv believes are reasonable, and which take into account information available up to the date of publication. Final results could, however, differ materially from those set out in the forward looking statements as a result of such factors as changes in economic and market conditions or changes in the regulatory environment.

As a result, these forward looking statements are not guarantees of future performance. They are based solely on management's assumptions regarding Primeserv's present and future business models, strategy and the environments in which the Group operates. All subsequent oral or written forward looking statements attributable to the Group, any member thereof or any persons acting on their behalf are expressly qualified in their entirety by this cautionary statement.

Primeserv further disclaims any obligation or undertaking to disseminate updates or revisions to any forward looking statements contained in this report or to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such forward looking statements have been based. Forward looking statements have neither been reviewed nor audited by the Group's auditors, Baker Tilly SVG.

APPROVAL OF THE INTEGRATED REPORT

The Board of Directors acknowledges that it has a responsibility to ensure the integrity of the Integrated Report.

The Board has therefore carefully considered all of the relevant guidelines for integrated reporting, and is of the opinion that this report addresses all material issues and that it fairly presents the integrated performance of the organisation as well as its impacts. The Integrated Report has been prepared in line with best practices outlined in King III.

The Board authorised the Integrated Report on 25 September 2015.

For and on behalf of the Board

JM JUDIN
*Independent Non-Executive Chairman**
Independent Non-Executive Director
** Resigned 27 March 2015*

M ABEL
Chief Executive Officer

R SACK
Financial Director

ORGANISATIONAL OVERVIEW

PRIMESERV PROFILE

Primeserv Group Limited (Primeserv or the Group) is an investment holding company listed in the Industrial Goods and Services sector of the JSE.

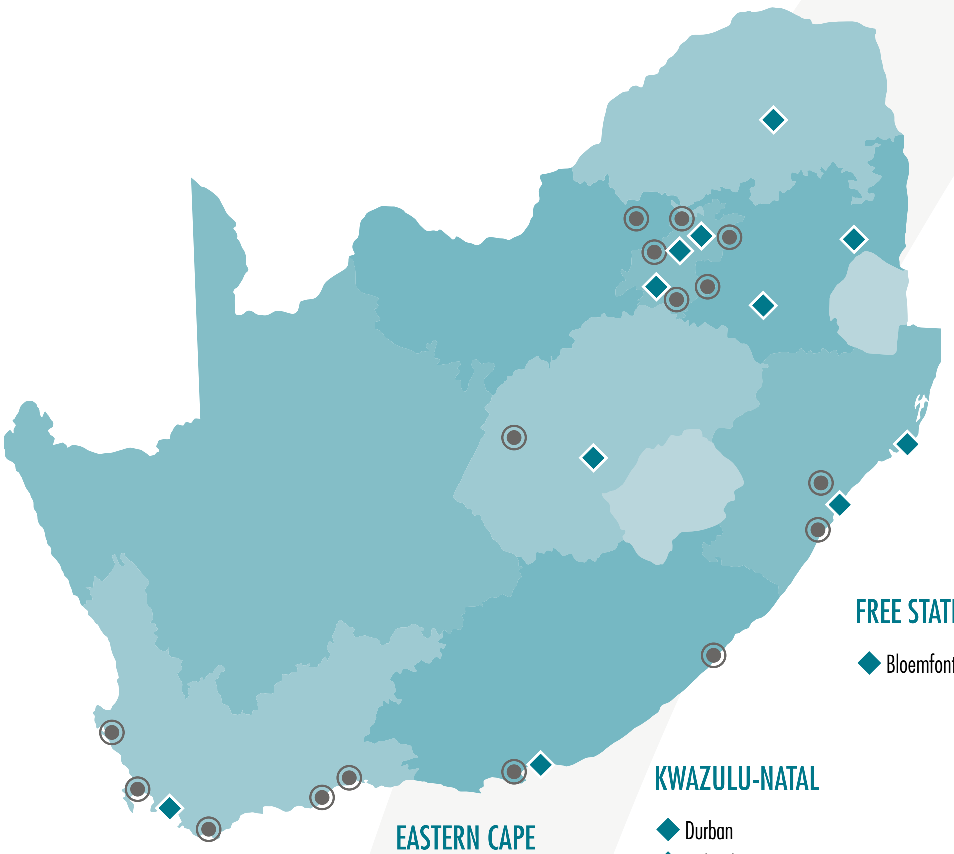
The Group focuses on delivering human resources (HR) and industrial relations (IR) products, services and solutions through its operating pillar, Primeserv HR Services. This incorporates two main areas of specialisation: namely Human Capital Development and Human Capital Outsourcing.

Primeserv HR Services provides a comprehensive HR and IR value chain that can be accessed through Primeserv's Int**HR**grate™ Model, either in its entirety or in modular form. It offers an extensive range of HR and IR consulting services, corporate and vocational training and learnership programmes, specialist recruitment and talent management services and specialised flexible staffing services, and employee lifestyle benefit related products. These are supported by payroll and wage bureau services.

Primeserv HR Services' integrated approach to human resources and human capital management is driven by its focus on people, their productivity and the impact they have on the performance of client companies. Primeserv's HR and IR products, services and solutions empower people and organisations to attain improved levels of productivity, performance and profitability.

GEOGRAPHICAL FOOTPRINT

- Regional hubs
- Branches



LIMPOPO
- Polokwane

MPUMALANGA
- Nelspruit
- Secunda

GAUTENG
- Johannesburg
- Midrand
- Vanderbijlpark

FREE STATE
- Bloemfontein

KWAZULU-NATAL
- Durban
- Richards Bay

EASTERN CAPE
- Port Elizabeth

WESTERN CAPE
- Cape Town

GROUP STRUCTURE

PRIMESERV GROUP LIMITED

PRIMESERV HR SERVICES

HUMAN CAPITAL DEVELOPMENT

PRIMESERV HR SOLUTIONS

PRIMESERV TRAINING

PRIMESERV ACADEMY

PRIMESERV RECRUITMENT

BATHUSI HR SOLUTIONS

HR Consulting
Corporate Training
Technical Training
Learnerships
Specialist Recruitment
Talent Management Services
Lifestyle and Benefit Products

HUMAN CAPITAL OUTSOURCING

PRIMESERV OUTSOURCING

PRIMESERV RESOURCING

STAFF DYNAMIX

Denverdraft

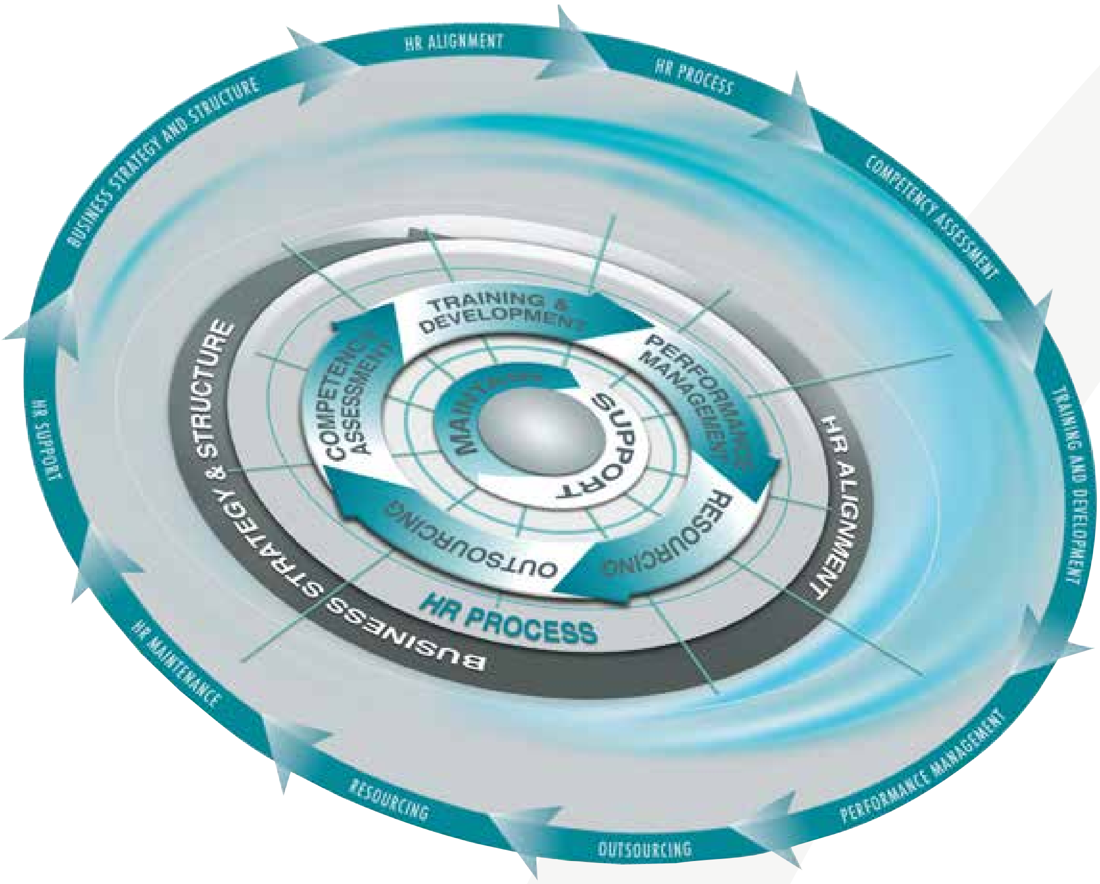
BATHUSI STAFFING SERVICES

EMPVEST OUTSOURCING

Flexible Staffing Services
Permanent Staff Resourcing
HR and IR Systems and Logistics Solutions
Mega-project HR Services
Payroll and Wage Bureau Services

PRIMESERV'S IntHRgrate™ MODEL SUMMARY

The Primeserv Int**HR**grate™ Model differentiates Primeserv HR Services as a specialised operation that provides both a fully integrated range of services as well as modular suites of market leading products, services and solutions. The model enables Primeserv to add value to the HR and IR functions in client companies which, in turn, enables them to unlock the full value of their human capital.



Background and context

Primeserv is passionate about the contribution that human capital can and should make to the business strategy and capability within organisations.

Worldwide, the HR function plays an increasingly critical role in business, enabling companies to achieve their strategies through the most effective use of their primary resource, their human capital. Similarly, there is a clear evolution away from traditional, limited HR functions, which are restricted purely to administration, payroll and legislative issues. In its increasingly important function as a fundamental component of business, HR is now making a vital strategic contribution to leadership capacity, decision-making, succession planning and skills development.

Primeserv HR Services is an acknowledged frontrunner in this evolutionary process, partnering with its clients in order to identify and develop HR strategies and processes that are able to contribute through a client centric focus to the achievement of their business strategies.

Primeserv's Int**HR**grate™ Model has been developed around this central concept of understanding the HR value chain from both a strategic and operational point of view. It adopts a 360° approach to the HR function, providing a comprehensive suite of market-leading HR and IR products, services and solutions. These can be implemented on either an integrated or modular basis in order to ensure that the entire process is a value driver in clients' businesses.

The modular nature of the Primeserv Int**HR**grate™ Model offers clients the opportunity to evaluate their HR and human capital needs and to select:

- one or more product or service modules from the full Primeserv range;
- an integrated HR process involving two or more modules; or
- a fully, and where required, entirely customised HR service.

ALIGNMENT WITH BUSINESS STRATEGY AND STRUCTURE

The Primeserv Int**HR**grate™ Model is designed to assist companies in aligning their HR practices to their business strategies and operational structures. It enables companies to use their human resources effectively and cost-efficiently in order to achieve business objectives.

Well-managed HR practices contribute to the effective implementation of strategy by assessing, selecting, training and developing an organisation's human capital in order to meet both current and future needs. This process includes sourcing, resourcing, outsourcing, monitoring, maintaining and supporting the organisation's human resources.

Within this framework, the HR function is intended to structure, manage and measure the entire HR value chain in order to enable a company or organisation to achieve its strategic and tactical objectives.

HR PROCESSES

The results of effective HR management can best be measured when all systems and processes are fully integrated. These include such elements as resourcing, outsourcing, competency assessment, training and development, performance management, maintenance and support.

Resourcing

Resourcing is the first step in the process of achieving maximum value from a company's human capital, and it is therefore essential to recruit only profiled, assessed and competent staff. The resourcing process needs to be carefully managed in order to ensure that the right people with the right competencies are appointed to the right positions.

Outsourcing

Outsourced skills need to be assessed in the same way. Skills outsourcing provides the kind of flexibility that is so essential in a rapidly changing and highly competitive business environment. It is an invaluable complement to full-time capacity, and can provide businesses with sustained staffing solutions that enable them to match resourcing to operational requirements.

Competency assessment

Continuous competency assessment is also essential if an organisation is to benefit from optimal human capital value at all times. In a constantly changing business environment, planned and regular competency assessment enables an organisation to develop its staff in such a way as to meet their individual career aspirations and support their goals and objectives.

Training and development

Training and development programmes need to be planned and implemented in response to real business needs, and should also meet the needs of individual staff members. Within the context of the South African socio-economic environment, these programmes should be aligned to national objectives related to continuous skills development and individual upliftment.

Performance management

Clear and understandable performance measures are essential to managing individual performance. They allow the company to track performance against business objectives, and to provide for short-term remedial action should this be required. They also afford a structure within which to achieve medium- and long-term objectives for both the individual and the organisation.

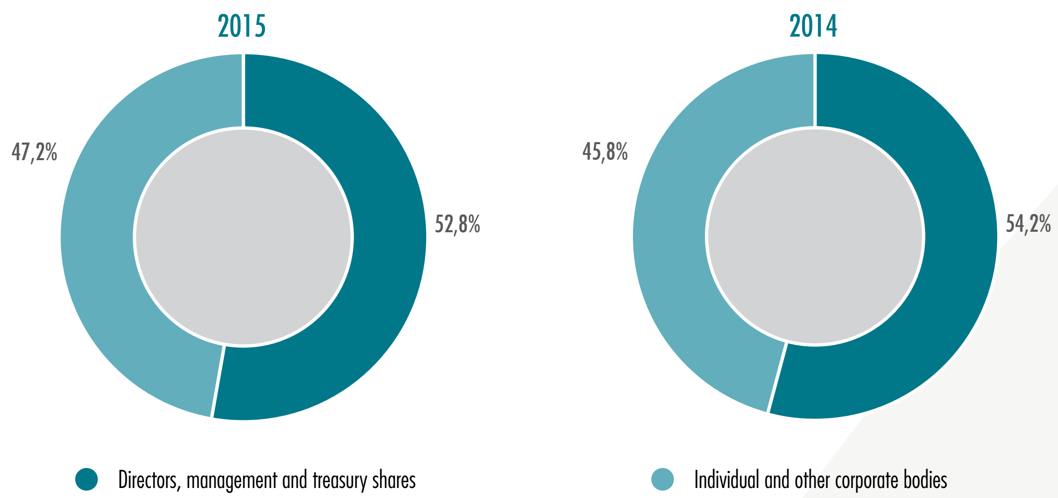
HR maintenance

Efficient HR administrative systems enable organisations to meet their contractual obligations, and to ensure both consistent performance and staff satisfaction. HR maintenance services include payroll management as well as programmes related to rewards and remuneration, health and safety, and industrial relation's management.

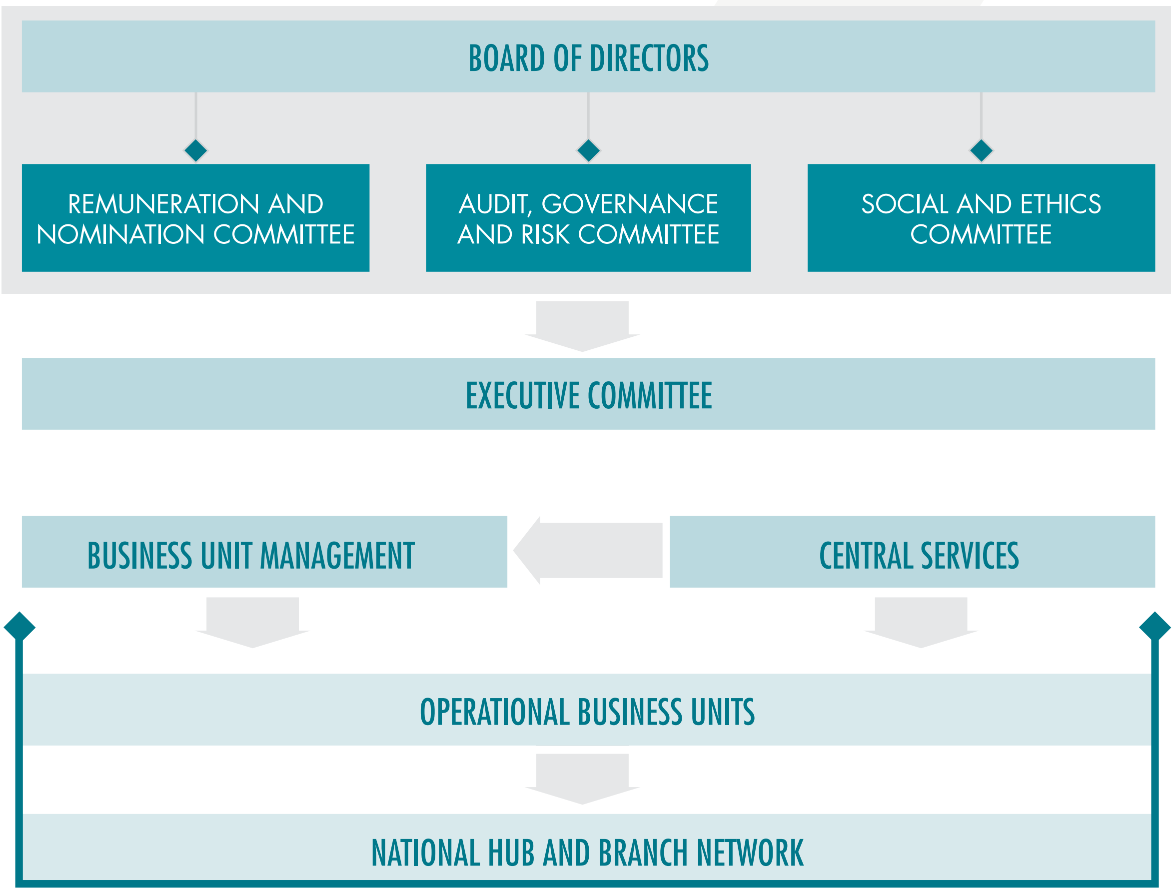
HR support

Employee wellbeing, both physical and emotional, has a direct impact on performance. Wellbeing needs to be managed and nurtured through such interventions as effective career and succession planning, stress and/or burnout management strategies, individual coaching and counselling, related interventions and HIV/Aids initiatives, as well as employee lifestyle and benefit products.

OUR SHAREHOLDERS



HOW WE ARE MANAGED



BOARD OF DIRECTORS

Non-executive directors

J Michael Judin ~ *
Independent Non-Executive Chairman until 27 March 2015
Independent Non-Executive Director 27 March 2015
Dip Law
Appointed: August 1997

Michael is a director of Johannesburg-based law firm, Judin Combrinck Inc. He is legal adviser to and a director of The American Chamber of Commerce in South Africa. He is the co-chair of the Corporate Governance International Development Sub-Committee of the American Bar Association. He is a non-executive director of both Set Point Group (Pty) Limited and Nu-World Holdings Limited.

Letepe M Maisela * #
Non-Executive Director
BA (Social Science) Harvard Business School, PMD
Appointed: December 2008

Letepe is the Managing Director of Village Management Consulting (Pty) Limited. He has over 26 years' experience in marketing and management consulting. He is the founder and Chairman of Tsabatsaba Holdings (Pty) Limited (formerly Kgorong Investment Holdings (Pty) Limited). He is the current Chairman of International Finance Group (IFG), and is a director of Reutech Limited, Kayamandi Resources and The National Arts Festival (Grahamstown).

David L Rose ~
Independent Non-Executive Director
BCom, BA, CA(SA), F.Inst.D
Appointed: February 2005

David is an independent consultant, who was employed at Fisher Hoffman, a major national firm of Chartered Accountants, for 41 years. He became a partner in the firm in 1970 and was Managing Partner of the Johannesburg office as well as Chairman of the national practice from 1991 to 1998. He is also a non-executive director of Super Group Limited and the Chairman of its Audit Committee.

Cleopatra S Shiceka ~ #
Independent Non-Executive Director
BA (Law), LLB, HDip Tax
Appointed: August 2009

Cleopatra is currently the General Manager in the Office of the Chief Executive at Transnet Freight Rail. She is also General Counsel on the Executive Board of the Union of African Railways (UAR), a specialised agency of the AU. She has vast experience in the regulatory environment as well as in specialised finance.

Executive directors

Merrick Abel #
Chief Executive Officer
Acting Chairman from 27 March 2015
BA (Hons), MBA
Appointed: August 1997

Merrick is a director of numerous Primeserv subsidiaries. Since founding the Group in 1997, he has served as CEO and was Executive Chairman from 2000 to 2003. He is currently Acting Chairman, while the Group finalises the Board component of its transformation strategy. Merrick has over 28 years of local and international business experience, particularly in the industrial and services industries.

Raphael Sack
Financial Director
BComm, BCompt (Hons), CA(SA)
Appointed: June 2009

Raphael has been with the Group since 2006 and has been a director of several subsidiary companies during that time. Prior to this, he was the Financial Director of various other companies, including Spanjaard Limited, a company which is also listed on the JSE.

