PRIMESERV GROUP LIMITED
Integrated Report

2013

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>> ABOUT THIS REPORT

INTEGRATING REPORTING APPROACH

The Board of Directors of Primeserv are pleased to present its Integrated Report for the year ended 31 March 2013 to stakeholders, in accordance with the principles and practices contained in the King Code of Governance Principles for South Africa 2009 (King III).

The Integrated Report will provide a greater understanding of the Group's strategy, its business model and its major impacts across financial, economic, social and environmental aspects as well as insight into how the Group is managed.

The adoption of integrated reporting principles is a developmental and evolutionary process and it may take some years to fully implement these principles and achieve the desired level of reporting. This Report, nevertheless, offers stakeholders a more holistic view of Primeserv's operations and provides insight on both financial and non-financial matters.

The Board has considered and applied the principles and practices of King III relating to integrated reporting as well as the discussion paper of the Integrated Reporting Committee of South Africa in the preparation of this report to the extent possible in the year under review. As the concepts and practices of integrated reporting develop, management will aim to further improve disclosures and application as deemed appropriate.

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

Our full Integrated Report is available online at www.primeserv.co.za.

ASSURANCE, COMPARABILITY

The Integrated Report has not been independently assured this year. Primeserv has not yet formulated a combined assurance model over the Integrated Report and the integrated reporting process.

A combined assurance model is in the process of being formulated through the assessment of all internal and external assurances already in place (internal controls, internal audit, external audit) and aligning this with the Group's risk management process.

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

FEEDBACK REQUEST

Primeserv welcomes feedback from its stakeholders on the Integrated Report 2013. Please contact Primeserv on int13report@primeserv.co.za with any questions or queries on the Report.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report are forward-looking statements which Primeserv believes are reasonable and take into account information available up to the date of the Report. Results could, however, differ materially from those set out in the forward-looking statements as a result of, amongst other things, changes in economic and market conditions as well as changes in the regulatory environment. As a result these forward-looking statements are not guarantees of future performance and are based 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 or any member thereof or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statements above and below. Primeserv expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is 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 its responsibility to ensure the integrity of the Integrated Report. The Board has accordingly applied its mind to the Integrated Report and in the opinion of the Board the Integrated Report addresses all material issues, and presents fairly the integrated performance of the organisation and its impacts. The Integrated Report has been prepared in line with best practice pursuant to the recommendations of the King III Code. The Board authorised the Integrated Report for release on 26 September 2013.

For and on behalf of the Board

JM JUDIN
Independent Non-Executive Chairman

M ABEL
Chief Executive Officer

>> ORGANISATIONAL OVERVIEW

continued

PRIMESERV PROFILE

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

The Group focuses on delivering human resources (HR) products, services and solutions through its operating pillar, Primeserv HR Services. This incorporates two main areas of specialisation: Human Capital Development operating through two divisions, Primeserv HR Solutions and Primeserv Colleges*; and Human Capital Outsourcing operating through the Group's largest division, Primeserv Outsourcing.

These divisions provide a comprehensive HR value chain that can be applied through Primeserv's Int**HR**grate™ Model in its entirety or in modular form. These divisions encompass an extensive range of HR consulting solutions and services, corporate and vocational training programmes, technical skills training centres, an employee training academy, computer and business training colleges*, as well as resourcing and flexible staffing services, supported by payroll and wage bureau services and HR logistics outsourcing operations.

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

**Subsequent to the reporting date, Primeserv disposed of its interests in the Colleges' business.*

GEOGRAPHICAL FOOTPRINT

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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 and talent management services

HUMAN CAPITAL OUTSOURCING

PRIMESERV OUTSOURCING

PRIMESERV RESOURCING

STAFF DYNAMIX

Denverdraft

BATHUSI STAFFING SERVICES

EMPVEST OUTSOURCING

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

DISCONTINUED OPERATIONS

PRIMESERV COLLEGES

STANFORD COMPUTER & BUSINESS COLLEGE

WORKING WORLD COLLEGE

Technology-driven learning environment offering recognised and accredited computer and business programmes