Desmond C Seaton
Executive Director
BCom, LLB, Dip Tax
Appointed: August 2003

Desmond was a consultant to a number of listed and unlisted entities providing corporate, legal and tax advice prior to his rendering full-time services to Primeserv. He is also a non-executive director and Chairman of the Audit Committee of ISA Group Limited. He was appointed as an executive director of Primeserv on 29 June 2012.

~ Member of the Audit, Governance and Risk Committee
** Member of the Remuneration and Nomination Committee*
 # Member of the Social and Ethics Committee

GROUP STRATEGY

STAKEHOLDER ENGAGEMENT

It is a fundamental component of Primeserv's business strategy to actively engage with its stakeholders. The following table outlines the way in which this is done.

Stakeholder	Method of engagement	What matters to them	Outcomes of engagement
Shareholders	All shareholders are invited to attend the annual general meeting of the Company at which they are able to engage with the Board and executive management on matters detailed in the Integrated Annual Report as well as on other matters that may be pertinent. In addition, the CEO is in contact with various investors and analysts at which non-price sensitive information is communicated. Information is also conveyed to shareholders via the JSE's SENS as well as publications in various industry journals and the press and also on the Company's website.	Earnings potential, capital appreciation and long-term sustainability.	Shareholders are appropriately apprised of the Group's activities. Stable major shareholder base. During the year, directors and management maintained their shareholding in the Company.
Customers/Clients	There is continual interaction with customers by all levels of management, the sales force and other operational staff. Information is also conveyed in the form of briefs that detail and describe the Company's view on matters relevant to customers and the industry as a whole. Information is also made available via the Company's internet sites.	Uninterrupted and on-time supply of services; product and service offerings that provide solutions that address current business imperatives; meeting and exceeding their expectations. Ability to focus on their core activities whilst outsourcing key human capital requirements. Capability to match customer staffing requirements to legislative changes National geographic footprint	Stable major customer base. Organic growth at existing and new customers. Proactive identification of needs and timely resolution of queries. Continual assessment and development of services to meet the needs of the changing HR and IR environment. Expanded national hub and branch network
Employees	Communication with employees occurs through a formal induction process together with letters and memoranda from management, regular meetings at operational and executive management level (Excos). Regular performance appraisals are carried out. Primeserv's employees are viewed as key stakeholders as the Group recognises that successful businesses are built on loyal, happy and motivated employees. Anonymous ethics and climate surveys are conducted to assess employee conduct, satisfaction and areas of concern.	Fair remuneration and working conditions. Skills development. Career path management. Performance management and constructive engagement and intervention. Transformation initiatives.	Staff motivation. Staff retention. No industrial action and improved relations with employees. Skills development. Experienced staff. Stable management team. Ongoing improvements in developing Employment Equity.

Stakeholder	Method of engagement	What matters to them	Outcomes of engagement
Communities	Primeserv has engaged with a number of community organisations in the areas in which the contract workers reside. The Company also makes contributions to various customer initiatives which are also intended to uplift communities. Primeserv provides financial support to community skills development initiatives. Primeserv supports charitable organisations focusing primarily on youth skills development..	Regular interaction and contributions. Long-term commitment that makes a meaningful difference.	Improvement in the ability of the NGOs to meet community needs. Staff involvement in promoting the image of the Group in the wider community. Making a positive difference in the lives of community members.
Government and industry bodies	The Group and its operations engage on a regular basis with various government and industry bodies through attendance and membership of industry-specific associations and bodies at which Primeserv employees are active participants.	Compliance with legislation and regulation, including the timeous payment of imposts.	Full compliance. Proactive engagement with changing legislative environment. Sustainable business model.

RISKS, OPPORTUNITIES, STRATEGY AND STRATEGIC REVIEW

Risk management

The Primeserv Board recognises that risk management and mitigation is an ongoing process, and that the Group's risk framework should be robust enough to effectively manage and react to change in an efficient and timeous manner.

The risk management framework is the responsibility of the Group's Board of Directors, and aims to:

- ensure efficient allocation of capital across various activities in order to maximise returns and the diversification of income streams;
- monitor risk-taking within levels that are acceptable to the Group as a whole and within the constraints applicable to the relevant subsidiaries;
- manage working capital liquidity efficiently and control the cost of funding; and
- improve risk management and control, wherever possible.

The table below outlines how the Group's identified challenges, including sustainability-related matters, are being addressed.

RISKS, OPPORTUNITIES AND STRATEGY – IDENTIFIED CHALLENGES

Key challenges	Control and/or mitigation strategy
New Labour Legislation	Government has now enacted all of the components constituting the revised labour legislation which has been the subject of debate between government, business and organised labour. The legislation provides for increased regulation of the TES industry through the Employment Services Act which will require registration of all TES and other private employment service providers and seeks to introduce a public employment service provider. Regulations specifying the requirements for registration and ongoing reporting requirements have yet to be promulgated. Primeserv as a compliant services provider believes that it has the systems in place to ensure that there will be no interruption in service arising out of meeting any stipulated requirements. Primeserv remains of the view that the new labour legislation will ultimately favour the larger and reputable TES providers such as Primeserv, who have the necessary HR/IR and IT systems infrastructure, and are capable of meeting the demands of a strictly regulated environment. Amendments to the Employment Equity and Labour Relations Acts will have the effect of making the management of permanent and temporary labour more costly and will in all likelihood have a negative impact on employment levels, particularly in cases of direct employment by typical employers. Primeserv has in place the necessary systems and infrastructure to deal with these changes.
Attracting and retaining senior HDIs.	Customised learnerships and training programmes are used to develop senior HDIs. Recruitment and retention plans have been implemented to attract and retain personnel.
Skills shortages.	Most businesses in the Group continue to be affected by skills shortages and ongoing investment is made in employee up-skilling. A dedicated unit, Primeserv Employee Training Academy, has been established to facilitate the process of skills development. The Blue Collar Outsourcing unit has a welding training and assessment centre that assists clients and contractors in assessing and maintaining skills levels.
IT systems – implementation process of new software and systems.	The implementation risk has been reduced by an experienced implementation team who have developed key expertise specific to the TES/HR industry. A systematic and phased implementation approach has been applied to system roll-outs. The Board is kept apprised of the roll-out of all significant IT projects. Relevant software is continually updated and tested to ensure efficient operational capability.
Developing a comprehensive sustainability and management framework and setting uniform sustainability targets that suit Primeserv's organisational structure and culture, independence and entrepreneurial flair.	This is an ongoing process, especially in view of the King III requirement of integrated reporting. One of the key areas of responsibility of the Social and Ethics Committee is sustainability.
Developing an effective sustainability data collection system. Primeserv has adopted a centralised administration and payroll platform that supports a national operational footprint. This has assisted in improving data collection.	Improvements will continue to be made to the data definitions and the data collation process. Additional non-financial data will be expanded and ongoing improvements will be made. New HR/IR software modules that interface with the Human Capital Outsourcing segment's payroll and contractor databases and systems have been implemented.

Strategy

Leveraging the Primeserv HR Services value chain in order to achieve a sound and sustainable return on investment is driven by a three-pronged approach that focuses on:

- establishing, maintaining and growing a strong financial position in order to facilitate both organic and acquisitive growth;
- investing in intellectual capital, industry specific skills, and a strong and experienced management team; and
- securing, maintaining and developing both daily and long-term contractual business in order to deliver a real and consistent growth in earnings.

Primeserv is also fundamentally committed to continuing organisational transformation through skills development, employment equity and increased B-BBEE equity ownership.

More specifically, the Group's strategy is to:

- facilitate frequent and meaningful interaction with clients in order to align product and services offerings with client needs;
- continuously improve its organisational knowledge of market dynamics and adapt its offerings in order to effectively service these markets;
- deliver economically measurable value;
- invest in HR and IR products, services and operating facilities in a sustained and focused manner;
- expand its client base and market reach;
- ensure effective resource allocation, containment of expenditure and maximisation of efficiencies;
- promote strong values and a performance-driven organisational culture in a nurturing working environment;
- extend its presence in southern Africa to meet clients' needs as they expand into the region;
- maintain its competitive advantage by expanding internal capability and promoting innovation;
- enhance its leadership position in HR and IR consulting, skills development and flexible and permanent staffing services, while simultaneously evolving its integrated HR services model in order to meet the challenges of a changing labour environment;
- diversify its product and services offering within the HR Services environment and reduce dependency on any single operating entity;
- enhance effective B-BBEE, both internally and externally; and
- become the integrated HR and IR services provider of choice.

Strategic review

South Africa's history has created a unique socio-economic and political environment, in which significant transformation is required in order to reflect the country's demographic mix. Skills development and the advancement of youth employment have been identified as a national priority, and it is within this context that Primeserv has the opportunity to develop and deliver meaningful and sustainable added-value solutions to both commercial and non-commercial clients in various sectors. The Group's suite of HR and IR products and services, offered through its Int**HR**grate™ Model, provides a comprehensive range of solutions suited to delivering skills and services where they are most needed.

The Group continues to use the latest technology wherever practical in order to enhance the delivery of these services. Technology, combined with field service excellence, is a key enabler of premium client-centric service delivery, and is being used to improve efficiencies. Various benchmarking processes are also being used to ensure that the products and services offered are aligned with the needs of Primeserv's clients and are in accordance with international best practice. The Group strives to maintain its reputation as a supplier of choice for all HR and IR needs.

Given the importance of the current labour environment, the Group is represented on a number of industry bodies, where it is able to offer professional input as well as obtain insight into the latest developments regarding legislation and regulation. Membership of these bodies assists Primeserv in assessing and adjusting its operational structures whenever required in order to conform to latest developments.

Partnering with Primeserv enables companies and organisations to effectively free up and use internal resources so as to focus on their core activities. In a business climate featuring high degrees of price and product parity across competitors, ongoing margin pressure, skills shortages, economic contraction, continual bouts of labour unrest and the resulting volatility of staff demands, Primeserv's client-focused and customised HR and IR products and services are essential tools in protecting and enabling business success.

Primeserv also aims to be an employer of choice within the South African business environment. The Group's values, principles and strategies are monitored and guided by the Group's Executive Committee, which fulfils a unifying function and aims to provide a rewarding work environment for employees at all levels. Employees participate in the development of their own career paths while contributing to the success of the Group. The Executive Committee provides strategic direction and tactical business planning to all Businesses Units and the Central Services unit, while maintaining its primary focus on investments, financial control, ongoing risk assessment and resources allocation.

South Africa's socio-economic and political environment presents complex human capital challenges for businesses and other organisations, as authentic diversity and effective transformation reporting mechanisms are required in order to meet B-BBEE targets. Skills development and the advancement of equity-based employment must therefore take place within the wider context of the national transformation agenda in order to secure a sustainable business.

Primeserv's primary focus on human capital forms the context within which all of its business units have been positioned as market-driven and client-centric. The Group has, in response to market needs, developed an integrated HR value proposition that is able to cater to the challenges inherent in the South African human capital environment.

Primeserv's Int**HR**grate™ Model is the central platform supporting Primeserv HR Services, the Group's operating pillar. The Int**HR**grate™ Model's proprietary service offering effectively differentiates Primeserv in the industry. Ongoing internal reappraisal and evaluation processes also ensure effectiveness in the constantly changing market sphere within which the Group operates, thereby keeping the Int**HR**grate™ Model relevant to evolving market dynamics. Primeserv's ability to customise products, services and solutions for varying business and industry sectors, as a result of the Int**HR**grate™ Model's modular structure, enhances the efficiency of its value proposition.

Globally, businesses are moving away from limited, internally-focused human capital solutions, to comprehensive, outsourced human capital management. Locally, new labour legislation, has resulted in heightened levels of complexity and administrative burdens, and increased the need for specialist outsourced human capital management expertise.

Primeserv's operational and technical expertise, as well as its practical understanding of the complex legislative and regulatory framework in the local environment, has resulted in the Group developing long-term relationships with clients, who entrust most of their human capital requirements to the Group and who continue to experience quantifiable benefits as a result.

CHAIRMAN'S REPORT

After 10 years as Primeserv's chairman, the time had come to make the role available to a new and transformative leader. I therefore stepped down on 27 March 2015 and our CEO, Merrick Abel, has taken on the additional responsibility of acting chairman until the new appointment is made.

Having been involved with Primeserv since its inception, I will continue to serve the Board as an independent non-executive director, offering guidance in corporate governance, risk, audit and remuneration.

In this reporting year we continued our improved trajectory from the solid foundation set in the 2014 financial year. Although the economic environment and the labour market in particular again presented an extreme set of challenges, Primeserv enhanced the strength of its operations and its balance sheet and is on track for sustainable profitability.

Commencing in 2010, the ongoing governance of labour as a whole was re-examined and renegotiated in depth, with a major focus on temporary employment services (TES). This exercise, which had absorbed much valuable Primeserv management time, concluded with the promulgation of four acts of amended or new legislation between March 2014 and April 2015.

Due to Primeserv's integral participation in this process, we had the foresight to inform and prepare our employees and clients, and to revise our operations and systems in alignment with the new labour legislation. Having completed the realignment of our business, Primeserv is unfolding its strategy of providing customised integrated HR solutions and services that meet the needs of organisations operating within the newly legislated South African labour relations environment.

Nevertheless, we anticipate a series of challenges over the short term, primarily due to South Africa's economic constraints and global economic volatility.

A major impact on economic growth is the continued slide of commodity and metals prices, combined with the recent above-inflation salary increases. A growing list of South Africa's metal smelting plants and mines have become unprofitable. Many thousands of jobs are being lost as labour forces are reduced and mines and plants shut down.

As oil prices fall and the Rand slips against major currencies, we would have expected our manufacturing sector to become more competitive internationally, however, this potential windfall is becoming unlikely as worldwide consumer demand slumps. Global trade statistics are down and Chinese GDP growth is throttling back to about 7 percent per annum.

According to Statistics SA, South Africa's unemployment rate had climbed to 26.4 percent at the end of Q1 2015 to reach its highest level since 2003. This simply reaffirms that urgent steps must be taken to address unemployment, which is the root cause of many of our country's social ills. The IMF team that visited South Africa in June 2015 urged government to reduce the labour regulatory burden on businesses, so as to increase overall business viability, economic productivity and international competitiveness.

South Africa's younger people in particular are severely disaffected, as the unemployment rate for 15 to 24 year-olds is nearly double the national average. Temporary employment, as managed by responsible job providers such as Primeserv, is a proven and invaluable route for the youth into mainstream labour. We view the training and employment of South Africa's youth as fundamental to the ongoing sustainability of South Africa's economy.

In the annual Global Competitiveness Report of 2015, South Africa's sophisticated financial markets and businesses score highly, while the key components of education, labour market efficiency, labour flexibility and labour employee relations are at the very bottom of the competitiveness list.

Primeserv regards B-BBEE and the transformation of the workplace as a wholly separate issue to the efficiencies and productivity of the nation's labour markets. We view economic and workplace transformation as a key imperative to building a harmonious and sustainable society. We are practising what we preach by vigorously implementing transformative policies throughout Primeserv. Our business units range from levels 1 to 3 in B-BBEE scoring and the Group is working to further improve these ratings.

Acquiring skills and gaining experience are vital to authentic transformation. These are where Primeserv is positioned to make a real difference. We primarily recruit previously disadvantaged people and provide training, upskilling, on-the-job experience, and benefits in accordance with all legal requirements. As our employees gain experience in various industries, they become more valuable in the labour market and many will take up permanent employment outside of Primeserv. Others appreciate the skills development, benefits and fair treatment of being Primeserv employees and choose to remain within the Group's national TES infrastructure.

Now that the TES industry has become further regulated through the enactment of new labour legislation, South African companies are taking a fresh look at their HR functions and staffing requirements. Regulatory compliance has become more complex than before, which may prompt many companies to outsource the entire HR function of their organisation or certain components of their staffing requirements to TES providers with the capacity to manage these seamlessly. Primeserv's reputation as one of the sector's most expert players should encourage leading companies into becoming our clientele, as they will require the assurance of having their HR and TES needs handled efficiently and without complication.

Besides the changes to labour legislation, the world of HR has not stood still. How work is performed and managed is evolving quickly and human capital management exponents such as Primeserv must, as we do continually, re-examine their products, services and technologies as part of an holistic review of their market positioning. To this end Primeserv continues to invest in and develop solutions and services specifically customised to its clients and current market needs.

This is the right time to continue forming deeper partnerships with our clients and to offer a wider range of business-to-business services adjacent to Primeserv's current TES and integrated HR service offerings.

In closing we bid farewell to Professor Saul Klein, a non-executive director of the Board since 1998. As a renowned academic and corporate advisor in business management, Professor Klein has commitments in several countries and has decided to limit his international travel.

Having now stepped aside so that Primeserv can transform further, I look back with pride at having chaired such an outstanding board. Our CEO and his management at all levels have steered the Group through successes and challenges in one of South Africa's most unforgiving business sectors. Primeserv is now thoroughly prepared for deeper transformation and long term growth. Although the next few years promise to be potentially tough indeed, I have the utmost confidence that Primeserv is strategically and operationally well set to deliver a prosperous outcome for all its stakeholders.

J MICHAEL JUDIN
*Independent Non-Executive Chairman**
Independent Non-Executive Director
** Resigned 27 March 2015*

CEO'S REPORT

Primeserv Group Limited is an investment holding company with subsidiary operations focused on human capital management. The delivery of its human resources (HR) and industrial relations (IR) products, services and solutions is provided through its operating pillar, Primeserv HR Services. This incorporates two main segments of specialisation: Human Capital Development and Human Capital Outsourcing.

Primeserv HR Services delivers and operates an extensive range of HR and IR consulting services and solutions, corporate and vocational training programmes, technical skills assessment and training centres, as well as permanent and temporary staffing services, wage bureaus and employee lifestyle and benefit products.

Primeserv achieved satisfactory results against the backdrop of a volatile economic and labour environment. We bettered the previous financial year's results, in which Primeserv had returned to overall profitability by consolidating our operations, driving efficiencies and disposing of non-performing assets.

Now that certainty in terms of South African labour law relating to the TES industry has finally been achieved, Primeserv is strengthening its business by further upgrading IT systems, establishing additional strategic infrastructure and hiring specialised business development personnel.

We anticipate that the next two to three years will be tough on several fronts, but Primeserv views this as much as an opportunity as a risk.

South African companies face increasingly complex operating environments and need all the expert support they can get. As a provider of best-practice HR and temporary staffing solutions, Primeserv is well positioned to help organisations knowledgeably and effectively manage their human capital requirements into the future.

Despite the difficult trading conditions experienced during the year under review the Group was able to maintain sales levels. Improved margins, particularly in the more specialised blue-collar project-based environment as well as those linked to large training initiatives were offset, to an extent, by increased staff and administration costs, site establishment and other infrastructure spend incurred to facilitate the implementation of new contracts, and the development of new training programmes. Higher than anticipated costs were also a function of contract-specific expenses related to prolonged industrial action and the resultant termination of underperforming contracts during the second half of the year under review. Expenses were also affected by a once-off cost related to the settlement of a protracted dispute in regard to contested liabilities arising out of an earlier acquisition.

Group revenue increased from R638,8 million to R651,0 million. Headline earnings increased from R6,1 million to R11,9 million and headline earnings per share increased by 96% from 6,51 cents per share to 12,73 cents per share. Net asset value per share improved by 14% from 83 cents per share to 95 cents per share.

The Human Capital Development segment's revenue increased by 12% from R34,3 million to R38,7 million. The segment delivered an operating profit from continuing operations of R1,0 million compared to a profit of R0,6 million in the prior year. EBITDA from continuing operations improved from R1,1 million to R1,4 million. The Days Sales Outstanding ("DSO") improved from 143 days to 75 days.

The consulting and training operations delivered an improved performance. Persistent administration problems at the SETAs led to some delays in both the onset of training and the settlement of accounts by some clients awaiting disbursements from the SETAs for work already undertaken. This resulted in a weaker second half performance by the training unit with a number of projects delayed to the second quarter of the 2016 financial year. The unit has a large number of SETA accredited training and learnership modules capable of being applied to youth training and employment programmes and specialised staff upskilling projects. It is anticipated that this potential will be increasingly realised in the short to medium term.

During the year under review, 8 395 new learner enrolments were processed. Of these 695 were learnership qualification enrolments and 7 700 were attendees on short-term skills programmes.

The training unit expanded its disabled learnership programme, and extended the scope of its qualifications across a number of SETAs. A national contact centre was established in the latter part of the year under review with the aim of centrally managing the unit's national public course offerings. The unit's technical training centres expanded their trade assessment and upskilling capabilities with particular emphasis being placed on providing client on-site training. This provides clients with the ability to assess and develop staff skills without disrupting workplace productivity.

In line with the South African government's initiatives to foster youth employment, Primeserv has placed youth skills development and employment at the forefront of many of its training and staffing initiatives.

The Human Capital Outsourcing segment increased revenue marginally from R605,9 million to R612,3 million, with operating profit increasing by 9% from R25,3 million to R27,7 million. EBITDA increased by 8% from R27,1 million to R29,2 million. The continual attention given to improving working capital management resulted in DSO improving from 42 days to 40 days.

This segment saw its blue-collar flexible staffing business, which specialises in servicing the logistics, warehousing and distribution, and industrial manufacturing, engineering and construction sectors, deliver a sustained performance. The blue-collar unit maintained its focus on client-centric service excellence, and the delivery of integrated HR services aimed at improving productivity within its specialised niches of operations. A major emphasis was placed on developing skills and capabilities across the entire staff complement so as to provide clients with consistent and efficient staffing and workplace productivity solutions.

The sustained drop in the oil price resulted in the curtailment of a number of labour-intensive projects linked to the petrochemical industry. This negatively impacted volumes in the second half of the year.

The white-collar professional draughting and engineering staffing operations delivered a stable year-on-year performance. This unit has to a large extent been impacted by low levels of capital infrastructure spend particularly in the area of state expenditure, and certain mega projects were delayed due to inadequate levels of electricity supply.

The world of work is evolving rapidly, spurred on by the impact of new technologies in all aspects of our lives. A primary driver is the internet and mobile connectivity – which seamlessly links individuals and organisations.

CEO'S REPORT continued

Another is automation, which is taking over simple and repetitive tasks previously performed by workers. While certain job categories and their attached skills fall away, other newly required skills will come into demand, or are only needed for specific projects or time periods. This has led to substantial growth in temporary or contract jobs in developed economies such as the USA and Europe. In May 2015 the US Government Accountability Office reported that 40% of the USA's workforce comprised 'contingent workers' that are not in traditional jobs. The contingent category includes temporary workers, part-time workers, contract workers and those seasoned professionals with specific expertise who prefer contract or project work.

This trend should also find traction in South Africa and is compelling HR practitioners to work out new performance metrics and corporate practices to integrate the requirements of salaried, contractor and consultant personnel into company systems. In this scenario, Primeserv's services are aligned to the needs of South African companies that compete through the quality and productivity of their human capital.

Over many years, Primeserv has continued to develop and refine its proprietary IntHRgrate™ Model of end-to-end human capital solutions. Through this 360° business-to-business support services model we match our customised modular or integrated suite of HR offerings to our clients' specific needs so as to enable the key drivers of their business strategies.

A major issue for South African employers is that our labour legislation and the current government stance is in contradiction to global trends. While labour policies elsewhere are becoming more flexible and promote temporary staffing as a vital component of skills deployment, in South Africa our labour policies are focusing more rigidly on permanent employment. Being so out of alignment will hinder job creation and make South African companies less competitive against their international counterparts.

As a consequence our labour legislation does not adequately account for the activity peaks and valleys of most businesses. However, temporary and project specific staffing remains an efficient method for matching staffing headcount to transaction and production volumes.

After an extensive review of the labour laws, particularly relating to the TES environment, amendments were promulgated to certain legislation. Although this exhaustive exercise did not simplify regulation or make South Africa's labour market more flexible, it introduced greater certainty on how workers should be employed and reimbursed. These labour amendments were primarily intended to protect temporary employees against unfair practices. Nevertheless, the legal relationship between the employer and employees in South Africa has become more complicated.

Up until March 2015, certain employers adopted a wait and see approach to employment given the prevailing uncertainty as to the effects of the impending legislation. From April 2015, after the promulgation of the amended legislation, some employers began terminating their temporary employees due to a general lack of clarity around the legal interpretations of this legislation. This resulted in the unintended consequence of reducing employment rather than securing or creating employment opportunities in South Africa.

The TES industry has already seen a reduction in the headcount of temporary staff in certain sectors of the economy. Particularly affected are those staff employed in white-collar positions in sectors such as banking, business process outsourcing centres and certain production and manufacturing environments. The negative impact on Primeserv's revenue is likely to be felt over the short-term, while legal precedents are set and employers get to grips with the new labour landscape.

Providing quality employees for temporary assignments, supported by a range of matching HR and IR support-service modules, such as Primeserv offers, necessitates a sophisticated business capability. It requires the TES provider to maintain, and develop or access, premium levels of training, staffing capability and capacity, and technology and industry specific expertise. Primeserv is well set to deliver such services.

Primeserv is committed to the continued advancement of its transformation strategy. The transformation process is being advanced by placing greater emphasis on black ownership, increasing expenditure on skills development and preferential procurement, and furthering our efforts on enterprise and socio-economic development.

We see opportunities on the road ahead, and are directing our efforts at growing sales within our existing operational framework, whilst seeking out acquisitions that enable us to diversify revenue streams in line with the Group's strategy of broadening our support services businesses so as to create greater long-term sustainability.

In closing, I would like to take this opportunity to thank all our stakeholders for their support during the past year. We trust that these longstanding relationships will continue to prosper. A special thank you is due to our Chairman and Board of Directors for their unstinting commitment to the Group. A profound thank you is extended to all our management, staff and assignees. Your efforts throughout the past year are truly appreciated.

M. Am1.

MERRICK ABEL
Chief Executive Officer

FINANCIAL DIRECTOR'S REPORT

Revenue from continuing operations was R651,0 million, an increase of R12,2 million compared to the prior year R638,8 million. Gross profit from continuing operations increased from R98,1 million to R109,3 million.

	2015 R'000	2014 R'000	Variance R'000	Variance %
REVENUE – Including Discontinued Operations				
Human Capital Outsourcing	**612 275**	605 932	**6 343**	1
Human Capital Development	**38 685**	34 319	**4 366**	13
Total	**650 960**	640 251	**10 709**	2
REVENUE – Continuing Operations				
Human Capital Outsourcing	**612 275**	605 932	**6 343**	1
Human Capital Development	**38 685**	32 859	**5 826**	18
Total	**650 960**	638 791	**12 169**	2
GROSS PROFIT – Continuing Operations				
Human Capital Outsourcing	**84 067**	73 473	**10 594**	14
Human Capital Development	**25 252**	24 648	**604**	2
Total	**109 319**	98 121	**11 198**	11

The Group's gross profit from continuing operations showed an improvement of 11% compared to the prior year, due to both higher sales and improved margins.

DEPRECIATION AND CAPITAL ADDITIONS

During the year a total of R0,80 million was spent on capital additions across the Group, with R0,32 million spent on computer equipment, R0,25 million on motor vehicles and the balance of R0,23 million on furniture and equipment. Depreciation for the year was R1,2 million compared to R1,4 million for the last financial year. No major additions are intended in the forthcoming year.

OPERATING PROFIT

Operating profit for the year from continuing operations decreased by 8% from R12,6 million to R11,6 million attributable to once-off costs incurred within Central Services which saw its effect on operating profit increasing from a cost of R13,3 million to a cost of R17,1 million.

HUMAN CAPITAL DEVELOPMENT

The segment's revenue from continuing operations increased by 17% from R32,9 million to R38,7 million. Continuing operations within the segment recorded a better performance increasing its operating profit by 81% from R0,6 million to R1,0 million. EBITDA improved by R0,3 million from R1,1 million to R1,4 million. The segment's Days Sales Outstanding (DSO) improved from 143 days to 75 days.

HUMAN CAPITAL OUTSOURCING

Revenue for the segment increased by 1% from R605,9 million to R612,3 million, with operating profit increasing by 9% from R25,3 million to R27,7 million. EBITDA increased by 8% from R27,1 million to R29,2 million. The segment's DSO showed an improvement from 42 days to 40 days. Management will continue to prioritise sales growth, working capital management, margin improvement and operating efficiencies.

PROFIT BEFORE TAX

Profit before tax decreased by R0,8 million from R7,8 million to R7,0 million.

TAX

The Group has a tax credit for the year due to, amongst other things, tax allowances and the reversal of a provision for tax made in prior years that is no longer required as well as an increase in the deferred tax asset recognised.

EARNINGS PER SHARE

The earnings per share and diluted earnings per share from continuing operations increased from 8,65 cents to 12,73 cents. Overall earnings per share increased from 6,51 cents per share to 12,73 cents per share. Similarly, headline earnings per share and diluted headline earnings per share from continuing operations increased from 8,65 cents per share to 12,73 cents per share while overall Group headline earnings per share improved from 6,51 cents per share to 12,73 cents per share.

DIVIDENDS

The Board has approved the recommencement of dividend payments given the improvement in both the profitability of the Group as well as the overall cash position. A gross dividend of 1 cent per share has been declared and will be paid to shareholders on Monday, 12 October 2015. Shareholders that are not exempt from Dividend Withholding Tax of 15% will receive a net dividend of 0,85 cents per share.

STATEMENT OF FINANCIAL POSITION

The Group's statement of financial position has shown an improvement in many respects when compared to the prior year. Long term and other receivables have decreased by R4,7 million to R8,9 million while trade receivables have decreased from R94,6 million to R85,2 million, with the average DSO improving from 47 days to 42 days. Trade payables have also decreased, by R14,8 million from R30,6 million to R15,8 million. The overall level of borrowings at year-end decreased by R6,9 million from R49,1 million to R42,2 million. Gearing has improved from 62% to 46%. The Group's net asset value per share improved by 14% from 83 cents per share to 95 cents per share.

CASH FLOW

Cash flows relating to operating activities improved by R6,0 million from an inflow of R1,7 million in the prior year to R7,7 million in the current year. Cash flows attributable to investing activities reduced by R1,1 million from an outflow of R1,9 million to an outflow of R0,8 million.

CONCLUSION

The Group has delivered an improved set of results as evidenced by the higher overall profitability, stronger cash flow and strengthened statement of financial position.

RAPHAEL SACK
Financial Director

CORPORATE GOVERNANCE

The Board and its individual directors are committed to the values of transparency, integrity, responsibility and accountability, as well as to the highest standards of corporate governance. Through this commitment, it is their intention to ensure that the Group is – and is seen to be – a responsible corporate citizen. The Board accepts its duty to ensure that the principles set out in the King Report on Corporate Governance for South Africa (2009) (King III) are implemented. This report has been prepared in line with these principles on an "apply or explain" basis.

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

Code of ethics and corporate conduct

The Group's Code of Ethics and Corporate Conduct has been designed to ensure that Primeserv operates within the framework of good business practice. This is complemented by the Primeserv Pledge, which encourages all employees to:

- demonstrate integrity in everything they do;
- work together to achieve common goals;
- celebrate innovation and cherish performance;
- perform with professionalism, skill and care; and
- exceed customers' expectations every day.

The Code of Ethics and Corporate Conduct defines the spirit in which the Group conducts business, describes its responsibilities to stakeholders, and outlines both acceptable and unacceptable practice. The Board embraces the principles of good governance, and the directors are confident that the ethical standards of the Group are being adhered to.

All decisions and actions both of the Board and executive management are based on four ethical values that underpin good corporate governance:

Responsibility: The Board assumes responsibility for the assets and actions of the Group and, if necessary, corrective action is taken to ensure that the Group, its subsidiaries and business units keep to their strategic paths;

Accountability: The Board ensures that it is able to justify its decisions and actions to shareholders and other stakeholders;

Fairness: Fair consideration is given to the interests of all stakeholders by the Board; and

Transparency: Information is disclosed by the Board in such a manner that it enables shareholders to make an informed assessment of the Group's activities.

THE BOARD, DIRECTORS AND BOARD COMMITTEES

The Board

The Board, which was chaired by JM Judin until 27 March 2015 (whereafter M Abel assumed the role of acting Chairman), consists of three independent non-executive directors, one non-executive director and three executive directors.

The Board meets regularly and retains full and effective control over the Group. Until 27 March 2015, the roles of Chairman and CEO were split. M Abel, the CEO, has stepped in as the acting Chairman until such time as the appointment of a new independent non-executive Chairman is made, one which will be transformative and enhance the Group's empowerment credentials. The appointment of a new non-executive Chairman is being finalised in line with the Group's transformation and empowerment strategy.

The Board directs and controls the management of the Group, is responsible for strategy and fiscal policy, and is involved in all material decisions affecting the Group. Full details of the Board of Directors are set out on page 7 .

The Board ensures that there is an appropriate balance of power and authority amongst its members so that no single individual or group of individuals can dominate its decision-making processes.

In line with King III, the Board consists of a mix of executive, non-executive and independent non-executive directors. Non-executive directors provide independent judgement on issues of strategy, budgets, performance, resources, transformation, diversity, employment equity and standards of conduct. They are also responsible for ensuring that the Chairman encourages proper and appropriate deliberation on matters requiring the Board's attention.

The independence of independent non-executive directors is assessed annually, and this is based on input by each independent director, who is expected to demonstrate intellectual integrity in this self-assessment. The Board also considers empirical information, including the extent, if any, of the director's interest in the business in terms of direct or indirect shareholding and/or an interest in a contract with the Group. Where practical, the Board assesses the materiality of the directors' interests, but considers that amounts constituting less than 5% are not material.

The Board defines levels of materiality, reserving specific powers for itself and delegating other matters, together with the necessary authority, to management. A process of control enables the Board to assess and mitigate risks where possible, and directs the attainment of the Group's objectives. This environment sets the tone for the Group and encompasses ethics and values, organisational philosophy and employee competence.

The Board carefully monitors any actual or perceived conflicts of interest, and disclosure of both internal and external interests is required at each Board meeting. As a JSE-listed entity, the Group has implemented a policy that governs the dealing in its shares by directors and senior officers.

Together with management, the Board seeks to identify the Group's key risk areas and key performance indicators, and updates and reviews them regularly. Full and timely information is supplied to the Board and Committee members, and they have unrestricted access to all Group information, records, documents and property. All directors have access to the advice and services of the Company Secretary and, where they deem it necessary, they may obtain independent professional advice at the Group's expense. This enhances the Board's decision-making capability and the accuracy of its reporting.

The Board actively participates in the process of strategy development and is not merely a recipient of strategy proposed by management. The directors appreciate that strategy, risk, performance and sustainability are inseparable. It therefore considers not only the financial performance of the Group, but also the possible impact of its various operations on society and the environment as a whole, while also ensuring compliance with the Constitution and laws of the country.

Furthermore, the Board ensures that measurable and effective corporate citizenship programmes are developed, and that these programmes are implemented by management. It recognises that a sustainable group of companies is dependent on a cohesive strategy that embraces not only financial performance but also strategies that take into consideration risk and the environment.

The Board operates according to a Board Charter, which is available on request.

The Board delegates certain functions to well-structured Committees without abdicating its own responsibilities. Board Committee charters define the purposes, authority and responsibility of the various Board Committees, and have been developed for the:

- Board of Directors;
- Audit, Governance and Risk Committee;
- Remuneration and Nomination Committee; and
- Social and Ethics Committee.

The Company Secretary

The Board has access to a professional company secretarial service, whose representative is not a director of the Board. Certain of the responsibilities of the Company Secretary are attended to by the Financial Director and/or the Group Legal and Risk Director. The Company Secretary is expected to provide guidance on matters relating to the Companies Act (2008), as well as other pertinent laws and regulations. The Board of Directors has considered and is satisfied that the Company Secretary has the required competence, qualifications and experience for the position.

The Audit, Governance and Risk Committee

The Report of the Audit, Governance and Risk Committee is set out on pages 30 and 31.

The Remuneration and Nomination Committee

The Remuneration and Nomination Committee ensures that the Group's remuneration structures adequately attract and retain talented and relevantly experienced individuals who can make a contribution to the Group's sustainability. It recommends compensation policies and remuneration packages that support the Group's strategic and tactical objectives, and remunerates and rewards employees for their contribution to strategic, operating and financial performance.

The Committee operates in terms of a charter approved by the Board, and from time to time, refers certain matters to shareholders for approval. These include, for example, new and amended share-based incentive schemes and non-executive directors' fees. The Board deliberated on and accepted the recommendations made by the Committee during the course of the 2015 financial year.

The Committee comprises JM Judin (Chairman) and LM Maisela. Both members of the Committee are non-executive directors. On average, the Committee meets twice a year, and the Chief Executive Officer attends these meetings by invitation. It is his role to assist the Committee in accessing information and in certain of its deliberations, except when issues relating to his own compensation are discussed. No director is involved in deciding on his or her own remuneration.

The Committee is also responsible for ensuring that nominees to the Board are not disqualified from being directors and, prior to their appointment, investigates their backgrounds according to the recommendations for groups and companies listed on the JSE. Executive directors have employment contracts and restraint agreements, and all of the executive directors are bound by these.

The Committee reviews the Board's required mix of skills, experience and other qualities on an annual basis in order to assess the effectiveness of the Board, its various Committees and the contribution of each director. Executive directors are appointed on the basis of their skills, experience and level of contribution to and impact on the Group's activities.

Non-executive directors are selected in line with the Group's transformation strategy, and on the basis of industry knowledge and their professional skills and experience in order to enhance organisational decision-making and ensure optimal organisational stability.

In terms of its charter, the Social and Ethics Committee may recommend candidates who it believes are not only suitably qualified and who will be assets to the Board, but who will also further the transformation of the Group.

All non-executive directors are subject to election by shareholders, retire by staggered rotation and stand for re-election in accordance with the Group's Memorandum of Incorporation. At least one-third of the non-executive directors, retire by rotation at the Group's annual general meeting.

The names of the non-executive directors submitted for election or re-election are accompanied by sufficient biographical information to enable shareholders to make an informed decision in respect of their election.

While non-executive directors' appointments are not formalised through letters of appointment, the Board believes that the rigorous review of candidates provides sufficient evidence to support their appointment. Any changes to the Board are published on the JSE's SENS. The Group has an induction programme for all new directors that takes into account their individual experience, skills and requirements.

A summary of the Group's remuneration policy is set out on pages 23 and 24.

Social and Ethics Committee

During course of the 2013 financial year, the Transformation Committee was renamed the Social and Ethics Committee, and its membership comprises LM Maisela (Chairman), CS Shiceka and M Abel. The Committee assists the Board in ensuring that there are appropriate strategies and policies in place to further transformation.

The Committee seeks to address any and all issues pertaining to the transformation of the Group into an organisation that is relevant within the context of a democratic South Africa, and it is tasked with ensuring that the composition of the Group is fully representative of the country's demographic and cultural landscape. Its role is not to redress the imbalances that exist in society per se, but to ensure that Primeserv is a leader in the implementation of HR and IR practices that recognise the equality of all individuals. Primeserv seeks to implement, through careful and considered processes, a range of measures – including affirmative action – that do not detract from the organisation's long-term goal of delivering sustainable returns to shareholders and stakeholders alike.

The statutory duties and responsibilities of the reconstituted Committee, as outlined in Regulation 43(5) of the Companies Act, is to monitor the Group's activities in relation to relevant legislation, other legal requirements and the prevailing codes of best practice.

Audit Governance and Risk Committee

The Audit Governance and Risk Committee's terms of reference are set out in an Audit, Governance and Risk Committee Charter, which complies with all applicable legislation and is available on request. The Charter includes the specific requirements relating to auditors and audit committees as set out in the Companies Act and King III. Any amendments to the Charter, which are made in compliance with legislative amendments and other governing codes and principles, are approved by the Board.

The Audit, Governance and Risk Committee is responsible for:

- developing and maintaining effective systems of internal control;
- reviewing the need for and monitoring the function of the internal audit discipline;
- safeguarding the Group's assets;
- maintaining adequate financial reporting systems;
- evaluating and defining the levels of risk that are appropriate and acceptable to the Group;
- ensuring the reliability and accuracy of financial information provided to shareholders and other users of financial information;
- appointing external and, where deemed necessary, internal auditors;
- assessing the relevance, impact and resolution of accounting and/or auditing issues as may be identified by the external auditors;
- ensuring compliance with legal and regulatory provisions, including stock exchange requirements;
- formulating and updating the Group's Memorandum of Incorporation;
- formulating and updating the Code of Conduct; and
- formulating and updating the by-laws and rules established by the Board.

In liaison with the executive directors and senior management, the Board determines risk strategy based on the need to identify, assess, monitor, manage and, where possible, mitigate all known forms of risk across the Group. The Audit, Governance and Risk Committee assists the Board in reviewing both the risks facing the Group and the risk management process.

It is the Board's responsibility to determine the Group's tolerance or appetite for risk. The role of the Audit, Governance and Risk Committee is to ensure that the Group has effective, ongoing processes designed to identify and assess risk, and to implement whatever measures are necessary in order to manage this risk proactively.

The Committee meets with the Chief Executive Officer, Financial Director, Legal and Risk Director, HR executive and other senior executives and managers if and when required. It also meets with the external auditors to discuss issues related to accounting, auditing, internal controls, financial reporting and corporate governance.

Management is accountable to the Board for designing, implementing and monitoring the processes of risk management and for integrating them into the daily activities of the Group.

ATTENDANCE AT MEETINGS

The number of meetings attended by each of the directors of the Group and members of Board Committees during the period 1 April 2014 to 31 March 2015 is set out in the table below, with the number in brackets reflecting the number of meetings held while the director was in office.

Board	
JM Judin (Chairman)[z]	6 (6)
M Abel[♉]	6 (6)
S Klein[∞]	3 (4)
LM Maisela	4 (6)
DL Rose	6 (6)
R Sack	6 (6)
DC Seaton	6 (6)
CS Shiceka	5 (6)
Audit, Governance and Risk Committee	
DL Rose (Chairman)	4 (4)
S Klein[∞]	3 (3)
CS Shiceka	4 (4)
M Abel*	4 (4)
R Sack*	4 (4)
DC Seaton*	4 (4)
Remuneration and Nomination Committee	
JM Judin (Chairman)	2 (2)
LM Maisela	2 (2)
M Abel*	2 (2)
Social and Ethics Committee	
LM Maisela (Chairman)	2 (2)
CS Shiceka	2 (2)
M Abel	2 (2)

* attended by invitation
∞ resigned 21 November 2014
z resigned as Chairman 27 March 2015
♉ acting Chairman from 27 March 2015

GOVERNANCE OF RISK

The identification of risks and opportunities is robust and systematic, and takes place at all levels of the Group. A comprehensive risk management policy is entrenched throughout the Group, and the Audit, Governance and Risk Committee monitors its implementation. As part of the process, a heat risk map is used, and this is a standing item on the Committee's agenda. Risk management presentations and updates are done by management at each meeting.