>> ORGANISATIONAL OVERVIEW

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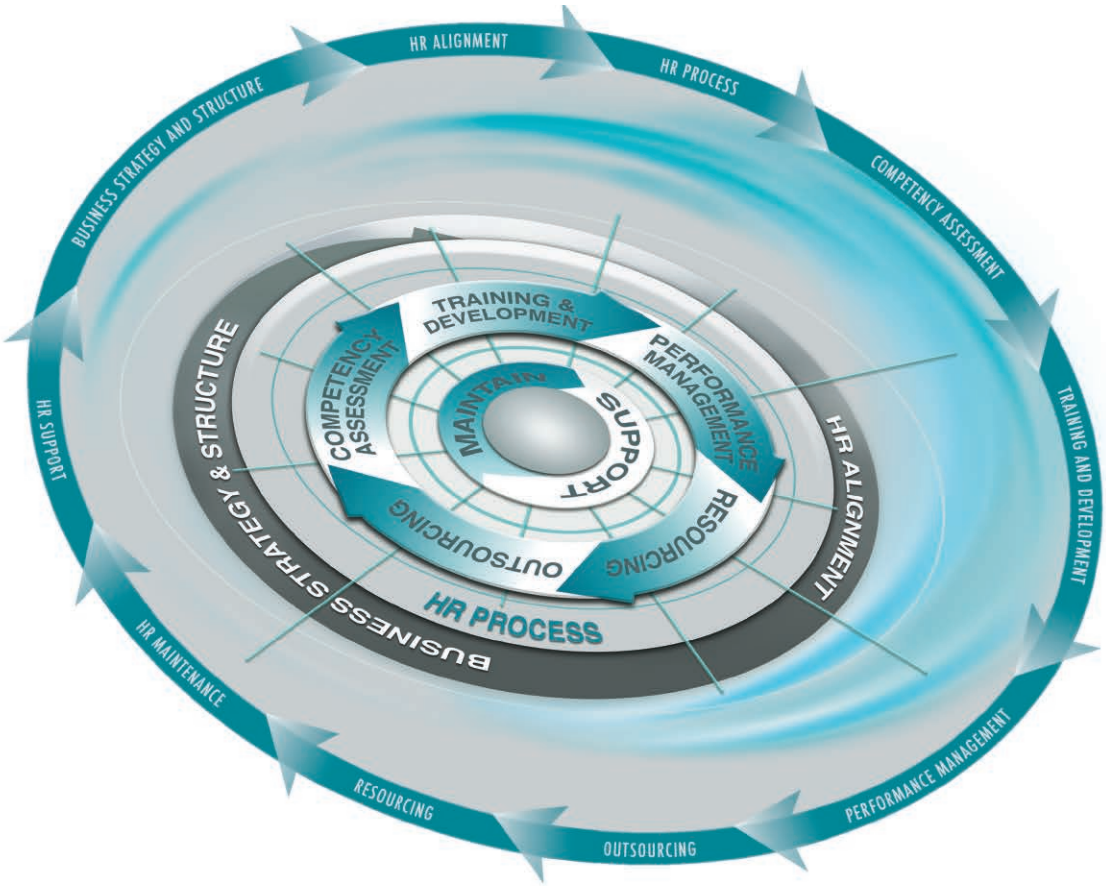
PRIMESERV'S INTHRGRATE™ MODEL

The Primeserv IntHRgrate™ Model differentiates Primeserv HR Services as a specialised operation providing 360° integrated or modular suites of benchmarked HR products, services and solutions. It enables Primeserv to unlock the entire HR process as a value driver in clients' businesses.



BACKGROUND AND CONTEXT

Primeserv is passionate about the contribution that human capital can and should make to the business strategy and capability of an organisation.

Worldwide, the HR function is playing an increasingly critical role as business partner, enabling companies to achieve their strategy through the most effective use of their primary resource – their human capital.

There is a clear evolution away from traditional, limited HR functions restricted to purely administration, payroll and legislative issues. In its increasingly important function as a business partner, HR is now making a vital strategic contribution to leadership, decision-making, succession planning and skills development.

Primeserv's HR Services is an acknowledged frontrunner in this evolution, partnering with its clients in identifying and developing HR strategies and processes which contribute to the achievement of their business strategies.

Primeserv's Int**HR**grate™ Model has been created around this central pillar of understanding the strategic and operational HR value chain. It adopts a 360° approach, providing a comprehensive suite of market-leading HR products, services and solutions which can be implemented on a modular or integrated basis to unlock the entire HR process as a value driver in clients' businesses.

>> ORGANISATIONAL OVERVIEW

continued

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

- one or more product or service modules from the full Primeserv range
- an integrated HR process involving two or more modules
- a fully outsourced HR service.