The Group's risk management processes include:

- the development and annual review of a risk management policy and plan for presentation to and approval by the Board;
- the dissemination and implementation of this policy and plan throughout the Group;
- regular presentations and recommendations to the Board concerning the Group's levels of tolerance and appetite for risk;
- integration of the risk management plan into the day-to-day activities of the Group;
- assessment and management of risk within the levels of tolerance and appetite approved by the Board;
- frameworks and methodologies to anticipate and mitigate where possible against unpredictable risks;
- pre-specified risk responses at management and executive level;
- guidelines for monitoring the response to risk;
- formal opinions on the process of risk management and the effectiveness of the risk management system;
- reporting on risk management that is timely, comprehensive, accurate and relevant.

INSURANCE

The Group's operating assets, including various assets owned by lessors, have been insured at replacement value. The Group performs credit evaluations on its clients and, where available and cost-effective, uses credit insurance.

Key-man policies cover key executives wherever possible, and liability cover is taken out for fidelity, directors' liability, loss of profits, political risk, general liability and professional liability. The Group reviews its insurance portfolio annually, in line with its risk-averse approach to insurable matters.

GOVERNANCE OF INFORMATION TECHNOLOGY

The Board recognises the important role that information technology (IT) governance has to play in the management of risks and the achievement of Group objectives. It therefore has an IT governance framework, which provides management with ways in which to understand and manage the risk associated with IT and to deliver value from its use.

The framework also helps to bridge the gaps between business requirements, control needs and technical issues. It is a control model designed to meet the needs of IT governance and to ensure the integrity of information and information systems.

Implementation of the IT governance framework has been a phased process, commencing in 2012 and progressively broadening to include:

- alignment of IT strategic objectives and activities with enterprise strategic objectives and processes;
- prioritisation of IT project initiatives and delivery of IT investment recommendations for Board approval;
- sufficient organisational capability to enable the business to deliver on its strategic objectives;
- continuous evaluation of processes and procedures;
- remedial action to deal with poor performance if and when required;
- suitable criteria for decision-making;
- open communication between the IT department and the other business units to promote collaborative planning;
- evaluation of the benefits of outsourcing certain IT functionalities; and
- an annual IT assurance statement on key IT projects and performance metrics.

COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

The legislative framework within which Primeserv operates is complex. Amendments to existing laws, new laws and the passing of new Bills have to be tracked and continuously assessed in order to ensure compliance. Business processes are then aligned to the legislative framework.

Insider trading

In terms of Group policy, no Group director or employee who has inside information in respect of the Group may deal directly or indirectly in Primeserv Group Limited shares based on such information. The Board has determined certain embargo periods during which directors and other senior management officials of the Group may not deal directly or indirectly in Primeserv Group Limited shares. These include the period from 31 March to the publication of the year-end results and the period from 30 September to the publication of the interim results. Similar restrictions apply during any period when a transaction that is reasonably likely to be concluded is being negotiated, especially if the information relating to the transaction constitutes inside information and may be considered price-sensitive.

All transactions by directors and senior management or parties connected to them that involve Primeserv shares or options must be approved by the Chairman or, in matters involving the Chairman, by the Chief Executive Officer.

GOING CONCERN ASSESSMENT

The Board regards the Group to be a going concern as the Group is expected to continue to be profitable in the forthcoming financial year and have adequate cash and other resources to fund its combined operations, without the need to dispose of any assets or undertake any capital restructuring.

Auditing

The Board is of the opinion that the Group's auditors observe the highest standard of business and professional ethics, and that their independence is not in any way impaired. The Group aims for efficient audit processes using its external auditors in combination with the Group's internal controls.

Tax

Effective and efficient controls must be in place to ensure that tax, as a major business expense, is properly managed. As part of its governance accountability, the Group complies with all tax legislation.

Internal control

The directors aim to ensure that internal control systems exist in order to provide reasonable assurance regarding the safeguarding of assets and the prevention of their unauthorised use or disposition, the maintenance of proper accounting records, and the reliability of financial and operational information used in the business.

The system of internal control is designed to manage rather than eliminate the risk of failure so as to achieve business objectives, and can provide reasonable rather than absolute assurance against material misstatement or loss. There is an ongoing process of identifying, evaluating, managing, monitoring and reporting on significant risks faced by the Group.

The Group has internally defined lines of accountability and delegation of authority, and makes provision for comprehensive reporting and analysis against approved standards and budgets. Compliance is tested by way of management review, internal audit checks and external audits.

The Audit, Governance and Risk Committee considers the results of these reviews on a regular basis. It confirms the appropriateness and satisfactory nature of these processes, and ensures that breakdowns involving material loss, if any, together with the remedial actions taken to rectify these, are reported to the Board.

Internal audit

Given the Group's size and the internal controls within the organisation, the cost-benefit ratio of a permanent internal audit function is not currently regarded as warranted by the Board. However, an internal audit of certain key components of the Group's operations is undertaken from time to time.

STAKEHOLDER RELATIONSHIPS

The Board accepts its duty to present a balanced and understandable assessment of the Group's position when reporting to stakeholders. Reporting addresses material matters of significant interest and concern to all stakeholders, and presents a comprehensive and objective assessment of the Group so that shareholders and stakeholders with a legitimate interest in the Group's activities can obtain a full, fair and honest account of its activities and performance.

Primeserv is proactive with regard to its stakeholder engagement policy, which is aimed at aligning the Group's stakeholder engagement policies and processes with the principles outlined in King III. From a Board perspective, this involves:

- acknowledging that stakeholder perceptions affect the Group's reputation;
- delegating the responsibility of dealing proactively with stakeholder relationships to management;
- striving to achieve an appropriate balance between stakeholder groupings in the best interests of the Group;
- ensuring disputes are resolved as effectively, efficiently and expeditiously as possible;
- ensuring that the Group treats all stakeholders equitably;
- ensuring that no single shareholder is given price-sensitive information, irrespective of his or her shareholding in the Group; and
- ensuring transparent and effective communication with stakeholders, which is essential to building and maintaining confidence and trust.

The Board has identified the key stakeholders of the Group as being:

- Shareholders;
- Customers;
- Banking and financing institutions;
- Employees;
- Communities;
- Government; and
- Industry bodies.

Details of the Group's engagement with these stakeholders is outlined on pages 8 and 9.

Deloitte & Touche Sponsor Services (Pty) Limited acts as Primeserv's sponsor in compliance with JSE Listings Requirements.

ANNUAL GENERAL MEETING

The agenda for the annual general meeting (AGM) is set by the Company Secretary and is communicated to all shareholders in the notice of the meeting that accompanies the Integrated Annual Report. Consequently, the notice of the AGM is distributed well in advance of the meeting itself, which affords all shareholders sufficient time to acquaint themselves with the effects of any proposed resolutions. Adequate time is also provided by the Chairman during the course of the meeting for the discussion of any proposed resolutions. The conducting of a poll to decide on any such resolutions is controlled by the Chairman and takes account of the votes of all shareholders, whether present in person or by proxy. A proxy form is included in the Integrated Annual Report for this purpose.

The Group recognises the importance of its shareholders' attendance at its AGM.

All participants are required to provide satisfactory identification at the meeting. Acceptable forms of identification include original and valid identity documents, driver's licences and passports.

Shareholders who wish to participate in the AGM by way of electronic participation should make application to the transfer secretaries to do so. The Group reserves the right not to provide for electronic participation in the event if it determines that it is not practical to do so. The cost of accessing any means of electronic participation provided by the Group will be borne by the shareholder accessing the facility. Shareholders are advised that participation in the AGM by electronic participation does not entitle that shareholder to vote.

In accordance with Regulation 43(5)(c) of the Companies Act, the Chairman of the Social and Ethics Committee will report to shareholders at the AGM.

INTEGRATED REPORTING AND DISCLOSURE

The Board acknowledges its responsibility to ensure the integrity of the Integrated Annual Report and its responsibility statement authorising the release of the Integrated Annual Report appears on page 1.

A detailed register referencing each of the principles set out in King III appears on Primeserv's website.

REMUNERATION

Primeserv's remuneration philosophy focuses on maintaining, rewarding and developing the value of its people. By offering fair and market-related remuneration, the Group aims to empower every employee to make a positive contribution to the growth and sustainability of the business.

Performance reviews at individual, divisional and Group level are considered when formulating Group remuneration strategies and objectives, and an appropriate balance is sought between employee and shareholder interests.

The Board remains ultimately responsible for the Group's remuneration policy.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Terms of service

While shareholders appoint non-executive directors at annual general meetings, interim Board appointments may be made between annual general meetings in terms of Group policy. Such interim appointees may not serve beyond the following AGM, although they may make themselves available for election by shareholders.

Non-executive directors serve until such time as, in accordance with the Group's Memorandum of Incorporation, they are required to retire by rotation, at which point they may seek re-election. Within this context, the length of service of non-executive directors who have served for more than ten years has been reviewed. Given the need for continuity in an industry subject to constant change, the size of the Group and its ability to attract and retain essential skills, the Board has determined that the continued involvement of long-serving directors is vital and of benefit to the Group.

Remuneration

Non-executive directors are required to be remunerated for their contribution to the Board and Board Committees. Compensation for loss of office is not a contractual agreement.

The annual remuneration and/or fees payable to non-executive directors are based on a retainer based fee for membership and, where applicable, specific fees for assignment to Board Committees. Fees take into account chairmanships of the Board; the Audit, Governance and Risk Committee; the Remuneration and Nomination Committee; and the Social and Ethics Committee. Shareholders are requested to approve special resolutions dealing with the remuneration of non-executive directors from time to time.

There are no short- or long-term incentive schemes for non-executive directors. Exceptions apply only where non-executive directors previously held executive office and qualify for unvested benefits resulting from their period of employment. There are no pension benefits for non-executive directors. Executive management reviews non-executive directors' remuneration and makes recommendations to the Board which, in turn, proposes fees for approval by shareholders at the AGM.

Non-executive directors' remuneration is listed on page 24.

REMUNERATION OF EXECUTIVE DIRECTORS

Remuneration

Remuneration of executive directors is determined through a process of needs evaluation and benchmarking, using current market information relating to remuneration and reward practices. Market conditions impact on the ability to attract and retain experienced executives with relevant industry experience, and the key nature of executive positions is also taken into account when determining remuneration. Fixed remuneration may be complemented by performance bonuses, which may reach up to 70% of executives' basic packages.

The Group's longer-term incentives for key executives include share options, share purchase schemes and share awards.

The Group adopts the principle of total cost to company in determining executive directors' remuneration packages. This includes basic remuneration and retirement, medical and other benefits. In addition, executive directors benefit from long-term incentives linked to performance and retention measures.

Remuneration packages are constituted of the following:

- basic salary, which is determined by market value and the executive's role;
- short-term cash-based incentives, which are determined by fulfilment of performance targets; and
- long-term cash and share-based incentives, which are determined by the successful development and implementation of a sustainable business strategy, implementation of key business imperatives, growth in shareholder value, as well as by behaviour consistent with this goal.

The extent of managerial responsibility, together with actual workplace location, plays a role in determining basic remuneration of executive directors. Details of directors' remuneration are listed on page 54.

Terms of service

The Group complies with relevant legislation in determining minimum terms and conditions for the appointment of executive directors. Unless stated otherwise in the contract of employment, a notice period of one month applies.

External appointment

Executive directors are not permitted to hold external directorships or offices without the approval of the Board. If such approval is granted, directors may retain the fees payable from such appointments.

Short-term incentives

Performance bonus schemes are available to executive directors. Job level, business unit and individual performance determine individual awards. The aim of the bonus scheme is to reward performance in line with organisational objectives and achievements.

Long-term incentives

Retention of skills is a primary long-term objective for the Group. Share-based incentive schemes aligning the interests of the Group, its subsidiaries, business units and employees are intended to promote this goal by attracting and retaining high-calibre personnel. Share incentive awards are made by the Remuneration and Nomination Committee only when business and individual performance targets have been attained.

Directors' remuneration for the 12 months ended 31 March 2015 is shown in note 21 on page 54.

Non-executive remuneration

Non-executive directors receive a base fee plus an attendance fee per meeting. Below are the fees proposed in relation to the 2016 financial year.

Role	Base fees R	Attendance fees per meeting R	Attendance fees at all scheduled meetings R
Chairman	73 000	17 000	68 000
Non-executive directors	22 500	17 000	68 000
Chairman of Audit, Governance and Risk Committee	74 000	–	–
Chairman of Remuneration Committee	11 700	–	–
Chairman of Social and Ethics Committee	11 700	–	–
Committee members			
– Audit	–	7 500	22 500
– Remuneration	–	5 500	11 000
– Social and Ethics	–	3 000	6 000

The fees in the table are for individual roles while the aggregate fees any single director earns for the 2016 financial year will be based on a combination of the fees for all roles performed.

The table below shows what the non-executive directors may be expected to earn for the 2016 financial year based on attendance at all scheduled meetings.

Non-executive director	Total fees year-end March 2016 R	Total fees year-end March 2015 R
M Judin	**124 700**	136 000
S Klein*	–	177 500
L Maisela	**113 200**	85 000
D Rose	**164 500**	146 000
C Shiceka	**119 000**	84 500
Total fees	**521 400**	629 000

These amounts exclude the fee to be paid to the Independent Non-Executive Chairman (when appointed)

*Resigned 21 November 2014

SUSTAINABILITY

INTRODUCTION

Primeserv is committed to meeting, where possible, the needs of all its stakeholders, and remains well positioned to play a role in advancing human capital development in South Africa. The Group's sustainability strategy focuses on long-term social, economic and environmental objectives.

At divisional level, Primeserv Human Capital Outsourcing operates in an industry that has been subject to ongoing levels of review by organised labour and government, which resulted in uncertainty amongst employees, contractors, suppliers and clients. The passing into law of new labour legislation regarding regulation of the temporary employment services (TES) industry has occured, and Primeserv has adapted its business model accordingly.

Final clarification of proposed regulations is, however, needed in order for this internationally recognised business practice to have a viable role in the economy. It is also needed in order for the TES industry to continue to provide a way for job seekers to enter the formal economy, which is especially relevant in light of South Africa's high unemployment rate. The Group believes in the validity and integrity of this services offering, as it supports not only Group objectives and client needs, but provides access to employment for job seekers that would otherwise not be available.

The Group is an active participant in a number of industry bodies that are working to resolve any uncertainty that still exists in the TES industry, and remains confident that a well-regulated environment can be of benefit to all parties concerned.

The Human Capital Development business units provide the training and skills development that are the focus of many government policies. Within this context, the Group has continued with its programme of staff training and development, and actively ensures that the spirit of transformation is embodied in all of its recruitment initiatives.

The Group nevertheless acknowledges the risks that are inherent in the industry in which it operates, and continues to seek opportunities via acquisition that fall outside of its traditional sphere of activity. This process of diversification is intended to address the issue of long-term sustainability, while simultaneously integrating aspects of the existing business into new acquisitions wherever practical and beneficial to both parties.

Primeserv has a commitment to all its stakeholders, including investors, employees, customers, suppliers and communities, to ensure that the business grows in a considered and socially responsible way. This is an objective that is embodied in the Primeserv Pledge, and one which is actively communicated to all staff.

SUSTAINABILITY AT PRIMESERV

	2015	2014
Revenue (R'000)	**650 960**	640 251
Revenue – continuing operations (R'000)	**650 960**	638 791
Operating profit – continuing operations (R'000)	**11 591**	12 591
Operating profit (R'000)	**11 591**	10 589
Trading margin – continuing operations (%)	**17**	15

GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS

Structures and systems

Primeserv interacts with all its stakeholders according to the principles of transparency, reliability, integrity and trust. The formal structures, systems and governance culture encompass economic, environmental and social responsibility. The corporate governance report is detailed on pages 18 to 22 of the Integrated Report and Primeserv's Corporate Governance Register 2015 has been posted on its website.

External initiatives

The Group and its subsidiaries subscribe to a number of charters, principles and other initiatives. These include, amongst others, applicable charters relating to B-BBEE, the environment, good corporate governance and financial reporting.

The Group and its divisions subscribe to a number of charters, principles and other initiatives. These include amongst others applicable charters relating to BBBEE, the environment, good corporate governance and financial reporting. Group companies are also members of a number of industry-specific and general associations, including, but not limited to:

- Confederation of Associations in the Private Employment Sector;
- Construction Engineering Association;
- Institute of Certified Bookkeepers;
- Institute for Personnel Management;
- Metal and Engineering Industries Bargaining Council;
- National Bargaining Council for the Road Freight and Logistics Industry;
- SA Board for Personnel Practice; and
- Steel and Engineering Industries Federation of South Africa.

REPORT CONTENT AND SCOPE

Primeserv recognises that as a responsible corporate citizen it has a duty to both internal and external stakeholders for organisational performance that achieves the goals of sustainable performance and development in a manner that does not adversely impact either the environment or society. This means that economic development must be achieved in harmony with the Group's immediate environment as well as taking cognisance of factors such as climate change. As a consequence of this commitment, Primeserv presents below its report on sustainability prepared in terms of the widely-used Global Reporting Initiative ("GRI").

The Group has considered the reporting boundaries having specific regard to where it is able to exercise influence and for which it may be accountable. Furthermore, the significance of the entity in relation to the sustainability impacts has also been factored into the overall assessment. The boundaries defined take into account factors and circumstances outside of traditional financial reporting considerations.

Based on an overall assessment of the rules for setting a boundary, as outlined in the Global Reporting Initiative GRI Boundary Protocol (January 2005), the Group has also included its various operating subsidiary companies. Entities that are considered to have no significant impact on the final outcome of a disclosure are excluded from the report. The Group will reassess the inclusion or exclusion of entities on an annual basis. Only the financial information has been subject to external assurance as part of the annual audit process.

STAKEHOLDER ENGAGEMENT

The Group engages with its various stakeholders on a regular basis using a number of communication channels including the Primeserv website communication channels including the Primeserv website (www.primeserv.co.za) as well as other electronic and print media.

Details of engagement are outlined on page 8.

ECONOMIC INDICATORS

Financial performance

The Group's financial performance and position are detailed in the annual financial statements which are disclosed on pages 34 to 61.

Retirement funding

The Group presently contributes to defined contribution retirement benefit plans, being pension funds governed by the Pension Funds Act. Retirement costs for the period amounted to R2.8 million. There is no obligation to fund post-retirement medical benefits.

SOCIAL INDICATORS

Diversity and opportunity

The Company promotes equal opportunities and fair treatment in employment through the elimination of unfair discrimination.

Non-discrimination

The Company does not discriminate, directly or indirectly, against any employee in any employment policy or practice, on grounds including race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language or birth.

At Primeserv employees may exercise their rights in terms of the Basic Conditions of Employment Act without the fear of discrimination. All new employees are required to attend a formal induction programme where they are made aware of the various Group policies and procedures, as well as their rights, duties and obligations.

Disciplinary practices

All disciplinary practices are conducted in accordance with the Group's Disciplinary Code and Procedures, which are in line with King III. A Grievance Procedure is also in place to address grievances from employees.

Security practices

Security reviews ensure compliance with applicable security practices throughout the Group to protect the lives and well-being of employees, where possible, and the integrity of the Group's assets.

Social and transformation

The Group, including the holding company and its subsidiaries, has submitted its Employment Equity and Skills Development Plans to the relevant authorities, and continues to strive to exceed the required targets.

Employment equity

The Board subscribes to the principles of employment equity and recognises the value of diversity. The Group is committed to providing equal opportunities for its employees, regardless of their ethnic origin or gender. The Group actively develops its employees to empower them to fulfil more responsible positions within the Group, thus reinforcing its diversity and meeting demographic representational requirements.

Skills development

The Board monitors the Group's compliance with the Skills Development Act and ensures that the required plans and reports have been submitted to the relevant authorities.

Primeserv is committed to the growth of its own people and recognises the need to continually improve the productivity and performance of its divisions through training and development programmes.

Equity and practices

Consideration has been given to the Group's policies, procedures, practices as well as to the working environment in order to identify equity barriers and any other negative influences that might have an effect on the positive outcome of the Primeserv Employment Equity Plan. A designated officer manages and monitors the implementation of the plan, and a budget is allocated to support developmental goals.

Recruitment and advertising

The Group adheres to the following principles when recruiting:

- Wherever possible, vacancies are filled from within the Group.
- No job is tailored or advertised with a specific applicant in mind.
- If no suitable candidates are available internally, the position is advertised externally.
- The Group has a policy of non-discrimination.

Selection criteria and appointments

- The defined competencies as per the job description form the basis on which applicants are screened; an applicant is not discriminated against on any other grounds.
- All applicants who meet the requirements and are suitably qualified for the job are short listed.
- In situations where there is more than one applicant being considered for the position, and all are assessed to be suitably qualified, preference is given to the appointment of a historically disadvantaged employee.

Skills development for historically disadvantaged employees

The Group's commitment to the development of all employees and providing equal opportunities in the workplace by making the best use of HR with due regard to the need for building on existing strengths and employee potential, subscribes to the following principles:

- To align Employment Equity targets with Skills Development programmes and objectives.
- To formulate personal development plans for employees from designated groups to ensure that training, development and study opportunities are being made available to further promote equity in the workforce.
- To offer a mentoring programme – this consists of a developmentally oriented relationship between a senior and junior colleague. Mentoring becomes part of the evaluation for promotion and assists in goal setting, planning and identifying of designated employees to be fast tracked.

Details of Primeserv's employee profile can be viewed on the Group's website: www.primeserv.co.za.

B-BBEE procurement

The objective is to increase the amount of money spent on procurement from B-BBEE-compliant enterprises and those that score at least 30% on the relevant BBBEE scorecard. Procurement from the above enterprises will ensure that the ripple effect of affirmative procurement is realised throughout the economy.

CORPORATE SOCIAL INVESTMENT

The ongoing driving policy behind Primeserv's corporate social responsibility strategy remains the sustainable upliftment of the disadvantaged sectors of our community. Since the socio-economic future of South Africa is inextricably linked to the upliftment of the country's youth, which Primeserv sees as particularly vulnerable, the majority of the Group's CSI efforts are directed at this sector.

Primeserv provides financial and professional support to the Siyakhula Trust which plays an important role in developing leadership capacity among the rural youth. Primeserv has concentrated on initiatives which provide opportunities to youth, in both rural and urban areas.

Primeserv co-operates with NGOs to provide skills upliftment and training to local youth communities. This includes bursaries and subsidised computer and vocational skills training through its strategic partner iCollege.

The Group has partnered with St. Vincent's School for the Deaf and provided new, to specification computer equipment as well as IT training for designated staff members. Vocational training has been made available to grade 12 learners in order to support their efforts in seeking further education and/or employment. To celebrate the learners' commitment to their education Primeserv funded their matric dance. For the festive season hampers were provided for each child to take home.

Human rights

As a responsible corporate citizen and employer, Primeserv meets the requirements of the various acts, rules and regulations governing labour, including the Constitution, the Labour Relations Act, the Employment Equity Act, the Skills Development Act and the Basic Conditions of Employment Act.

Consequently:

- a programme is in place to educate employees about their human rights;
- forced labour is not practised;
- child labour is not practised;
- the working environment and working conditions are safe and healthy;
- freedom of association is respected; and
- the guidelines of the International Labour Organisation are complied with.

The Group will not hesitate to terminate agreements and relationships with contractors or suppliers who act in contravention of international human rights standards.

Bribery and corruption

The Group is implacably opposed to bribery and corruption and has implemented anti-corruption practices. Employees are discouraged from accepting any gifts or favours from suppliers that obligate them in any way to reciprocate. It has implemented a system that encourages employees to report all incidences or suspicion of fraud, theft, corruption and similar unethical behaviour through a confidential and secure "whistle-blowing" line of communication.

Competition and pricing

The Group supports and encourages free external and internal competition in all business units and subsidiary companies.

PRODUCT RESPONSIBILITY

Advertising

Advertising is conducted through a variety of mediums by the business entities within the Group, targeting the markets and clients which are appropriate to each business unit.

The Group has no record of charges having been laid by the public or competitors regarding misleading or unfair practices or advertisements.

Respect for privacy

Policies and procedures are in place to maintain client privacy.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

The Board recognises its responsibility for dealing with SHEQ issues and, where applicable, constantly reviews and implements systems of internal control and other policies and procedures to manage SHEQ risks.

Safety

The Group is committed to preventing workplace accidents and fatalities in terms of the Occupational Health and Safety Act (No 85 of 1993) of South Africa.

Health

The Group pays attention to the HIV/AIDS pandemic in southern Africa without disregarding other diseases that could pose a significant risk.

Quality

The Group sets high quality standards through an internal review process. A vast proportion of the business contracts entered into are linked to agreed quality levels and service level agreements are entered into between the Group's operating units and clients, where appropriate. Primeserv adheres to the training standards set down by the relevant accreditation authorities, where applicable, and training programmes are registered and accredited.

ENVIRONMENTAL INDICATORS

The Group acknowledges its legal, moral, ethical and social duties to take reasonable measures, where applicable, to prevent significant pollution or degradation of the environment from occurring, continuing or recurring.

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' APPROVAL AND RESPONSIBILITY STATEMENT

The directors are responsible for the preparation, integrity and fair presentation of the Company and the Group financial statements and other financial information included in this report. In presenting the accompanying financial statements, International Financial Reporting Standards have been followed, applicable accounting assumptions have been used while prudent judgements and estimates have been made.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Risks are identified and appraised both formally, through the annual process of preparing business plans and budgets, and informally through close monitoring of operations. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Company and the Group will not be a going concern in the future based on forecasts and available cash resources.

The financial statements support the viability of the Company and the Group and have been prepared by Mr R Sack, Financial Director.

The financial statements have been audited by the independent auditing firm, Baker Tilly SVG, which was given unrestricted access to all financial records and related data. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate.

The financial statements were approved by the Board of Directors on 25 September 2015, and signed on its behalf by:

JM JUDIN
*Independent Non-Executive Chairman**
Independent Non-Executive Director
** Resigned 27 March 2015*

M ABEL
Chief Executive Officer

R SACK
Financial Director

Johannesburg

LEVEL OF ASSURANCE
These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

AUDITORS
Baker Tilly SVG
Registered Auditors

PREPARER
Raphael Sack
Financial Director

PUBLISHED
25 September 2015

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

For the year ended 31 March 2015 the Company has, to the best of my knowledge, lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act (71 of 2008), as amended, and that all such returns are true, correct and up to date.

ER GOODMAN SECRETARIAL SERVICES CC
(REPRESENTED BY ER GOODMAN)

Company Secretary

Johannesburg
25 September 2015

AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT
FOR THE TWELVE MONTHS ENDED 31 MARCH 2015

The Audit, Governance and Risk Committee has clearly defined terms of reference outlined in the Audit, Governance and Risk Committee Charter which was approved by the Board of Directors. The Audit Charter is available for inspection at the registered office of the Company.

MEMBERSHIP

The Committee was elected by shareholders on 21 November 2014 to hold office until the conclusion of the annual general meeting to be held on 20 November 2015. The Committee is chaired by an independent non-executive director, Mr DL Rose, with its other members being Mr JM Judin (independent non-executive director) and Ms CS Shiceka (independent non-executive director). Professor S Klein served on the committee until his resignation on 21 November 2014. The committee extends its heartfelt appreciation for the contribution made by Professor Klein during his lengthy term of office.

The term of the Committee is for a period from one annual general meeting to the next and its composition is reviewed and approved annually by the Board and members and recommended to shareholders. The Chairman is appointed by the Board immediately following election of the members by shareholders.

Shareholder approval of the appointment of the members of the Committee will be sought at the annual general meeting to be held on 20 November 2015. The members proposed for the Committee are Mr DL Rose, Mr JM Judin and Ms CS Shiceka, all of whom are independent non-executive directors with the required skills and expertise, as outlined in the King III Report on Corporate Governance.

Group executive directors and external auditors attend the meetings by invitation.

EXTERNAL AUDIT

The appointment of Baker Tilly SVG as auditors of the Group was approved by shareholders at the annual general meeting on 21 November 2014. The Committee has satisfied itself through enquiry of the independence of the firm. Lennard Vroom, a registered independent auditor, was nominated as the designated partner.

The required assurance was sought and provided by the auditor that the internal governance processes within the audit firm support and demonstrate its claim to independence.

The Committee, in consultation with the Chief Executive Officer, agreed to the engagement letter, terms, nature and scope of the audit function and audit plan for the 2015 financial year. The budgeted fee is considered appropriate for the work that could reasonably have been foreseen at that time.

Non-audit services rendered by the auditor are governed by a formal procedure and each engagement letter for such services, where material, is reviewed and approved by the Committee.

The external auditors have unrestricted access to the Chairman of the Committee and no matters of concern were raised during the year under review.

The Committee meets at least once a year with the auditors without the presence of any executive directors or management.

The Committee has nominated, for approval at the forthcoming annual general meeting, Baker Tilly SVG, as the external auditor and Marlene Greeff as the designated auditor for the 2016 financial year. The Committee confirms that the auditor and designated auditor are accredited by the JSE.

RISK MANAGEMENT

While the Board as a whole is responsible for the Group's risk management, it has delegated authority to the Committee which reports to the Board. The Committee utilises a heat risk mapping process aimed at identifying key risk areas and key performance indicators. It assesses and addresses, inter alia, physical and operational risk, HR risk, technology risk, business continuity and disaster recovery, credit and market risk and governance and compliance risk. This assists the Board in its assessment and management of risk. An internal audit function is intended to be established during the new financial year that will report to the Committee on any areas of concern identified. The Committee will approve the internal audit plan and will exercise functional control of the process.

Financial Risk Management

Having regard to the fact that risk is an inherent part of the Group's activities, risk management and the ongoing improvement in corresponding control structures remain a key focus of management in building a successful and sustainable business.

The Board recognises that risk management is a dynamic process and that the risk framework should be robust enough to effectively manage and react to change in an efficient and timeous manner.

Formalisation of a risk management framework is the responsibility of the Group's Board of Directors. The framework ensures:

- efficient allocation of capital across various activities in order to maximise returns and diversification of income streams;
- risk taking within levels acceptable to the Group as a whole and within the constraints of the relevant business units;
- efficient liquidity management and control of funding costs; and
- improved risk management and control.

Operational Risk Management

The structure of the Group promotes the active participation of executive management in all of the operational and strategic decisions affecting their business units. This creates a strong culture of ownership and accountability.

Senior management takes an active role in the risk management process and is responsible for the implementation, ongoing maintenance of and ultimate compliance with the risk process as it applies to each business unit. The Board is kept abreast of developments through formalised reporting structures, ongoing communication with management, regular management meetings at an operating subsidiary level and through representation of executive members of the Board on certain of the forums responsible for the management of risk at an operating subsidiary level.

The Group remains committed to employing the highest calibre of staff to ensure a strong financial and operational infrastructure within each of the business units.

The Board, through the Committee, has identified a number of matters which it believes requires monitoring and detailing to shareholders. These are summarised in the Integrated Report.

ANNUAL FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The Committee has reviewed the accounting policies and the financial statements of the Group and the Company and is satisfied that they are appropriate and comply in all material respects with International Financial Reporting Standards and the requirements of the Companies Act.

A process has been established to receive and deal appropriately with any concerns and complaints relating to the reporting practices of the Group and the Company. No matters of significance have been raised in the past financial period.

The Committee fulfilled its mandate and recommended the Integrated Report for the year ended 31 March 2015 for approval to the Board. The Board approved the financial statements on 25 September 2015 and the financial statements will be open for discussion at the annual general meeting.

GROUP FINANCIAL DIRECTOR

The Committee confirms that it is of the view that the Group's Financial Director, Mr R Sack CA(SA), has the necessary expertise and experience to carry out his duties.

APPROVAL

This Audit, Governance and Risk Committee Report has been approved by the Board of Directors of Primeserv.

Signed on behalf of the Audit, Governance and Risk Committee

DL Rose

DL ROSE
Chairman of the Audit, Governance and Risk Committee

DIRECTORS' REPORT

FOR THE TWELVE MONTHS ENDED 31 MARCH 2015

NATURE OF BUSINESS

Primeserv Group Limited is an investment holding company whose trading activities are conducted through its subsidiary companies and B-BBEE companies, housed in two segments. The subsidiaries own and manage HR solutions businesses, skills training centres, corporate and vocational training operations, recruitment and flexible staffing services as well as skills, labour, wage bureau and HR logistics outsourcing operations, situated throughout Southern Africa.

FINANCIAL RESULTS

The financial results of the Company and of the Group are set out on pages 34 to 61 of this report. A review of the Group's results and performance of the business units is contained in the Chief Executive Officer's Report on pages 14 and 15 and in the Financial Director's Report on pages 16 and 17.

SHARE CAPITAL

No changes in the authorised or issued share capital of the Company took place during the year under review.

EMPLOYEE SHARE INCENTIVE SCHEME

The total number of shares, which may be purchased and/or in terms of which options may be granted, is equivalent to 20% of the issued share capital of the Company. At 31 March 2015, 22 571 354 (2014: 22 571 354) shares were held by the Primeserv Group Limited Share Trust for distribution to employees in terms of the scheme. At the same date, nil (2014: nil) options have been granted to employees in terms of the rules of the share incentive scheme, leaving a surplus of 22 571 354 (2014: 22 571 354) shares.

The unallocated shares, together with the purchased shares, will be allocated or cancelled in the 2016 financial year. The impact of IFRS 2 – Share-Based Payments, and section 8C of the Income Tax Act No 58 of 1962 has been evaluated in order to determine the optimum use of the shares held as an incentive mechanism. The directors use the scheme to retain key personnel and for the purpose of providing opportunities to employees to participate in the Group's growth and success.

DIVIDENDS

No dividends were declared in the year under review (2014: nil).

A gross dividend of 1 cent per share was declared on 26 June 2015.

DIRECTORATE

M Abel, JM Judin, LM Maisela, DL Rose, R Sack, DC Seaton and Ms CS Shiceka were directors of the Company throughout the financial year under review and at the date of this report. S Klein was a director until his resignation on 21 November 2014. In terms of the Memorandum of Incorporation of the Company, DL Rose and LM Maisela retire as directors at the forthcoming annual general meeting, and, being eligible, offer themselves for re-election.

COMPANY SECRETARY

ER Goodman Secretarial Services CC (represented by E Goodman) is the Company Secretary.

SUBSIDIARY COMPANIES

Details of the Company's interest in its subsidiaries are set out on page 60.

DIRECTORS' INTERESTS

As at 31 March 2015, the aggregate direct and indirect beneficial interests of directors in the fully paid issued share capital of the Company were:

	2015 Beneficial	2014 Beneficial
EXECUTIVE		
M Abel	**21 547 843**	21 507 237
R Sack	**705 000**	685 000
DC Seaton	**1 117 500**	1 117 500
NON-EXECUTIVE		
JM Judin	**950 000**	950 000
S Klein (resigned 21 November 2014)	**–**	779 887
LM Maisela	**–**	50 000
DL Rose	**70 000**	70 000
Ms CS Shiceka	**50 000**	50 000
Total – Directors	**24 440 343**	25 209 624
Prescribed Officers	**4 229 877**	4 291 618
Total – Directors and prescribed officers	**28 670 220**	29 466 742

At the date of this report, no options are held or have been granted to any of the directors.

There has been no material change in the directors' interest in the issued share capital between 31 March 2015 and the date of this report.

EQUIPMENT AND VEHICLES

The Group acquired equipment and vehicles at a cost of R0,8 million (2014: R1,2 million) during the financial year under review. No major changes in the nature of the equipment and vehicles occurred during this year.

GOING CONCERN ASSESSMENT

The Board regards the Group to be a going concern as the Group is expected to continue to be profitable in the forthcoming financial year and have adequate cash and other resources to fund its combined operations, without the need to dispose of any assets or undertake any capital restructuring.

SUBSEQUENT EVENTS

There have been no events between the end of the reporting period and the date of this report that necessitate adjustment to the balance sheet or income statement or are disclosable events.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PRIMESERV GROUP LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Report on the Financial Statements

We have audited the annual financial statements of Primeserv Group Limited set out on pages 34 to 61 which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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 about 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 evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Primeserv Group Limited as at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 31 March 2015, we have read the Directors' Report, the Audit, Governance and Risk Committee's Report and the Statement of Compliance by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Baker Tilly SVG

BAKER TILLY SVG
L Vroom
Partner
Registered Auditor

Melrose Arch
25 September 2015

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED 31 MARCH 2015

		Notes	2015 R'000	2014 R'000
Revenue		1	**650 960**	638 791
Cost of sales			**(541 641)**	(540 670)
Gross profit			**109 319**	98 121
Operating profit		2	**11 591**	12 591
Interest received		3	**272**	983
Interest paid		4	**(4 862)**	(5 766)
Profit before tax			**7 001**	7 808
Tax		5	**4 134**	(1 366)
Profit from continuing operations			**11 135**	6 442
Loss from discontinued operation (net of tax)		6	**–**	(2 002)
Total comprehensive income			**11 135**	4 440
Total comprehensive income attributable to:				
Ordinary shareholders of the Company			**11 923**	6 096
– Continuing operations			**11 923**	8 098
– Discontinued operation			**–**	(2 002)
Non-controlling shareholders' interest			**(788)**	(1 656)
Total comprehensive income			**11 135**	4 440
Weighted average number of shares	('000)	7	**93 682**	93 682
Diluted weighted average number of shares	('000)	7	**93 682**	93 682
Earnings and diluted earnings per share	(cents)	7	**12,73**	6,51
– Continuing operations	(cents)		**12,73**	8,65
– Discontinued operation	(cents)		**–**	(2,14)
Headline earnings and diluted headline earnings per share	(cents)	7	**12,73**	6,51
– Continuing operations	(cents)		**12,73**	8,65
– Discontinued operation	(cents)		**–**	(2,14)

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

		Notes	2015 R'000	2014 R'000
ASSETS				
Non-current assets			**47 788**	50 567
Equipment and vehicles		8	**3 534**	3 930
Investment property		9	**7 645**	7 645
Goodwill		10	**18 170**	18 170
Intangible assets		11	**1 360**	2 269
Long-term receivables		12	**3 048**	6 860
Deferred tax asset		13	**14 031**	11 693
Current assets			**92 485**	102 595
Inventories		14	**119**	200
Trade receivables		15	**85 218**	94 555
Other receivables		15	**5 836**	6 748
Cash and cash equivalents			**1 312**	1 092
Total assets			**140 273**	153 162
EQUITY AND LIABILITIES				
Capital and reserves			**81 877**	70 742
Ordinary share capital		16	**1 321**	1 321
Share premium			**1 351**	1 351
Distributable reserves			**101 308**	89 385
Treasury shares		17	**(14 748)**	(14 748)
Total equity attributable to equity holders of the Company			**89 232**	77 309
Non-controlling interest			**(7 355)**	(6 567)
Non-current liabilities			**110**	–
Financial liabilities		18	**110**	–
Current liabilities			**58 286**	82 420
Trade and other payables		19	**15 759**	30 545
Current portion of financial liabilities		18	**32**	–
Tax payable			**289**	2 803
Bank borrowings		20	**42 206**	49 072
Total equity and liabilities			**140 273**	153 162
Number of shares in issue at year-end (net of treasury shares)	('000)	16	**93 682**	93 682
Net asset value per share	(cents)		**95**	83

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 31 MARCH 2015

	Share capital R'000	Share premium R'000	Distributable reserves R'000	Treasury shares R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Opening balances at 1 April 2013	1 321	1 351	83 289	(14 748)	71 213	(4 950)	66 263
Attributable earnings for the year	–	–	6 096	–	6 096	(1 656)	4 440
Disposal of interest to minority	–	–	–	–	–	39	39
Balances at 1 April 2014	**1 321**	**1 351**	**89 385**	**(14 748)**	**77 309**	**(6 567)**	**70 742**
Attributable earnings for the year	–	–	11 923	–	11 923	(788)	11 135
Closing balances at 31 March 2015	**1 321**	**1 351**	**101 308**	**(14 748)**	**89 232**	**(7 355)**	**81 877**

GROUP STATEMENT OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED 31 MARCH 2015

	Notes	2015 R'000	2014 R'000
Cash flows generated from operating activities		**7 748**	1 748
Profit before tax from continuing operations		**7 001**	7 808
Loss before tax from discontinued operations		**–**	(2 002)
Adjustments		**10 619**	6 646
– Interest received		**(272)**	(983)
– Interest paid		**4 862**	5 766
– Depreciation		**1 200**	1 357
– Impairments to long term receivables		**3 920**	–
– Amortisation and impairment of intangibles		**909**	506
Operating cash flows before working capital changes		**17 620**	12 452
Working capital changes		**(4 564)**	(5 460)
– Decrease in inventories		**81**	653
– Decrease in trade and other receivables		**10 141**	3 449
– Decrease in trade and other payables		**(14 786)**	(9 562)
Cash generated from operations		**13 056**	6 992
Interest received		**272**	983
Interest paid		**(4 862)**	(5 766)
Tax paid	A	**(718)**	(461)
Cash flows utilised in investing activities		**(804)**	(1 946)
Purchase of equipment and vehicles to maintain operations		**(804)**	(1 201)
Increase in long-term receivable		**–**	(660)
Disposal of subsidiary	B	**–**	(85)
Cash flows generated from/(utilised in) financing activities		**142**	(5 031)
Increase in non-current financial liabilities		**110**	–
Increase in current financial liabilities		**32**	–
Short-term loan			(4 830)
Repayment of vendor obligation		**–**	(201)
Net increase/(decrease) in cash and cash equivalents		**7 086**	(5 229)
Cash and cash equivalents at beginning of year		**(47 980)**	(42 751)
Cash and cash equivalents at end of year	C	**(40 894)**	(47 980)

NOTES TO THE GROUP CASH FLOW STATEMENT

FOR THE TWELVE MONTHS ENDED 31 MARCH 2015

		2015 R'000	2014 R'000
A.	**TAX PAID**		
	Amount unpaid at beginning of the year	**(2 803)**	(1 180)
	Amount charged to the income statement	**1 796**	(2 084)
	Amount payable at end of the year	**289**	2 803
		(718)	(461)
B.	**DISPOSAL OF SUBSIDIARY**		
	On 30 April 2013 the Group disposed of its entire shareholding in Primeserv Training Proprietary Limited for a cash consideration of R1. The consolidated carrying amounts of the assets and liabilities disposed of were as follows:		
	Carrying amounts of assets and liabilities disposed of:		
	Equipment and vehicles	–	(1 639)
	Inventories	–	(5)
	Trade receivables	–	(6 621)
	Other receivables	–	(516)
	Cash and cash equivalents	–	(85)
	Trade and other payables	–	3 716
	Net assets disposed of	–	(5 150)
	Less: Long-term receivable arising in respect of sale	–	5 150
	Cash proceeds/profit on disposal	–	–
	Cash and cash equivalents disposed of	–	(85)
	Net cash flow on disposal	–	(85)
C.	**CASH AT BANK AND BANK BORROWINGS**		
	Cash at bank	**1 312**	1 092
	Bank borrowings	**(42 206)**	(49 072)
		(40 894)	(47 980)

SUMMARY OF ACCOUNTING POLICIES

FOR THE TWELVE MONTHS ENDED 31 MARCH 2015

PRINCIPAL ACCOUNTING POLICIES

The financial statements incorporate the following principal accounting policies, which are consistent with those applied in the previous year.