WHAT IS THE PRIMESERV INT**HR**GRATE™ MODEL?

HR ALIGNMENT WITH BUSINESS STRATEGY AND STRUCTURE

Business strategies are implemented to utilise all assets cost-effectively with the aim of attaining stated business objectives.

Key questions are:

- Where are we going and what do we want to achieve?

HR contributes to this goal by assessing, training and developing available resources for current and future needs, performance monitoring, resourcing, outsourcing and maintaining and supporting the organisation's human capital.

- What needs to be done with regards to human capital to achieve the business strategy?

The HR function should implement, measure and manage the entire HR value chain to ensure that an organisation has the human capital required to achieve its strategy.

HR PROCESSES

Results of human capital and the HR function can most effectively be measured tangibly when all HR processes are integrated.

- **Competency Assessment**

  The constantly changing business environment demands that people's skills and competencies be assessed continuously so that the business is fully aware of the output and value offering of its human capital at all times. Accurate assessment will ensure that the right people with the right competencies and skills are recruited for the right positions.

  Such assessment will enable identification and development of people with potential to meet career aspirations, aligning their development with future business needs through targeted training programmes.

- **Training and Development**

  Real business needs must dictate training and development. In addition, training and skills development interventions should meet the needs of the individuals concerned and, in the light of South Africa's own circumstances, be aligned with national imperatives in terms of continuous critical skills development.

- **Performance Management**

  Performance measures from strategic to operational levels are essential in tracking performance against business strategy to allow short-term remedial actions to be taken and adjust medium to long-term HR initiatives.

- **Resourcing**

  Profiled, assessed and competent permanent staffing is core to meeting an organisation's operational needs.

- **Outsourcing**

  The right skills in the right place at the right time in the right numbers are key to productivity and optimal operational performance. In the current business environment, flexible staffing solutions provide organisations with cost-effective, sustained staffing solutions which enable them to match staffing needs to operational requirements.

- **HR Maintenance**

  Efficient HR administrative systems will ensure that organisations meet their contractual obligations to their staff's overall satisfaction and ultimately their performance. These include payroll, reward and remuneration, health and safety and industrial relations.

- **HR Support**

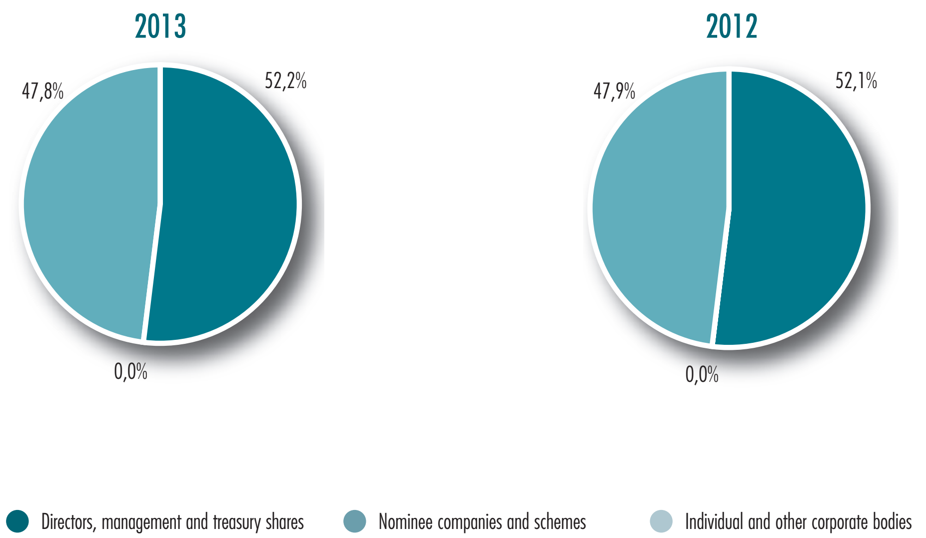
  Employee emotional wellbeing has a direct impact on performance.

Such wellbeing is managed and nurtured through effective career and succession planning, stress/burnout management strategies, individual coaching and counselling and related interventions and HIV/AIDS initiatives.