BASIS OF PREPARATION

These consolidated financial statements are prepared in accordance with, and comply with the JSE Listings requirements and IFRS and the South African Companies Act of 2008. The consolidated financial statements are prepared in accordance with the going concern principle on the historical cost basis, except for the measurement of certain financial instruments and investment properties at fair value.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Certain areas involve a high degree of judgement and certain assumptions and estimates are significant to the financial statements.

PRINCIPLES OF CONSOLIDATION

Subsidiaries are entities, including unincorporated entities, controlled by the Company. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The financial statements of subsidiaries are consolidated from the date on which the Group acquires effective control up to the date that effective control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries and business combinations. The cost of an acquisition is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed to the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired (including intangible assets) and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of an acquisition over the fair value of identifiable net assets acquired is recorded as goodwill and accounted for in terms of accounting policy detailed below. The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

Investments in subsidiaries are accounted for at cost in the Company accounts. The carrying amount of these investments is reviewed annually and written down for impairment where considered necessary.

The Group Share Incentive Trust is indicated in the Company stand-alone accounts as a subsidiary.

NON-CONTROLLING INTEREST

Non-controlling interest in the net assets is determined as the non-controlling shareholders' proportionate share of the fair value for the identifiable net assets of the subsidiary acquired at the date of the original business combination, together with the non-controlling shareholders' share of changes in equity since the date of the combination. Gains or losses on disposals and acquisitions are taken to equity.

GOODWILL

Goodwill represents the difference between the cost of acquisition of subsidiaries and associates and the fair value of the identifiable net assets acquired.

Goodwill is tested annually for impairment and whenever there is an indicator of impairment. For the purposes of impairment testing goodwill is allocated to cash-generating units expected to benefit from the business combination in which the goodwill arose. An impairment loss is recognised if the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the cash-generating unit sold.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

Negative goodwill is recognised in profit or loss in the period in which it arises.

INTANGIBLE ASSETS

Intangible assets consist of trademarks and premium arising on contracts and are recorded at cost less accumulated amortisation and impairments.

Contract-specific premium is written off over the contract term. Trademarks are considered to have indefinite useful lives. The residual value is re-assessed annually. Where the residual value equals or exceeds the carrying amount of an asset no depreciation is recognised.

Intangible assets with an indefinite life are not depreciated, however they are tested for impairment on an annual basis.

Where the carrying value of the intangible asset exceeds its recoverable amount, an impairment is recognised immediately in profit or loss.

EQUIPMENT AND VEHICLES

Equipment and vehicles are stated at cost less accumulated depreciation and impairment. Depreciation is provided for on the straight-line basis at the following annual rates, which will reduce book values to the estimated residual values over the expected useful lives of the assets:

Computer equipment	3 to 6 years
Motor vehicles	5 years
Furniture, fittings and equipment	3 to 10 years

Gains and losses on disposal are recognised in profit or loss when the item is derecognised.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Each part of an item of equipment and vehicles with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of equipment and vehicles is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of equipment and vehicles is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

INVESTMENT PROPERTY

Property held to earn rental income and/or for capital appreciation that is not owner-occupied is classified as investment property. Investment property includes property under construction or development for future use as investment property.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value with fair value changes recognised in profit or loss as investment gains or losses.

The fair value of investment property is based on valuation information at the reporting date.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

INVENTORIES

Inventories, comprising consumables and training materials, are valued at the lower of cost and estimated net realisable value. Cost is determined on the first-in, first-out basis. Write downs of inventory to net realisable value are recognised as an expense in the period in which the write-down occurs.

FINANCIAL INSTRUMENTS

Financial assets

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss – held for trading
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss – held for trading
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are initially recognised at fair value including transaction costs. These are carried at amortised cost and are impaired if there is objective evidence that the Group will not receive cash flows according to the original contractual terms. Default or delinquency in payment and significant financial difficulties are considered indicators that the receivable is impaired. The impairment is calculated as the difference between the carrying value of the asset and the expected cash flows discounted at the original effective rate. The resulting loss is accounted for as an impairment in the statements of comprehensive income. Trade receivables are presented net of an allowance for impairment. Movements on this allowance are taken to the statements of comprehensive income and uncollectable amounts are written off against the allowance. Subsequent recoveries of amounts previously written off are credited to the statements of comprehensive income.

Available-for-sale financial assets

These are non-derivative financial assets that are designated as available for sale, or are not loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially and subsequently measured at fair value. A gain or loss on an available-for-sale financial asset is recognised directly in other comprehensive income, except for impairment losses, which are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with these being initially and subsequently carried at fair value. Cash and cash equivalents are classified as held for trading financial assets.

Impairment

Financial assets are reviewed at each end of the reporting period date to determine whether there is objective evidence of impairment. If any such indication exists, the recoverable amount is estimated and the carrying value is reduced to the estimated recoverable amount by means of a charge to the statement of comprehensive income.

Financial Liabilities

Loans and other payables

Loans and other payables are recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method. In the case of short-term payables, the impact of discounting is not material and cost approximates amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value. Bank overdrafts are subsequently measured at fair value and borrowing costs at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

LEGAL RIGHT OF SET-OFF

Where a legal right of set-off exists, financial assets and financial liabilities are set off against each other.

BORROWINGS AND CASH AT BANK

For the purposes of the statements of cash flows, cash at bank includes cash on hand, deposits and current accounts held with banks. Borrowings include bank overdrafts and other financial borrowings held with the Group's bankers. Short-term bank borrowings form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

PROVISIONS

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

DEFERRED TAX

Deferred tax is provided in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated using rates expected to apply when the related deferred tax assets are realised or deferred tax liability settled. Deferred tax is provided on temporary differences arising on investments in associates and subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) enacted or substantially enacted at the end of the reporting period date. Deferred tax assets are recognised to the extent that it is probable that a taxable profit will be available in future periods against which the tax asset can be recovered.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each end of the reporting period whether there is any indication that an asset should be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss in respect of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

SHARE CAPITAL

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Shares in the Company held by Group companies and the Share Incentive Trust are classified as treasury shares. The consideration paid for treasury shares, including any directly attributable costs, is deducted on consolidation from total shareholders' equity. Fair value changes recognised in the subsidiary's financial statements in respect of treasury shares are reversed on consolidation and dividends received are offset against dividends paid. Profits/losses realised on the application of treasury share are credited/debited directly to equity. Where treasury shares are subsequently sold or issued, the consideration received (net of incremental costs and attributable taxes) is included in equity.

EMPLOYEE BENEFITS

Short-term employee benefits

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with respect to services rendered up to the statement of financial position date. There are no contractual obligations to pay bonuses to any employee. All bonuses are at the discretion of management or, in the case of executive directors, the Board.

Retirement benefits

Current contributions to pension and retirement funds operated for employees are based on current service and charged against income as incurred. All retirement benefit plans are defined contribution plans.

TAX

Current tax comprises tax payable calculated on the basis of expected taxable income for the period, using the tax rates enacted, or substantially enacted, at the end of the reporting period date, and any adjustment of tax payable for previous periods.

Tax is recognised directly in profit or loss unless it relates to an item recognised in equity or other comprehensive income, in which case the tax is also recognised in equity or other comprehensive income.

REVENUE

Group revenue consists of sales to customers from services rendered and is stated net of value added tax. Course fees received in advance are recognised over the period of the course. Income received on long-term staff supply and training contracts is recognised as it is earned.

LEASES

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

BORROWING COSTS

Interest costs are charged against income using the effective interest rate method.

SEGMENT REPORTING

The Group is primarily an HR services business and is organised into two main operating divisions, namely Human Capital Outsourcing and Human Capital Development. A third division, Central Services, provides support services. These divisions are the basis on which the Group reports its primary segment information for internal purposes.

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, whether from external transactions or from transactions with other Group segments. Transactions between segments are priced at market-related rates. These transactions are eliminated on consolidation.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

SOURCES OF ESTIMATION UNCERTAINTY

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial period.

JUDGEMENTS AND ESTIMATES MADE BY MANAGEMENT

Preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts and related disclosures. Actual amounts could differ from these estimates.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments as follows:

Carrying value of goodwill

Goodwill has been tested for impairment based upon establishing an enterprise value using a discounted cash flow approach in terms of which a cash flow, for the enterprise in respect of which the goodwill value is carried, is developed based upon assumptions regarding future growth in profitability, cash applied to the business and the free cash generated by the enterprise is discounted at an appropriate risk adjusted rate.

The recoverable amount of goodwill was calculated by determining its value in use through the discounted cash flow method.

The following key assumptions were applied:

Growth rate	3%
Discount rate	20%

A forecast period of ten years was used to assess the carrying amount.

A conservative growth rate of 3% was assumed.

The discount rate was calculated by using a risk-free rate adjusted for risk factors.

Asset lives and residual values

Equipment and vehicles are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Recoverability of deferred tax assets

The recoverability of deferred tax assets is assessed giving consideration to the expected profitability of the companies concerned for the next number of periods.

Recoverability of trade receivables

The recoverability of trade receivables is assessed by giving careful consideration to the exposures that the Group carries. In this regard the directors believe that the amount carried in the statements of financial position is collectable having taken account of risks covered by credit insurance contracts, VAT recoverable from SARS, impairment provisions raised and the default history of customers.

Fair value of investment properties

The fair values of investment properties are determined on an open market basis, taking into account prevailing market rentals and capitalisation rates, and recent sales histories.

Assessment of control

The Group is considered to exercise control over a company in which it does have not a majority stake when it has the ability to control the activities of that company and to earn variable returns from it.

At the date of authorisation of these financial statements, the following new standards, amendments and interpretations were in issue but not yet effective, and will at present, have no effect on the company:

- *IAS 16, Property, Plant and Equipment:* Amendments to the Revaluation method - proportionate restatement of accumulated depreciation (effective 1 July 2014)
- *IAS 16, Property, Plant and Equipment:* Amendments to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset (effective 1 January 2016)
- *IAS 16, Property, Plant and Equipment:* Amendments establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets. (effective 1 January 2016)
- *IAS 16, Property, Plant and Equipment:* Amendments which defines bearer plants and includes bearer plants in the scope of IAS 16, rather than IAS 41, Agriculture: Bearer Plants, allowing such assets to be accounted for after initial recognition in accordance with IAS 16 (effective 1 January 2016)
- *IAS 19, Employee Benefits:* Amendments to Defined Benefit Plans: Employee Contributions whereby the requirements in IAS 19 for contributions from employees or third parties that are linked to service have been amended (effective 1 July 2014)
- *IAS 27, Consolidated and Separate Financial Statements:* Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements (effective 1 January 2016)
- *IAS 38, Intangible Assets:* Amendments to the Revaluation method – proportionate restatement of accumulated depreciation (effective 1 July 2014)
- *IAS 38, Intangible Assets:* Amendments to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset (effective 1 January 2016)
- *IAS 38, Intangible Assets:* Amendments establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets. (effective 1 January 2016)

- *IAS 40, Investment Property:* Amendments to clarify the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property (effective 1 July 2014)
- *IAS 41, Agriculture: Bearer Plants:* Amendments which defines bearer plants and includes bearer plants in the scope of IAS 16, rather than IAS 41 allowing such assets to be accounted for after initial recognition in accordance with IAS 16 (effective 1 January 2016)
- *IFRS 1, (Annual Improvements 2011 – 2013 Cycle):* Amendments to the Basis of Conclusion clarify the meaning of "Effective IFRSs" (effective 1 July 2014)
- *IFRS 2, Share based payments:* Amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions (effective 1 July 2014)
- *IFRS 3, Business Combinations:* Amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9 and amendments to the scope paragraph for the formation of a joint arrangement (effective 1 July 2014)
- *IFRS 7, Financial Instruments: Disclosures:* Amendments clarifying continuing involvement for servicing contracts (effective 1 January 2016)
- *IFRS 7, Financial Instruments: Disclosures:* Amendments clarifying offsetting disclosures not specifically required in interim financial statements (effective 1 January 2016)
- *IFRS 8, Operating Segments:* Amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations (effective 1 July 2014)
- *IFRS 9, Financial Instruments:* Amendments to the measurement requirements for all contingent consideration assets and liabilities included under IFRS 9 (effective 1 July 2014)
- *IFRS 9, Financial Instruments:* New standard which replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard comprises guidance on classification and measurement, impairment considerations, hedge accounting and derecognition. (effective 1 January 2018)
- *IFRS 10, Consolidated Financial Statements:* Investment Entities – Applying the Consolidation Exception (effective 1 January 2016)
- *IFRS 11, Joint Arrangements:* Amendments adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions (effective 1 January 2016)
- *IFRS 13, Fair Value Measurement:* Amendments to clarify the measurement requirements for those short-term receivables and payables (effective 1 July 2014)
- *IFRS 13, Fair Value Measurement:* Amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9 (effective 1 July 2014)
- *IFRS 14, Regulatory Deferral Accounts:* First-time adopters are permitted to continue to recognise amounts related to its rate regulated activities in accordance with their previous GAAP requirements when they adopt IFRS. An entity that already presents IFRS financial statements is not eligible to apply the Standard (effective 1 January 2016)
- *IFRS 15, Revenue from Contracts from Customers:* New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services (effective 1 January 2017)

			2015 R'000	2014 R'000
1.	**REVENUE**			
	Revenue comprises:			
	Services rendered		644 017	631 713
	Fair value component of revenue		6 943	7 078
			650 960	638 791
2.	**OPERATING PROFIT**			
	Operating profit is stated after taking into account the following:			
	Expenses			
	Depreciation and amortisation		2 110	1 863
	Operating lease rentals		8 626	8 568
	– equipment and vehicles – contractual amounts		3 221	2 673
	– premises – contractual amounts		5 405	5 895
	Loan impairments		3 808	–
	Employee costs and benefits		54 809	54 637
	Staff costs		51 988	52 219
	Retirement costs		2 821	2 418
3.	**INTEREST RECEIVED**			
	Interest received – cash and cash equivalents		272	983
			272	983
4.	**INTEREST PAID**			
	Bank borrowings		4 782	5 594
	Finance leases		80	172
			4 862	5 766
5.	**TAX**			
	SA normal tax			
	– current		(333)	(1 858)
	– prior year over/(under) provision		2 129	(226)
	Deferred tax			
	– current		2 338	718
			4 134	(1 366)
	Tax rate reconciliation			
	Statutory tax rate	(%)	28,0	28,0
	Learnership allowances	(%)	(14,5)	(11,2)
	Tax losses not previously recognised	(%)	6,8	–
	Prior year (over)/under provision	(%)	(30,4)	2,9
	Other special allowances	(%)	(49,0)	(2,2)
	Effective tax rate	(%)	(59,1)	17,5

The estimated tax losses available for set-off against future taxable income are R53 008 000 (2014: R47 236 000).

6. DISCONTINUED OPERATION

The Board made a decision in June 2012 to discontinue its non-core and loss-making Colleges business and in accordance with this decision pursued a number of avenues to dispose of the business and avoid the concomitant closure costs. On 1 May 2013 the Group disposed of its investment in the Colleges business unit to Ultimate Income Investments 107 Proprietary Limited. The unit formed part of the Human Capital Development segment and represents a separate major line of business and as a result is treated as a discontinued operation.

A single amount is shown on the face of the Statement of Comprehensive Income comprising the post-tax effect of the discontinued operation. The results for the year ended 31 March 2014 relate only to the month of April 2013.

Financial information relating to the discontinued operation is presented below.

	2015 R'000	2014 R'000
Revenue	–	1 460
Cost of sales	–	(158)
Gross profit	–	1 302
Operating loss	–	(2 002)
Loss before tax	–	(2 002)
Tax	–	–
Loss for the year	–	(2 002)
Cash flows attributable to discontinued operations		
Cash flows utilised in operating activities	–	(517)
Cash flows utilised in investing activities	–	–
Cash flows from financing activities	–	517
Net cash flows for the year	–	–

	2015 R'000	2014 R'000
7. EARNINGS PER SHARE		
Basic		
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year as calculated by excluding shares purchased by the Company, incentive shares and held as treasury shares.		
Diluted		
Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. There are no dilutive potential shares in the current year.		
Number of shares in issue ('000)		
Number of shares in issue at the end of the year	**132 063**	132 063
Less: Adjustments to shares in issue		
Treasury shares at the end of the year	**(38 381)**	(38 381)
Weighted average number of shares in issue ('000)	**93 682**	93 682
Add: Adjustment for options granted by share trust	–	–
Weighted average shares for dilutive earnings per share ('000)	**93 682**	93 682
Attributable earnings	**11 923**	6 096
Continuing operations	**11 923**	8 098
Discontinued operations	–	(2 002)
Weighted average number of shares in issue ('000)	**93 682**	93 682
Earnings and diluted earnings per share (cents)	**12,73**	6,51
Continuing operations	**12,73**	8,65
Discontinued operations	–	(2,14)
Headline earnings		
Attributable earnings	**11 923**	6 096
	11 923	6 096
Attributable headline earnings	**11 923**	6 096
Continuing operations	**11 923**	8 098
Discontinued operations	–	(2 002)
Weighted average number of shares in issue ('000)	**93 682**	93 682
Headline and diluted headline earnings per share (cents)	**12,73**	6,51
Continuing operations	**12,73**	8,65
Discontinued operations	–	(2,14)

	Computer equipment R'000	Motor vehicles R'000	Furniture, fittings and equipment R'000	Total R'000
8. EQUIPMENT AND VEHICLES				
2015				
Cost	3 887	340	4 892	9 119
Accumulated depreciation and impairment	(2 760)	(296)	(2 133)	(5 189)
Net book value at beginning of year	1 127	44	2 759	3 930
Additions	325	248	231	804
Depreciation	(727)	(54)	(419)	(1 200)
Net book value at end of year	725	238	2 571	3 534
Cost	4 212	588	5 123	9 923
Accumulated depreciation and impairment	(3 487)	(350)	(2 552)	(6 389)
Net book value at end of year	725	238	2 571	3 534
2014				
Cost	10 783	1 289	13 029	25 101
Accumulated depreciation and impairment	(9 036)	(941)	(11 038)	(21 015)
Net book value at beginning of year	1 747	348	1 991	4 086
Additions	429	–	772	1 201
Depreciation	(1 049)	(304)	(4)	(1 357)
Net book value at end of year	1 127	44	2 759	3 930
Cost	3 887	340	4 892	9 119
Accumulated depreciation and impairment	(2 760)	(296)	(2 133)	(5 189)
Net book value at end of year	1 127	44	2 759	3 930

Motor vehicles are encumbered as per note 18.

	2015 R'000	2014 R'000
9. INVESTMENT PROPERTY		
Properties at fair value	7 645	7 645

Investment properties consist of four vacant stands on Portions 308, 309, 310 and 312 (a portion of portion 2) Farm Eiland 13 No 502, I.Q., North West Province, and a house on Portion 96 (a portion of portion 2) Farm Eiland 13 No 502, I.Q., North West.

These properties were acquired in 2012 in a multiparty transaction resulting in the exchange of long outstanding debtor claims for a fixed property and the application of cash for the acquisition of the balance of the property portfolio. The developed property has a general covering bond in favour of FirstRand Bank Limited. The vacant stands are being held for capital appreciation whilst the house is held for rental income.

Valuations were obtained from estate agents with experience in the area indicating no changes in the fair value at year- end.

Income of R48 390 (2014: Rnil) was earned from the investment properties during the year.

Operating costs incurred primarily relate to the payment of levies, power and water charges and totalled R107 000 (2014: R122 000).