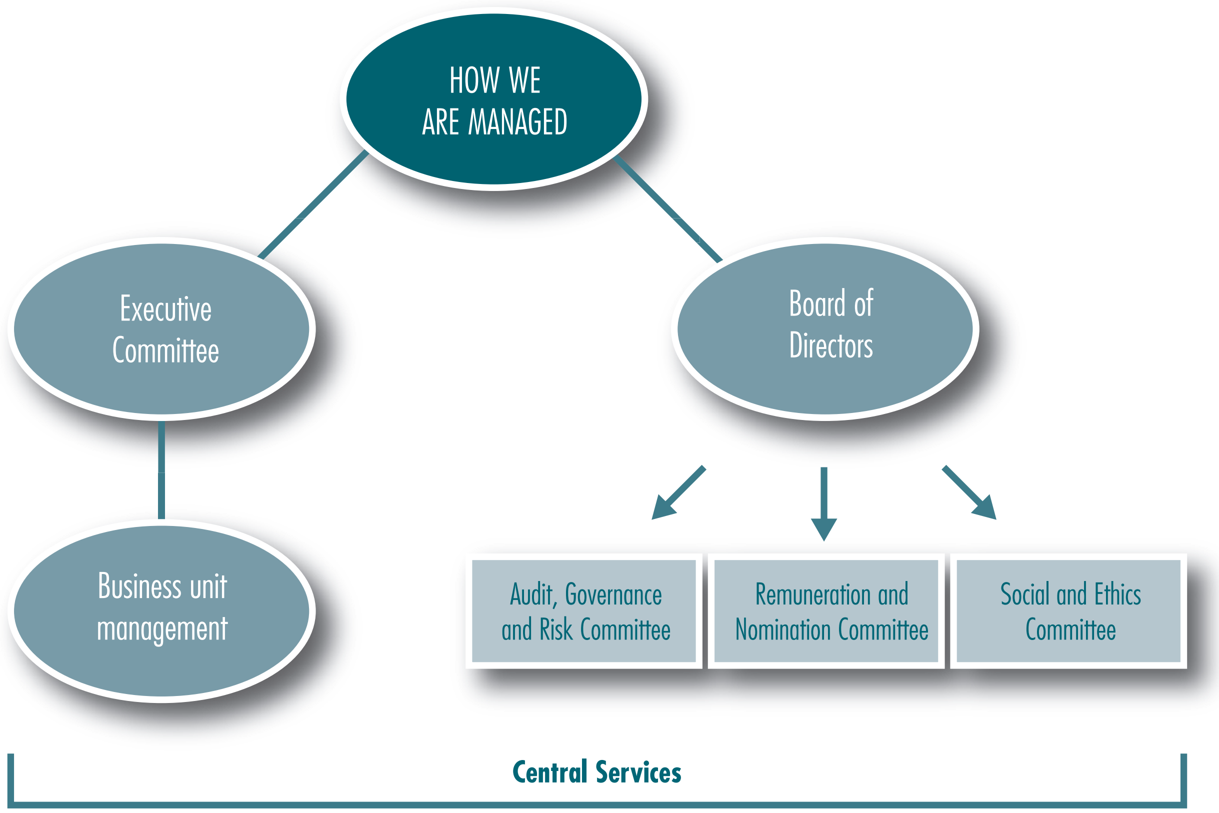
>> ORGANISATIONAL OVERVIEW

continued

OUR SHAREHOLDERS



HOW WE ARE MANAGED



>> ORGANISATIONAL OVERVIEW

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BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

J Michael Judin *
Independent Non-Executive Chairman
Dip Law
Appointed: August 1997

Michael is a director of Johannesburg-based law firm Goldman Judin Inc. He is legal adviser to and director of The American Chamber of Commerce in South Africa. He is a Non-Executive Director of Set Point Group (Pty) Limited and Nu-World Holdings Limited.

Prof Saul Klein ~ ^
Independent Non-Executive Director
BA (Econ), MBA, PhD
Appointed: March 1998

Saul is the Dean and Lansdowne Professor of International Business, Gustavsan School of Business, University of Victoria (Canada). Saul held the South African Breweries Limited Chair of International Business and was Professor of Marketing at the Wits Business School. He has also held academic appointments at leading universities in Canada, the USA, Singapore and Australia.

Letepe M Maisela * #
Non-Executive Director
BA Soc Sc
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). Letepe is currently Chairman of International Finance Group (IFG), the Harvard Business School Club Committee – South Africa and Underline Advertising Agency. He is also a director of The Limpopo Trade and Investment Agency, 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. He spent 41 years with Fisher Hoffman, a major national firm of Chartered Accountants. 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 a Non-Executive Director and Chairman of the Audit Committee of Super Group Limited.

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

Cleopatra is currently the General Manager, Office of the Chief Executive of Transnet Freight Rail as well as General Counsel on the Executive Board of the Union of African Railways UAR, a specialised agency of the AU, and a committee member advising the Executive Board of the International Association of Railways (UIC) in Paris. Cleopatra is the non-executive Chairperson of Gabcon and a non-executive director of Reutech and has vast experience in the regulatory environment as well as in specialised finance.

EXECUTIVE DIRECTORS

Merrick Abel #
Chief Executive Officer
BA (Hons), MBA
Appointed: August 1997

Director of numerous Primeserv subsidiaries. Since founding the Group in 1997 Merrick has served as CEO and was Executive Chairman from 2000 to 2003. He has over 26 years' local and international commercial 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 for seven years and has been a director of various of the subsidiary companies during that time. Prior to this he was the Financial Director of various other companies including Spanjaard Limited, a company also listed on the JSE.

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

Desmond is a founder member of Thoth Consulting CC, a tax and legal consultancy. He specialises in corporate, legal and tax advice. He is also a Non-Executive Director of ISA Group Limited and was appointed as 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*
^ *American*

>> STRATEGIC RESPONSE

STAKEHOLDER ENGAGEMENT

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 increased their shareholding in the Company.
Customers	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 offerings; meeting and exceeding their expectations. Ability to focus on their core activities whilst outsourcing key human capital requirements.	Stable major customer base. Organic growth at existing and new customers. Proactive identification of needs and timely resolution of queries. Evolution of services to meet the needs of the changing HR environment.
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 climate surveys are conducted to assess employee satisfaction and areas of concern.	Fair remuneration and working conditions. Skills development. Career path management. Performance management and constructive engagement and intervention.	Staff motivation. Staff retention. No industrial action and improved relations with employees. Skills development. Experienced staff. Stable management team.
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 on nurturing AIDS orphans.	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.

>> STRATEGIC RESPONSE

continued

RISKS, OPPORTUNITIES AND STRATEGY

RISK MANAGEMENT

The Board recognises that risk management is an ongoing 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 aims to ensure:

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

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

Key challenges	Control and/or mitigation strategy
Uncertainty regarding regulation in the TES industry.	The ongoing much politicised and publicised debate between government, business and organised labour, in regard to the banning or increased regulation of the TES/labour broking industry, appears to have culminated in government's view that increased regulation, not banning, is imminent. In anticipation of an environment of increased labour law legislation, Primeserv decided to maintain, and in some instances, increase its infrastructure in order to maintain market-leading client-centric services. Primeserv is of the view that the impending labour legislation will favour the larger and more reputable TES providers who have the necessary HR/IR and IT infrastructure and are capable of meeting the demands of a strictly regulated environment. As part of its response to the regulatory issues facing its TES businesses, the Group has aligned and evolved, where required, its products and services to meet current and anticipated market requirements.
Attracting and retaining senior HDIs.	Customised learnerships and training programmes are used to develop senior HDIs. Recruitment and retention strategies have been implemented to attract and retain personnel.
Skills shortages.	Most businesses in the Group continue to be affected by skills shortages and investment is made in employee up-skilling. A dedicated unit, Primeserv Employee Training Academy, has been established to facilitate the process of skills development.
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.
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. To assist this process, the Group's Transformation Committee's terms of reference has been changed and the Committee has been renamed the Social and Ethics Committee with one of its key areas of responsibility being 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.

>> STRATEGIC RESPONSE

continued

STRATEGY

Leveraging the Primeserv HR Services value chain to achieve a sound and sustainable return on investment is driven by three core strategies:

- to establish a strong statement of financial position which facilitates organic and acquisitive growth opportunities;
- to invest in intellectual capital and a strong and experienced management team; and
- to secure and maintain both daily and long-term contractual business to deliver real long-term earnings growth.

Continued transformation of the organisation through employment equity and skills development and increased BBBEE equity ownership underpins the Group's BBBEE strategy.

The Group is committed to:

- frequent and meaningful interaction with clients to align product and service offerings with client needs;
- further improving its knowledge of market dynamics and adapting its products and services to effectively service these markets;
- delivering economically measurable value;
- investing in HR products, services and operating facilities in a sustained and focused manner;
- expanding its client base and market reach;
- ensuring effective resource allocation, containment and maximising efficiencies;
- promoting strong values and a performance-driven organisational culture in a nurturing working environment;
- extending its presence in southern Africa to meet clients' needs as they expand into the region;
- maintaining its key competitive advantage by expanding internal capability and promoting innovation;
- enhancing the Group's leadership position in HR consulting, skills development and flexible and permanent staffing services while evolving its integrated HR services model to meet a changing labour environment;
- diversifying its product and service streams within the HR Services environment and reducing dependency on any single operating pillar;
- enhancing effective BBBEE internally and externally; and
- becoming the integrated HR services provider of choice.