		2015 R'000	2014 R'000
10.	**GOODWILL**		
	Goodwill has been allocated for impairment testing purposes to the Group's operating divisions, which represents the lowest level of assets for which there are separate cash flows, which are not larger than the Group's operating segments reported in note 28, as follows:		
	Human Capital Outsourcing	**15 012**	15 012
	Human Capital Development	**3 158**	3 158
	Total goodwill	**18 170**	18 170
	The impairment calculations performed indicated that no impairment of goodwill was necessary.		
	Goodwill is attributable to the following cash-generating units:		
	Bathusi Staffing Services Proprietary Limited	**4 877**	4 877
	Primeserv Corporate Solutions Proprietary Limited	**3 158**	3 158
	Primeserv Denverdraft Proprietary Limited	**2 730**	2 730
	Primeserv Staff Dynamix Proprietary Limited	**7 405**	7 405
		18 170	18 170
	Impairment		
	In accordance with accounting standards, the Group performs an annual test for impairment of its cash-generating units. The recoverable amount of the cash-generating units has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management and a discount rate of the weighted average cost of capital of 19,4% (2014 – 20%). Cash flows have been extrapolated for a further 15 (2014 – 10) years, at 6% (2014 – 3%) growth, which the directors believe is justified as it is a reasonable minimum period to expect the Group's operations to continue.		
	The impairment calculations performed indicated that no impairment of goodwill was necessary.		
	The recoverable amounts are stated below:		
	Bathusi Staffing Services Proprietary Limited	**12 787**	17 030
	Primeserv Corporate Solutions Proprietary Limited	**9 507**	27 063
	Primeserv Denverdraft Proprietary Limited	**14 856**	25 023
	Primeserv Staff Dynamix Proprietary Limited	**37 752**	42 459
		74 902	111 575

Management believes that any reasonable change in any of these key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

	Trademarks R'000	Premiums arising on acquisition of contract R'000	Total R'000
11. INTANGIBLE ASSETS			
2015			
Cost	**810**	**3 867**	**4 677**
Accumulated amortisation and impairments	**(576)**	**(1 832)**	**(2 408)**
Net book value at beginning of year	**234**	**2 035**	**2 269**
Amortisation	**–**	**(909)**	**(909)**
Net book value at end of year	**234**	**1 126**	**1 360**
Accumulated amortisation and impairments at year-end	**(576)**	**(2 741)**	**(3 317)**
2014			
Cost	810	3 867	4 677
Accumulated amortisation and impairments	(576)	(1 326)	(1 902)
Net book value at beginning of year	234	2 541	2 775
Amortisation	–	(506)	(506)
Net book value at end of year	234	2 035	2 269
Accumulated amortisation and impairments at year-end	(576)	(1 832)	(2 408)

The trademarks are considered to have indefinite used lives. There are no apparent legal or other restrictions to the use of the trademark or risk of technical or other obsolescence. Given the strategic importance of the trademarks to the future sustainability of the Group, the Group's intention is to continue to use the trademarks indefinitely. The directors consider that there is no foreseeable limit to the period over which these assets are expected to generate cash inflows for the Group and, on this basis, the directors have concluded that the indefinite useful life assumption is appropriate.

In accordance with the Group's accounting policy, an impairment test was performed on the carrying values of intangible assets with indefinite useful lives at period-end. The recoverable amount for trademarks has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management and a discount rate of 19,4% (2014: 20%). Cash flows have been extrapolated for 15 (2014: 10) years, at 6% (2014: 3%) growth, which the directors believe is justified as it is a reasonable minimum period to expect the Group's operations to continue.

The premium arising on acquisition of contract is amortised over the period of the contract. The carrying amount at the end of the reporting period was R1 678 000 (2014: R2 035 000). The remaining amortisation period is 36 months.

		2015 R'000	2014 R'000
12.	**LONG-TERM RECEIVABLES**		
	Secured – interest-bearing	**1 628**	1 520
	Secured interest-bearing receivables to be repaid by 31 March 2016 or later at the option of the Group		
	The receivable is secured by various sureties signed by the borrower and related parties to the borrower.		
	Secured – non-interest-bearing	**720**	4 640
	Secured non-interest-bearing receivables to be collected with no fixed terms of repayment. This relates to debts to be collected by the purchaser of Primeserv Training Proprietary Limited and which have been secured by a cession of the debtors of Primeserv Training Proprietary Limited.		
	Unsecured – non-interest-bearing	**700**	700
	Receivables with no fixed terms of repayment.		
		3 048	6 860
	The receivables are classified as available-for-sale financial assets. As these loans have no fixed terms of repayment, the carrying amount and fair value equal the face value of the loans.		
	The maximum exposure to credit risk at the reporting date is the fair value of the receivables.		
	The credit quality of long term receivables is assessed based on projected cash flow forecasts, the default history of the borrower as well as any security held. The credit quality of receivables not past due is assessed as high.		
13.	**DEFERRED TAX ASSET**		
	Computed tax losses	**11 521**	10 248
	Provisions	**3 185**	2 301
	Prepayments	**(235)**	(307)
	Capital gains tax on fair value adjustments	**(286)**	(286)
	Work in progress	**(154)**	(263)
		14 031	11 693
	Reconciliation between deferred tax opening and closing balance		
	Deferred tax opening balance	**11 693**	10 975
	Computed tax losses	**1 273**	289
	Provisions	**884**	480
	Other	**–**	(40)
	Prepayments	**72**	(95)
	Work in progress	**109**	84
	Deferred tax at end of year	**14 031**	11 693

The recoverability of deferred tax assets has been assessed with reference to the future profitability of the group based on an extrapolation of budgets prepared by management as well as the application of discounted cash flows with assumptions made for future growth and profitability.

		2015 R'000	2014 R'000
14.	**INVENTORIES**		
	Inventories comprise of consumable goods including personal protective equipment, books, manuals and other course material	119	200
15.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	85 218	94 555
		5 836	6 748
	Other receivables	4 997	5 650
	Prepayments	839	1 098
		91 054	101 303

The debtor cover policies held with Credit Guarantee Insurance Corporation of Africa Limited have been ceded to the Group's bankers as security for debtor financing facilities granted to the Group.

Based on the historic level of customer defaults the credit quality of year-end trade receivables which are not past due is considered to be high. In line with management's judgements taken, trade receivables that are less than three months overdue have not been impaired. As at 31 March 2015, trade receivables of R13 924 000 (2014: R15 221 000) were past due but not impaired. These debts relate to a number of independent customers for whom there is no recent history of default.

	2015 R'000	2014 R'000
The ageing of trade receivables past due, but not impaired, is as follows:		
One month overdue	3 434	2 359
Two months overdue	2 347	1 096
Three months and more overdue	8 143	11 766
	13 924	15 221
Allowance for impairment (bad debt provision)		
Balance at beginning of year	1 295	1 924
Increase in allowance and impairments recognised in income statement	3 829	2 534
Application of provision against debtors	(1 612)	(3 163)
Balance at end of year	3 512	1 295

Credit risk exposure

The impairment allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that there is no possibility of the debt being recovered at which point the irrecoverable portion is written off. The impairment was determined based on an assessment of individual trade receivables. The full impairment relates to debtors in excess of 120 days.

The credit terms of receivables past due or impaired have not been renegotiated during the year.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not generally hold any collateral as security, other than where personal sureties have been provided where available credit insurance has been insufficient to meet management's credit risk criteria. At year-end the Group held sureties in respect of debtors who owed R3 061 000 (2014: R1 623 000).

Trade and other receivables are classified as loans and receivables.

		2015 R'000	2014 R'000
16.	**ORDINARY SHARE CAPITAL**		
	Authorised		
	500 000 000 ordinary shares of 1 cent each	**5 000**	5 000
	Issued		
	132 062 743 (2014: 132 062 743) ordinary shares of 1 cent each	**1 321**	1 321
	There are nil (2014: nil) shares to be issued in respect of shares outstanding in terms of the Primeserv Group Limited Share Incentive Scheme.		
	Reconciliation of shares in issue:		
	Shares in issue	**93 681 676**	93 681 676
	Treasury shares	**38 381 067**	38 381 067
	Total issued shares	**132 062 743**	132 062 743
17.	**TREASURY SHARES**		
	Comprises 38 381 067 (2014: 38 381 067) Primeserv Group Limited ordinary shares	**14 748**	14 748
		14 748	14 748
18.	**FINANCIAL LIABILITIES**		
	Instalment sale creditor	**168**	–
	Less: Finance charges	**(26)**	–
	Total capital payable	**142**	–
	Payable within one year	**32**	–
	Payable two to five years	**110**	–
	The loan bears interest at 0,25% below the prime overdraft rate and is repayable in monthly instalments of R3 568 (2014: Rnil) and is secured by a vehicle having a carrying value of R238 000 (2014: Rnil).		
19.	**TRADE AND OTHER PAYABLES**		
	Trade payables	**7 296**	16 714
	Payroll payables	**8 413**	12 914
	Other accruals and sundry creditors	**51**	917
		15 760	30 545
	Trade and other payables are measured at amortised cost.		
20.	**BANK BORROWINGS**		
	The Group's Outsourcing Division is funded through an invoice discounting facility that bears interest at the prime bank overdraft rate per annum plus 0,5% (2014: prime plus 0,5%)	**42 206**	49 072
		42 206	50 575

The facilities are secured through a combination of the cession of the debtor cover policies held with Credit Guarantee Insurance Corporation of Africa Limited, cross-surety arrangements between the Group companies as well as a general covering bond over the Group's investment property. The Group has also undertaken not to reduce its tangible equity to below R35 750 000.

	Directors fees R'000	Remuneration R'000	Retirement benefits R'000	Benefits R'000	Travel allowances R'000	Total R'000
21. DIRECTORS' REMUNERATION						
2015						
The remuneration paid to directors of the Company, whilst in office during the year ended 31 March 2015, is analysed as follows:						
Executive directors	–	5 331	534	367	758	6 990
M Abel	–	3 342	332	116	252	4 042
R Sack	–	1 069	105	135	252	1 561
DC Seaton	–	920	97	116	254	1 387
Non-executive directors	630	–	–	–	–	629
JM Judin	136	–	–	–	–	136
S Klein	178	–	–	–	–	177
LM Maisela	85	–	–	–	–	85
DL Rose	146	–	–	–	–	146
CS Shiceka	85	–	–	–	–	85
	630	5 331	534	367	758	7 619
2014						
The remuneration paid to directors of the Company, whilst in office during the year ended 31 March 2014, is analysed as follows:						
Executive directors	–	5 262	534	320	742	6 858
M Abel	–	3 342	332	101	252	4 027
R Sack	–	1 000	105	118	236	1 459
DC Seaton	–	920	97	101	254	1 372
Non-executive directors	–	–	–	–	–	–
JM Judin	–	–	–	–	–	–
S Klein	–	–	–	–	–	–
LM Maisela	–	–	–	–	–	–
DL Rose	–	–	–	–	–	–
CS Shiceka	–	–	–	–	–	–
	–	5 262	534	320	742	6 858

There are no directors for whom the remaining period of the service-contract exceeds three years and the notice period exceeds six months.

22. CONTINGENT LIABILITIES

The Company and its major subsidiaries have signed surety to FirstRand Bank Limited in favour of its subsidiaries for debtors, financing and normal banking facilities granted. The net amount outstanding in the subsidiaries in respect of these facilities at year-end is R42 206 000 (2014: R49 072 000).

23. RISK MANAGEMENT

The risk management function within the Group is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including interest rate risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risk stays within these limits.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Management's objectives for managing market risk is to minimise the Group's exposure.

Interest rate risk

As part of the process of managing the Group's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

The Group analyses its exposure to interest rate risk on a dynamic basis using sensitivity analysis to assess the effects of changes in interest rates applied to interest-bearing borrowings and the consequent adjustments to profit and loss. Based on these analyses, which are calculated on adjustments of 50 basis points in the interest rate, the effect on pre-tax earnings of an increase/decrease in the rate is calculated to be a increase/decrease in earnings of R161 000 (2014: R232 000).

Liquidity risk

Liquidity risk refers to the ability to meet funding obligations as they fall due. The Group's treasury function is centralised thus ensuring that capital is allocated appropriately across the Group and that funding and commitments are met timeously.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Cash surpluses are placed on call with major financial institutions.

The table below analyses the Group's financial liabilities into maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity dates:

Contractual undiscounted cash flows from	One month R'000	Two to three months R'000	Four to six months R'000	Seven to 12 months R'000	More than a year R'000	Carrying amount R'000
2015						
Trade and other payables	**8 834**	**1 644**	**298**	**4 983**	–	**15 759**
Financial liabilities	**3**	**5**	**8**	**16**	**110**	**142**
Tax payable	–	–	**289**	–	–	**289**
Bank borrowings*	**42 206**	–	–	–	–	**42 206**
	51 043	**1 649**	**595**	**4 999**	**110**	**58 396**
2014						
Trade and other payables	23 310	1 315	750	5 170	–	30 545
Tax payable	–	–	2 803	–	–	2 803
Bank borrowings*	49 072	–	–	–	–	49 072
	72 382	4 118	750	5 170	–	82 420

* *Bank borrowings relates to facilities which revolve from month to month.*

23. RISK MANAGEMENT continued

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group has no significant concentration of credit risk. Credit risk arises from cash and cash equivalents held at banks, trade receivables and loans receivable. Credit risk is managed on a Group basis.

The Group maintains cash, cash equivalents and short-term investments with various financial institutions. The Group's policy is designed to limit exposure with any one financial institution and ensures that the Group's cash equivalents and short-term investments are placed with high credit quality financial institutions.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Credit risk within the Human Capital Outsourcing segment is mitigated through a process of credit assessments as well as the use of credit insurance where available. Within the Human Capital Development segment all new debtors are subject to an internal credit assessment process, but without the use of credit insurance.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the returns to shareholders through the optimisation of the Group's debt to equity ratio. The Group's overall strategy remains unchanged from previous years. The Group is not subject to externally imposed capital requirements other than conditions imposed by the Group's bank.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 18 and 20, cash and cash equivalents and equity attributable to equity shareholders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Fair value

The carrying amount of financial instruments are either at fair value based on the methods and assumptions for determining the fair value as stated in the accounting policies, or at values which approximate fair value based on the nature or maturity period of the financial instrument.

Fair value measurements can be classified into three levels, based on the observability and significance of the inputs used in making the measurement.

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of financial liabilities approximate fair values.

The Group's assets that are measured at fair value at 31 March 2015 are as follows:

	Level 1	Level 2	Level 3
Investment properties	–	**7 645**	–
Long-term receivables	–	–	**3 048**
Cash and cash equivalents	**1 312**	–	–

24. RETIREMENT BENEFITS

The Group presently contributes to defined contribution retirement benefit plans, being pension funds governed by the Pension Funds Act, 1956, which, due to the nature of the funds, do not require actuarial valuations.

Retirement contributions for the year amounted to R2,8 million (2014: R2,4 million).

The Group has no obligations to fund post-retirement medical benefits.

25. RELATED PARTY TRANSACTIONS

Subsidiary companies

The subsidiary companies are identified on page 60.

Directors

The names of the directors are listed on page 7. Refer to note 21 for details of the directors emoluments.

As part of the ongoing maintenance and retention of key personnel programme, fixed term employment contracts, not longer than three years, have been entered into with M Abel and certain key management. The contract entered into with M Abel includes terms and conditions relating to an interest-free loan facility through the Primeserv Group Limited Share Trust with a maximum of R700 000.

As part of the Group's management retention programme, executive directors are granted loans through the share trust to be applied to the purchase, through the market, of shares in the Company. The shares so purchased may be voted but not sold for a period of three years from 1 April 2012. Loans were advanced to M Abel for R126 000, R Sack for R140 000 and DC Seaton for R140 000. These amounts are included in Other Receivables.

There were no share options granted or outstanding to any directors or employees during the year or at the reporting date.

26. CAPITAL COMMITMENTS

The Group does not have any material capital commitments planned or actual for the forthcoming year.

	2015 R'000	2014 R'000
27. OPERATING LEASE COMMITMENTS		
Operating lease commitments		
Future operating lease charges for premises and equipment and vehicles		
Payable within one year		
– premises	**4 417**	3 679
– vehicles and equipment	**2 036**	1 481
	6 453	5 160
Payable within two to five years		
– premises	**3 194**	4 781
– vehicles and equipment	**4 097**	1 812
	7 291	6 593

There are no lease commitments beyond the five-year period. Leases on some premises are subject to market-related escalations with renewal options at the Group's discretion. The leases in respect of premises are for periods up to three years and there are no contingent rentals payable. Leases for motor vehicles are for initial periods of three years and are occasionally extended beyond the initial period for further periods of up to two years.

28. SEGMENTAL ANALYSIS: OPERATING SEGMENTS

	Human Capital Outsourcing R'000	Human Capital Development R'000	Central Services R'000	Group Consolidated R'000
2015				
Continuing operations				
Net profit/(loss) before tax	6 610	(2 435)	2 826	7 001
Tax	(730)	504	4 360	4 134
Net profit/(loss) after tax	5 880	(1 931)	7 186	11 135
Continuing operations				
Revenue: sales to external customers	606 144	37 873	–	644 017
Revenue: deemed fair value adjustment to revenue	6 131	812	–	6 943
Revenue: inter-segment revenue	–	116	–	116
Operating profit/(loss)	27 690	1 007	(17 106)	11 591
Capital additions	528	230	46	804
Depreciation and amortisation	(1 490)	(436)	(184)	(2 110)
Long term receivable impairment	–	3 920	–	3 920
Interest received	79	–	193	272
Interest paid	(4 709)	(3)	(150)	(4 862)
Assets	107 875	20 728	11 670	140 273
Liabilities	50 498	6 037	1 861	58 396

28. SEGMENTAL ANALYSIS: OPERATING SEGMENTS continued

	Human Capital Outsourcing R'000	Human Capital Development R'000	Central Services R'000	Group Consolidated R'000
2014				
Continuing operations				
Net profit/(loss) before tax	2 732	(1 426)	6 502	7 808
Tax	(1 153)	1 318	(1 531)	(1 366)
Net profit/(loss) after tax	1 579	(108)	4 971	6 442
Discontinued operations				
Loss from discontinued operation net of tax	–	(2 002)	–	(2 002)
Continuing and discontinued operations				
Revenue: sales to external customers	599 895	33 278	–	633 173
Revenue: deemed fair value adjustment to revenue	6 037	1 041	–	7 078
Revenue: inter-segment revenue	–	493	–	493
Operating profit/(loss)	25 347	(1 428)	(13 330)	10 589
Capital additions	653	529	20	1 202
Depreciation and amortisation	(1 108)	(563)	(192)	(1 863)
Interest received	104	–	879	983
Interest paid	(5 614)	(95)	(57)	(5 766)
Assets	116 789	26 617	9 756	153 162
Liabilities	75 810	5 062	1 548	82 420

In terms of IFRS 8: Operating Segments, the chief operating decision-maker has been identified as the Group's Chief Executive Officer. Operating segments have been identified based on the Group's internal reporting reviewed by the Chief Executive Officer and executive directors for assessing performance and making strategic decisions.

The Group's operating segments are Human Capital Outsourcing, Human Capital Development and Central Services.

Any assets or liabilities that cannot be attributed directly to a segment are allocated to Central Services.

All segments traded in South Africa during the year, and as such, no geographical segments have been disclosed as economic and political conditions, relationships between operations, underlying currency risk and special risk associated with operations are similar within the different regions in South Africa.

The Human Capital Outsourcing segment provides flexible staffing solutions.

The Human Capital Development segment provides vocational skills training, a comprehensive range of corporate and technical training services and HR Consulting solutions.

Segment results, which are based on internal management reporting are regularly reviewed by the Group's executive management and have been reconciled to the Group's profit before tax. External revenue, total assets and total liabilities as disclosed in the segment analysis agree to the corresponding amounts as disclosed in the annual financial statements, for the continuing and discontinued operations combined. The measurement policies applied for segment reporting under IFRS 8 are the same as those used in the preparation of the annual financial statements. Inter-segment transfer pricing is done on the same terms as sales to external customers.

29. EVENTS AFTER REPORTING PERIOD

A dividend of 1 cent per share was declared on 26 June 2015, payable to shareholders recorded in the share register on 9 October 2015.

DETAILS OF SUBSIDIARY COMPANIES

AS AT 31 MARCH 2015

Subsidiaries	Country of incor-poration	Ordinary share capital R	Portion held directly or indirectly by holding company %	Ownership portion and voting rights of non-controlling interests %	Non-controlling interests share of current year profit/(loss) R'000	Non-controlling interests share of accumulated profit/(loss) R'000	Book value of shares at cost R	Class A preference share capital R	Portion held directly or indirectly by holding company %	Class B preference share capital R	Portion held directly or indirectly by holding company %
Bathusi Recruitment Proprietary Limited*	South Africa	100	49,0	51,0	–	–	49				
Bathusi Staffing Services Proprietary Limited*	South Africa	100	45,0	55,0	(291)	(4 111)	45				
Empvest Outsourcing Proprietary Limited*	South Africa	1 000	35,8	64,2	(251)	(1 405)	482				
Primeserv ABC Recruitment Proprietary Limited	South Africa	100	74,2	25,8	(208)	(914)	74	370	100	448	74,2
Primeserv Corporate Solutions Proprietary Limited	South Africa	100	74,2	25,8	(90)	(337)	74	37	100	618	74,2
Primeserv Denverdraft Proprietary Limited	South Africa	100	99,0	1,0	5	45	100				
Primeserv Employee Solutions Proprietary Limited	South Africa	100	74,2	25,8	47	(633)	74	392	100	276	74,2
Primeserv Productivity Services Proprietary Limited	South Africa	100	100,0	0	–	–	100				
Primeserv Recruitment Proprietary Limited	South Africa	100	100,0	0	–	–	100				
Primeserv Staff Dynamix Proprietary Limited	South Africa	100	74,2	25,8	–	–	100				
Primeserv Technical Training Proprietary Limited	South Africa	100	74,2	25,8	–	–	100				
Primeserv Properties 1 Proprietary Limited	South Africa	100	100,0	0	–	–	100				
Primeserv Properties 2 Proprietary Limited	South Africa	100	100,0	0	–	–	100				
Primeserv Properties 3 Proprietary Limited	South Africa	100	100,0	0	–	–	100				
Primeserv Properties 4 Proprietary Limited	South Africa	100	100,0	0	–	–	100				
					(788)	(7 355)	1 698	799		1 342	

NOTES

The Group is controlled by Primeserv Group Limited. Primeserv Group Limited is also the Group's ultimate controlling company.

The HR Solutions businesses operate through Primeserv Corporate Solutions Proprietary Limited and Primeserv Recruitment Proprietary Limited.