STRATEGIC REVIEW

South Africa's history created a unique socio-political environment with an imperative transformation need, at all levels of society and the economy, which is reflective of the population mix of the country. Within this environment, skills development and training have been identified as a national priority and it is these objectives that offer Primeserv an opportunity to develop and deliver meaningful and sustainable value-add to a multitude of clients. The Group's suite of HR products and services, offered through its Int**HR**grate™ model, provides a comprehensive range of solutions suited to deliver required skills and services to where they are most needed.

The Group continues to utilise technology wherever practicable to enhance the delivery of its services. Technology aligned to field service excellence is seen as a key enabler of premium client-centric service delivery. Technology is being utilised to drive efficiencies. Various benchmarking processes are also used to ensure that the products offered are aligned with the needs of clients generally, all in accordance with international best practice. Primeserv strives to maintain its reputation as a supplier of choice addressing the HR/IR needs of clients.

Given the significance of the current status of the labour environment, the Group is represented in a number of industry bodies, both to project its own advice as well as to garner an understanding of the latest trends regarding legislation and regulation. These representations allow the Group to rapidly adjust its operational structures to conform to the latest developments.

Partnering with Primeserv allows organisations to effectively free up and flex 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 resulting volatility of staff demands, Primeserv's client focused and customised HR products and services are key tools enabling business success.

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

South Africa's complex socio-political make-up and legacy have resulted in complex human capital challenges for business, as authentic diversity within the workplace with effective transformation and transformation reporting mechanisms at all company levels to meet BBBEE targets, is required. Skills development and the advancement of equity-based employment must therefore take place within the wider context of the national transformation agenda to ensure sustainable business.

Primeserv's primary focus on the human capital industry has directed its strategy to position all its operational divisions as market-driven and client-centric. The Group has, in response to market needs, developed an integrated

>> STRATEGIC RESPONSE

continued

HR value proposition able to cater to the unique South African human capital environment.

Primeserv's Int**HR**grate™ model is the central platform supporting Primeserv HR Services, the Group's primary operating component. The Int**HR**grate™ proprietary service offering effectively differentiates Primeserv in the industry. Ongoing internal re-appraisal and evaluation processes ensure effectiveness in the fluid and dynamic market sphere within which the Group operates, thereby keeping the Int**HR**grate™ model relevant to changing 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™ modular structure enhances its value proposition.

Globally businesses are evolving away from limited, internally-focused human capital solutions to comprehensive, outsourced human capital management. Locally, impending changes to labour legislation with heightened levels of complexity and administrative burdens will further increase the need for specialist outsourced capabilities. Through Primeserv's modular approach to HR, local companies are exposed to global human capital management trends as well as being guided on legislative changes, the implications thereof, and the most effective ways of managing HR.

The Group's operational and technical expertise and its practical understanding of complex local operating and legislative structures have resulted in the development of long-term relationships with clients who entrust the majority of their human capital requirements to Primeserv – and who continue to gain quantifiable benefits as a result therefrom.

>> PERFORMANCE REVIEW

CHAIRMAN'S REPORT

It gives me pleasure to present Primeserv's third Integrated Report. Primeserv, as a responsible corporate citizen, endorses the strategic reporting methodology of disclosure on economic, social and environmental indicators. The integration of triple bottom line reporting across the Group is an evolving process and the Board's aim is to enhance it in a holistic manner to stakeholders.

The economic environment has displayed few signs of emerging from what has become a prolonged global recession. This, coupled with the political and regulatory pressures facing the Temporary Employment Services (TES) industry, resulted in challenging trading conditions for the Group's operations during the year under review.

While the ongoing debate regarding the future of the Temporary Employment Services industry has by and large been addressed at NEDLAC and government, there remains some pressure on government from organised labour to impose stricter conditions in the industry.

Primeserv maintains the view that the impending labour legislation will favour the larger and reputable TES providers who have the necessary HR and information systems infrastructures capable of meeting the demands of a strictly regulated environment.

The Group's major operating segment, Human Capital Outsourcing, delivered a solid set of results, confirming the sustainability of its business model even under trying economic conditions. During the year the Group's TES operations also experienced some changes in revenue levels between clients with higher margins to those with lower margins in differing industry segments. The profitability generated by Human Capital Outsourcing was unfortunately offset by the losses incurred in the discontinued Colleges division, which resulted in an overall loss this year. The Colleges division was disposed of in May 2013. The Group incurred some start-up costs with the establishment of a specialised permanent resourcing and talent management unit, as well as costs relating to the continued delivery of various learnership programmes, which are anticipated to benefit the Group in the year ahead. During the second half of the year, the Human Capital Outsourcing segment's revenue and gross profit were adversely affected by prolonged industrial action at a national client, which also resulted in the incurrence of certain once-off costs specific to this action. As part of its ongoing cost management and efficiency focus, the Group has implemented a programme of reorganisation and centralisation, particularly in its back-office environment, so as to enhance its competitive position. Extraneous expenditure was incurred through this process. The Board anticipates a return to overall profitability and improved working capital management during the 2014 financial year as the refinement of the Group's business model with a renewed focus on its core operations materialises.

The Statistics SA Quarterly Labour Force Survey revealed that the number of unemployed increased to 4,7 million in the second quarter of 2013, the highest figure in the survey's five-year history.

The World Economic Forum's Global Competitiveness Report 2012 – 2013 ranked South Africa 52nd this year, with the country remaining the highest-ranked country in sub-Saharan Africa and the third-placed among the BRICS economies. It stated that for South Africa to further enhance its competitiveness, the country would need to address some weaknesses. South Africa ranked 113th in labour market efficiency (a drop of 18 places from the prior year), with rigid hiring and firing practices (143rd), a lack of flexibility in wage determination by companies (140th), and significant tensions in labour-employer relations (144th). In order to better develop the country's innovation potential, the university enrolment rate would have to increase. Combined efforts in these areas would be critical in view of the country's high unemployment rate of almost 25 percent in the second quarter of 2012.

Primeserv's offering, which prioritises job creation and employment, underpinned by skills development programmes and learnerships are all factors that play an important role in the future sustainability of South Africa.

Research has shown that on average over 30% of temporary employees evolve into permanent employment. Primeserv, through its placement of temporary staff, plays a pivotal transformative role as temporary staff is often placed in their first jobs, skills are transferred, and thereby they are enabled to enter the permanent job market, with the consequential advantages to the economy and the individuals employed.

The success of transformation initiatives is critical to the economic, environmental and social sustainability of the country. Primeserv's commitment to transformation is embedded in the culture of the business. The Board has established a platform of responsible corporate citizenship and management has aligned its sustainability reporting processes with emerging global reporting standards and in accordance with the Global Reporting Initiative's guidelines. The Group is committed to enhancing its sustainability management protocols and to increase the visibility of its broader sustainability initiatives.

In order to address the issues relating to the ownership element of the balanced scorecard, and as part of Primeserv's ongoing BBBEE initiatives, the Board has adopted a phased approach to a new and enhanced BBBEE ownership participation structure.

Primeserv has intensified its focus on the core business operations of the Group, following the disposal of the Colleges businesses. Key areas to be addressed in the year ahead include optimised working capital management, lower gearing levels and growth and diversification of revenue streams.

I wish to express my appreciation to my fellow directors for their dedication and commitment to the Group. To our CEO, whose leadership, insight, experience and passion for Primeserv has steered us through challenging times, and our team of executives, management and staff, thank you for your contribution during the past year.

J MICHAEL JUDIN
Independent Non-Executive Chairman

>> PERFORMANCE REVIEW

continued

CEO'S REPORT

The year under review was one of contrasting opportunities and challenges. Given the subdued and erratic economic environment which continued to hamper the South African economy, the Group experienced both positive and testing aspects to its business operations. The Group's largest and primary operating component, Primeserv Outsourcing, delivered a profitable set of results notwithstanding its reorganisation around a centralised operating platform and despite costly industrial action in its last operating quarter. The Group was, however, severely affected by the discontinuation of its Colleges business which resulted in an overall loss being incurred for the year. What was pleasing, nevertheless, was that given the ongoing negativity around the labour broking (TES) industry throughout the year under review, the Human Capital Outsourcing segment remained solidly stable and profitable, and continued to deliver service excellence to its clients. It remains well positioned to benefit from both improved economic and industry conditions in the future.