The Outsourcing businesses operate through Primeserv Employee Solutions Proprietary Limited, Primeserv ABC Recruitment Proprietary Limited, Primeserv Staff Dynamix Proprietary Limited, Empvest Outsourcing Proprietary Limited, Primeserv Denverdraft Proprietary Limited and Bathusi Staffing Services Proprietary Limited.

Primeserv Productivity Services Proprietary Limited is the subsidiary nominated to acquire shares in the holding company.

Bathusi Recruitment Proprietary Limited and Primeserv Technical Training Proprietary Limited are dormant.

Primeserv Properties 1 Proprietary Limited, Primeserv Properties 2 Proprietary Limited, Primeserv Properties 3 Proprietary Limited and Primeserv Properties 4 Proprietary Limited are the companies designated to hold various properties, but are currently dormant.

** These companies are subsidiaries of Primeserv Group Limited as it has effective power to govern the financial and operating policies of the enterprise and therefore obtains benefits from their activities.*

DETAILS OF SUBSIDIARY COMPANIES continued

AS AT 31 MARCH 2015

The summarised financial information of entities with material non-controlling interests, before eliminating inter-company transactions, is presented below:

	Bathusi Staffing Services Proprietary Limited R'000	Empvest Outsourcing Proprietary Limited R'000	Primeserv ABC Recruitment Proprietary Limited R'000	Primeserv Corporate Solutions Proprietary Limited R'000	Primeserv Denverdraft Proprietary Limited R'000	Primeserv Employee Solutions Proprietary Limited R'000
2015						
Statement of comprehensive income						
Revenue	**105 423**	**498**	**105 674**	**38 569**	**146 480**	**103 886**
Net operating costs and interest	**(106 159)**	**(889)**	**(105 627)**	**(41 003)**	**(145 762)**	**(99 346)**
Profit/(loss) before tax	**(736)**	**(391)**	**47**	**(2 434)**	**718**	**4 540**
Tax	**10**	**233**	**163**	**507**	**(207)**	**(1 316)**
Profit/(loss) after tax	**(726)**	**(158)**	**210**	**(1 927)**	**511**	**3 224**
Statement of financial position						
Non-current assets	**20 129**	**2 071**	**4 831**	**10 018**	**3 144**	**2 116**
Current assets	**11 330**	**383**	**70 850**	**11 926**	**22 022**	**126 548**
Total assets	**31 459**	**2 454**	**75 681**	**21 944**	**25 166**	**128 664**
Trade and other payables and loans	**(31 459)**	**(4 535)**	**(55 462)**	**(21 944)**	**(19 176)**	**(90 898)**
Total shareholder funds	**–**	**(2 081)**	**20 219**	**–**	**5 990**	**37 766**
2014						
Statement of comprehensive income						
Revenue	84 680	365	79 711	32 726	142 133	124 850
Net operating costs and interest	(88 194)	(256)	(79 584)	(31 268)	(141 045)	(116 610)
Profit/(loss) before tax	(3 514)	109	127	1 458	1 088	8 240
Tax	1 471	(708)	(753)	1 318	463	(2 053)
Profit/(loss) after tax	(2 043)	(599)	(626)	2 776	1 551	6 187
Statement of financial position						
Non-current assets	21 174	105	52 453	10 513	7 572	98 165
Current assets	11 912	1 362	19 149	15 728	14 399	21 037
Total assets	33 086	1 467	71 602	26 241	21 971	119 202
Trade and other payables and loans	(33 086)	(3 157)	(51 592)	(26 241)	(16 492)	(84 660)
Total shareholder funds	–	(1 690)	20 010	–	5 479	34 542

Restrictions

Certain Group loans have been subordinated in favour of other creditors until such time as the assets of the company, fairly valued, exceed its liabilities thereby potentially restricting the ability to transfer cash or other assets between Group companies.

There are no other restrictions.

ANALYSIS OF SHAREHOLDING

AS AT 31 MARCH 2015

	Number of shareholders	Number of shares held	Shareholding %
PORTFOLIO SIZE			
1 – 50 000 shares	375	2 137 799	1,6
50 001 – 500 000 shares	48	9 381 825	7,1
500 001 – 5 000 000 shares	28	49 512 433	37,5
over 5 000 000 shares	5	71 030 686	53,8
	456	132 062 743	100,0
CATEGORY			
Directors (beneficial, non-beneficial, direct and indirect) and management	18	69 745 088	52,8
Nominee companies and schemes	2	9 200	–
Individual and other corporate bodies	436	62 308 455	47,2
	456	132 062 743	100,0
INTERESTS OF 5% OR GREATER			
The Privest Group Limited Share Trust		22 571 354	17,1
M Abel		21 547 843	16,3
Primeserv Productivity Services Proprietary Limited (treasury shares)		10 645 489	8,1
The Boles Family Trust		9 516 000	7,2
Treasure Island Investments CC		6 750 000	5,1
		71 030 686	53,8
SHAREHOLDER SPREAD			
Total non-public shareholders	18	69 745 088	52,8
Directors	7	24 440 343	18,5
Share trust	1	22 571 354	17,1
Treasury shares	2	15 271 695	11,6
Other	8	7 461 696	5,6
Public shareholders	438	62 317 655	47,2
	456	132 062 743	100,0

The above is based on information obtained from STRATE and does not necessarily take into account all movements due to their own internal cut-offs. Accordingly, certain quantities may not necessarily agree with what is contained in the financial report, and does not form part of the annual financial statements.

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take arising from the following resolutions, contact your stockbroker, attorney, accountant or other professional adviser immediately.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given, in terms of section 62(1) of the Companies Act, Act 71 of 2008 as amended ("the Act"), that the annual general meeting of the shareholders of Primeserv Group Limited ("Primeserv") will be held at Protea Hotel Wanderers, Corner of Corlett Drive and Rudd Road, Johannesburg, at 09:00 on Friday, 20 November 2015 to (1) deal with such business as may lawfully be dealt with at the meeting and (2) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, No 71 of 2008, as amended ("The Act") as read with the Listing Requirements of the JSE Limited ("the Listing Requirements") on which exchange, the shares in the Company are listed:

Kindly note that in terms of section 63(1) of the Act, meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated audited annual financial statements for the Company and the Group, including the external Independent Auditor's Report, the Report of the Audit Committee and the Directors' Report for the year ended 31 March 2015, have been distributed as required and will be presented to shareholders at the annual general meeting.

The consolidated audited annual financial statements, together with the abovementioned reports are set out on pages 34 to 61 of the Integrated Report. The complete Integrated Report of the Company is set out on the Company's website at www.primeserv.co.za/?cid=54.

REPORT FROM THE SOCIAL AND ETHICS COMMITTEE

In accordance with Companies Regulation 42(5)(c), issued in terms of the Companies Act of 2008, the Chairman of the Social and Ethics Committee, or in the absence of the Chairman any member of the Committee, will present the Committee's report to shareholders at the annual general meeting.

To consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions:

AS ORDINARY RESOLUTIONS

As specified by section 62(3)(c)of the Act, it is advised that all ordinary resolutions, save where specifically noted otherwise, are required to be passed by a percentage of votes in excess of 50% of votes exercised in regard to the resolution.

APPOINTMENT OF AUDITORS

1. Upon the recommendation of the current Group Audit, Governance and Risk Committee and subject to the Group Audit, Governance and Risk Committee continuing to be satisfied of their independence, to confirm the appointment of the Company's auditors, Baker Tilly SVG, as independent auditors of the Company and to appoint Marlene Greeff as the designated auditor for the following year, to hold office until the conclusion of the annual general meeting of the Company to be held in 2016.

Terms of Engagement and Fees

As prescribed under the terms of section 94 of the Act, the Audit Governance and Risk Committee will determine the terms of engagement in regard to services to be rendered by the auditors and fees to be paid in respect thereof.

RE-ELECTION OF DIRECTORS

2. The following non-executive directors retire by rotation in accordance with the Company's Memorandum of Incorporation:

– DL Rose

– LM Maisela

2.1 To re-elect DL Rose who retires by rotation and, being eligible, offers himself for re-election in accordance with the Company's Memorandum of Incorporation.

2.2 To re-elect LM Maisela who retires by rotation and, being eligible, offers himself for re-election in accordance with the Company's Memorandum of Incorporation.

Abridged curriculum vitae of each of the directors offering themselves for re-election are set out on page 7 of the Integrated Annual Report of the Company. The Board has evaluated the performance and contribution of each director standing for re-election and has recommended the re-election of each of the directors.

ELECTION OF AUDIT COMMITTEE

3. To elect and confirm the following independent non-executive directors as members of the Audit, Governance and Risk Committee to hold office until the conclusion of the next annual general meeting.

3.1 To elect as Audit, Governance and Risk Committee member and Chairman DL Rose for the ensuing year.*

3.2 To elect as Audit, Governance and Risk Committee member JM Judin for the ensuing year.

3.3 To elect as Audit, Governance and Risk Committee member CS Shiceka for the ensuing year.

* Subject to his re-election as director in terms of ordinary resolution 2.1 above.

Abridged curriculum vitae of each of the Directors offering themselves for election are set out on page 7 of the Integrated Annual Report of the Company. The Board has reviewed the independence, expertise, qualification and relevant experience of the nominated Audit Committee members and recommends that each of the nominated directors is elected.

ENDORSEMENT OF PRIMESERV REMUNERATION POLICY

4. To endorse by way of a non-binding advisory vote, as recommended by the King Code on Corporate Governance III ('King III'), the Group's remuneration policy, as set out in the Integrated Report on pages 23 to 24.

AUTHORISATION OF DIRECTOR TO SIGN

5. That any director of the Company or the Company Secretary be and is hereby authorised to sign all documents and do all acts which may be required to carry into effect the ordinary and special resolutions contained in the notice of annual general meeting incorporating this ordinary resolution.

AS SPECIAL RESOLUTIONS

SPECIAL RESOLUTION NUMBER 1 – REMUNERATION OF NON-EXECUTIVE DIRECTORS

6. To confirm the remuneration payable to the non-executive directors of the Company for the 2016 financial year as follows:

	Base fee	Attendance fees per meeting
	R	R
Chairman	73 000	17 000
Non-executive directors	22 500	17 000
Chairman of Audit Committee	74 000	–
Chairman of Remuneration Committee	11 700	–
Chairman of Social and Ethics Committee	11 700	–
Committee members		
– Audit	–	7 500
– Remuneration	–	5 500
– Social and Ethics	–	3 000

Non-executive directors receive a base fee plus an attendance fee per meeting.

The fees in the table are for individual roles while the aggregate fees any single director earns will be based on a combination of the fees for all roles performed.

Reason for and effect of this special resolution

Special resolution number 1 is required in terms of section 66(9) of the Companies Act to authorise the Company to pay remuneration to non-executive directors of the Company in respect of their services as directors. Furthermore, in terms of the Listings Requirements and King III, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

SPECIAL RESOLUTION NUMBER 2 FINANCIAL ASSISTANCE TO SUBSIDIARIES AND ASSOCIATES

7. "RESOLVED THAT, in accordance with section 45 of the Act, the provision of any financial assistance by the Company to any company or corporation which is related or inter-related to the Company (as defined in the Act), on the terms and conditions which the directors of Primeserv may determine, be and is hereby approved."

Reason for and effect of this special resolution

In terms of the Act, the Board may authorise the Company to provide any financial assistance to related or inter-related companies which are Group companies, including subsidiary companies of the Company, where it believes it would be beneficial to the Company to do so in future, subject to certain requirements set out in the Act, including the Company meeting solvency and liquidity tests.

This general authority is necessary for the Company to continue making loans to subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. A general authorisation from shareholders avoids the need to refer each instance to shareholders for approval with the resulting time delays and expense. If approved, this general authority will expire at the end of two years. It is, however, the intention to renew the authority annually at the annual general meeting.

To transact any other business as may be transacted at an annual general meeting.

APPROVALS REQUIRED FOR RESOLUTIONS

Ordinary Resolutions number 1 to 5 contained in this notice of annual general meeting require the approval by more than 50% of the votes exercised on the resolutions by the shareholders present or represented by proxy at the annual general meeting, and further subject to the provisions of the Act, the Company's Memorandum of Incorporation and the Listings Requirements.

Special Resolution numbers 1 and 2 contained in this notice of annual general meeting require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the annual general meeting, and are further subject to the provisions of the Act, the Company's Memorandum of Incorporation and the Listings Requirements.

VOTING AND PROXIES

Record dates

The posting record date, being the date to be recorded in the register to be eligible to receive this notice of annual general meeting is Friday, 25 September 2015. The record date on which shareholders of the company must be registered as such in the Companies' Securities register, which date was set by the Board of the Company determining which shareholders are entitled to attend and vote at the annual general meeting is Friday, 13 November 2015. Accordingly the last day to trade in order to be able to attend and vote at the annual general meeting is Friday, 6 November 2015.

Voting

The shareholders of the Company will be entitled to attend the general meeting and to vote on the resolutions set out above. On a show of hands, every Primeserv shareholder who is present in person, by proxy or represented at the general meeting shall have one vote (irrespective of the number of shares held in the Company), and on a poll, which any shareholder can request, every Primeserv shareholder shall have for each share held by him/her that proportion of the total votes in the Company which the aggregate amount of the nominal value of that share held by him bears to the aggregate of the nominal value of all the shares issued by the Company.

In terms of the Listings Requirements any shares currently held by the Primeserv Share Incentive Trust will not be taken into account in determining the results of voting on Special Resolution Numbers 1 and 2.

Electronic participation

Should any shareholder wish to participate in the general meeting by way of electronic participation, that shareholder should make application in writing (including details as to how the shareholder or their representative can be contacted) to so participate to the transfer secretaries at the address below, to be received by the transfer secretaries at least five business days prior to the annual general meeting in order for the transfer secretaries to arrange for the shareholder (or their representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Act and for the transfer secretaries to provide the shareholder (or their representative) with details as to how to access any electronic participation to be provided. The Company reserves the right to elect not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation. Shareholders are advised that participation in the annual general meeting by way of electronic participation will not entitle a shareholder to vote at the meeting.

Should a shareholder wish to vote at the annual general meeting, they may do so by attending and voting at the annual general meeting either in person or by proxy.

Proxies

A Primeserv shareholder entitled to attend and vote at the annual general meeting may appoint one or more persons as their proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the Company.

A form of proxy is attached for the convenience of certificated shareholders and "own name" dematerialised shareholders of the Company who are unable to attend the annual general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), not later than 09:00 on Wednesday, 18 November 2015.

Section 63(1) of the Act requires that meeting participants provide satisfactory identification.

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
   - (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
   - (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment
   - (a) must be in writing, dated and signed by the shareholder; and
   - (b) remains valid for
     - (i) one year after the date on which it was signed; or
     - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in sub-section (4)(c), or expires earlier as contemplated in subsection (8)(d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
   - (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
   - (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
   - (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

(4) Irrespective of the form of instrument used to appoint a proxy:
   - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
   - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
   - (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:
     - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
     - (ii) delivering a copy of the revocation instrument to the proxy, and to the Company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
   - (a) the date stated in the revocation instrument, if any; or
   - (b) the date on which the revocation instrument was delivered as required in sub-section (4)(c)(ii).

(6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

Any shareholder of the Company who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should they decide to do so.

Dematerialised shareholders of the Company, other than "own name" dematerialised shareholders of the Company, who have not been contacted by their CSDP or broker with regard to how they wish to cast their votes, should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the Company's annual general meeting in order for their CSDP or broker to vote in accordance with such instructions. If such dematerialised shareholders of the Company wish to attend the Company's annual general meeting in person, they must request their CSDP or broker to issue the necessary Letter of Representation to them. This must be done in terms of the agreement entered into between such dematerialised shareholders of the Company and the relevant CSDP or broker. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

By order of the Board

ER GOODMAN SECRETARIAL SERVICES CC
(REPRESENTED BY E GOODMAN)
Company Secretary

Johannesburg
25 September 2015

PRIMESERV GROUP LIMITED
Incorporated in the Republic of South Africa
Registration number 1997/013448/06
Share code: PMV
ISIN: ZAE000039277
25 Rudd Rd, Illovo, Johannesburg
PO Box 3008, Saxonwold, 2132
www.primeserv.co.za
email: productivity@primeserv.co.za

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07
70 Marshall Street, Marshalltown, 2001
PO Box 61051, Marshalltown, 2107

FORM OF PROXY

PRIMESERV GROUP LIMITED
Incorporated in the Republic of South Africa • (Registration number 1997/013448/06)
Share code: PMV • ISIN: ZAE000039277 • ("Primeserv" or "the Company")

For the use by certificated or "own name" dematerialised shareholders of Primeserv for the annual general meeting of Primeserv Group Limited to be held at Protea Hotel Wanderers, Corner of Corlett Drive and Rudd Road, Johannesburg at 09:00 on Friday 20 November 2015 ("the annual general meeting").

If shareholders have dematerialised their shares with a Central Securities Depository Participant ("CSDP") or broker (other than not own name dematerialised shareholders) they must arrange with the CSDP or broker to provide them with the necessary letter of representation to attend the annual general meeting or the shareholder must instruct them as to how they wish to vote in this regard. This must be done in term of the agreement entered into between the shareholder and the CSDP or broker in the manner and cut-off time stipulated therein.

I/We ____
(Name/s in block letters)

of (address) ____

being the registered holders of [ ] ordinary shares in Primeserv, do hereby appoint

1. ____ or, failing him/her,
2. ____ or, failing him/her,
3. the Chairman of the annual general meeting as my/our proxy to act for me/us and on my/our behalf at the general meeting which will be held for the purposes of considering, and if deemed fit, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 1, overleaf).

		Number of votes (one vote per ordinary share)		
		For	Against	Abstain
Resolution number 1	– To confirm the reappointment of Baker Tilly SVG as independent auditors of the Company and M Greeff as the designated auditor for the following year			
Resolution number 2	– To confirm the re-appointment as director			
	2.1 DL Rose			
	2.2 LM Maisela			
Resolution number 3	– To elect the members of the Audit, Governance and Risk Committee			
	3.1 DL Rose			
	3.2 JM Judin			
	3.3 CS Shiceka			
Resolution number 4	– Endorsement of the Remuneration Policy			
Resolution number 5	– Authority for directors or Company Secretary to implement the resolutions			
Special resolution number 1	– To confirm the non-executive directors' remuneration			
Special resolution number 2	– Authority to provide financial assistance to related or inter-related companies of the Company			

Signed at ______________________ on ______________________ 2015

Signature ____

Assisted by me (where applicable)

Please indicate whether you elect to receive documents electronically at the e-mail address inserted below by ticking the appropriate box

YES [ ] NO [ ]

Signature ____

Please see notes overleaf

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the names of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the meeting", but the shareholder must initial any such deletion. The person whose name appears first on the proxy and which has not been deleted shall be entitled to act as proxy to the exclusion of those names following.
2. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes.
3. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries or by the chairman of the annual general meeting before the commencement of the annual general meeting.
4. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the general meeting, be proposed, the proxy shall be entitled to vote as he/she thinks fit.
5. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded with the Company's transfer secretary or waived by the chairman of the annual general meeting.
6. His/her parent or guardian as applicable must assist a minor or any other person under legal incapacity, unless the relevant documents establishing capacity are produced or have been registered with the transfer secretaries.
7. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register) who tender a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
8. Proxies must be lodged at or posted to the Company or the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received not later than 09:00 on Wednesday, 18 November 2015.
9. Any alteration or correction made to this form of proxy other than the deletion of alternatives must be initialled by the signatory/ies.
10. The completion and lodging of this proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
11. The chairman of the meeting may reject or accept a proxy that is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
12. *If you have not dematerialised your shares and selected own name registration in the sub-register:*

    You may either attend the general meeting in person or complete and return the form of proxy in accordance with the instructions contained therein to the transfer secretaries.
13. *If you have dematerialised your shares through a CSDP or broker and registered them in a name other than your own name and wish to vote at the annual* general meeting:

    If you have already dematerialised your shares you must advise your CSDP or broker of your voting instructions on the proposed resolutions. However, should you wish to attend the general meeting in person, you will need to request your CSDP or broker to provide you with the necessary Letter of Representation in terms of the custody agreement entered into with the CSDP or broker.

CORPORATE INFORMATION

PRIMESERV GROUP LIMITED
Incorporated in the Republic of South Africa
Registration number 1997/013448/06
Share code: PMV
ISIN: ZAE000039277

REGISTERED OFFICE
25 Rudd Road, Illovo, Johannesburg
PO Box 3008, Saxonwold, 2132
Telephone: +27 011 691 8000
Telefax: +27 011 691 8011
www.primeserv.co.za
email: productivity@primeserv.co.za

COMPANY SECRETARY
ER Goodman Secretarial Services CC
(represented by E Goodman)
2nd Floor
Palm Grove
Grove City
196 Louis Botha Avenue
Houghton, 2198

LEGAL ADVISORS
DLA Cliffe Dekker Hofmeyr

Werksmans

SPONSOR
Deloitte & Touche Sponsor Services Proprietary Limited
Deloitte & Touche Place
The Woodlands
20 Woodlands Drive
Woodmead, 2196
Private Bag X6, Gallo Manor, 2052

BANKERS
FirstRand Bank Limited

Investec Bank Limited

AUDITORS
Baker Tilly SVG
Third Floor
3 Melrose Boulevard
Melrose Arch, 2076

TRANSFER SECRETARIES
Computershare Investor Services
Proprietary Limited
Registration number 2004/003647/07
70 Marshall Street, Marshalltown, 2001
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www.primeserv.co.za

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