Primeserv further solidified its market position as a human capital provider and partner to major South African and international organisations.

The Group's move to a centralised back office platform supporting a national footprint of delivery capability, focused on customer-centric services, was positively received by clients. This reorganisation whilst costly was undertaken to improve efficiencies and also to proactively position the Group to better deliver its services to clients in regard to impending changes to labour legislation.

INT**HR**GRATE™ MODEL

The Int**HR**grate™ Model is a key Primeserv market differentiator. Developed by Primeserv to enable and provide a comprehensive suite of business to business HR products, services and solutions. The Int**HR**grate™ Model has been implemented in both modular and complete format at various clients and across many industry sectors.

Seeking constant innovation in the human capital landscape, Primeserv is differentiated by its integrated processes of delivering on relevant human capital products, services and solutions, through continuously refining the Group's offering and supporting its delivery in the marketplace with the development of strong organisational systems and structures.

Due to Int**HR**grate's™ modular structure, both the client and Primeserv are able to align appropriate human resources and industrial relations strategies to deliver superior productivity and performance, across all tiers of an organisation.

ECONOMIC CONTEXT

The South African and the global economies are battling to grow and create jobs following a damaging recession whose effects continue to be felt. According to the South African Reserve Bank, South Africa's economy is expected to grow by 2% in 2013 compared to 2,5% in 2012.

In the first quarter of 2013, GDP rose by a mere 0,9% quarter-on-quarter, annualised (seasonally adjusted), against expectations for growth of around 1,6% quarter-on-quarter. Overall, South Africa has now experienced 15 consecutive quarters of positive but weak growth, following the recession in 2008/2009. It is concerning that the recovery has not been robust enough to lead to widespread job creation. Employment remains 460 000 jobs below the peak achieved prior to the financial market crisis *(source: Stanlib)* The economic slowdown and existing labour regulations have resulted to a large degree in South Africa's labour market's inability to generate sufficient jobs, especially for the youth and unskilled workers. The relationship between economic growth and employment creation seems to be lagging further.

OUTPUT AND EMPLOYMENT

Year-on-year employment increased by 2,0% (274 000), unemployment increased by 5,7% (254 000), the number of discouraged work-seekers increased by 2,3% (54 000) and other (not economically active) decreased by 1,0% (132 000) resulting in a net decrease of 0,05% (79 000) in the not economically active population *(source: Quarterly Labour Force Survey, Statistics SA)*.

South Africa's labour productivity has been declining steadily since 1995 and is currently at a 50-year low. Mining sector labour unrest has made a major dent in productivity and had an equally negative effect on unemployment figures. Since the start of the mining sector labour unrest South Africa's labour law has come under fire for being too worker-friendly, allowing unions to push for uncompetitive minimum wage requirements. This is adding to the misalignment between wage increases and labour productivity. Low levels of labour productivity remains among the most binding constraints on economic growth and on South Africa's international competitiveness.

Measures to increase levels of labour productivity would include the development of education as a long-term solution. The goals of the National Development Plan would be enhanced through the support of an engaged private sector, whose role should be seen in the context of a wider dialogue in which labour, civil society and government participated.

Skills development is an important strategic indicator as productivity levels relate directly to the skills levels of the country's workforce. The nucleus of future economic growth in South Africa is a strong transformational foundation, with particular focus on blue collar skills through a concerted drive from both the public and private sectors.

Success in the key area of skills development and labour force education will provide an effective platform from which to deal with some of the major areas of focus within the national economy, such as workforce capability and productivity, crime and the costs to business of HIV/AIDS and tuberculosis.

While Primeserv is both a direct and indirect beneficiary of various national capital initiatives, it will nonetheless, like most other South African companies, have to trade in an anticipated lethargic economic environment over the medium term.

TEMPORARY EMPLOYMENT SERVICES

According to the Labour Market Performance Report for the third quarter of 2012, released by the University of Cape Town, the initial market recovery observed in 2012, is faltering. The unemployment rate stands at 33,8%, which is at least 7 percentage points higher than the pre-recession rate of 26,6%, as measured at the end of 2008.

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About one million jobs were lost in South Africa during the recession, of which about 600 000 have been recovered since the country emerged from the economic meltdown. Low levels of economic growth have weighed on job creation. Improving employment creation requires a functional labour market.

During the latter part of 2012 employment fell sharply, declining at an annualised rate of 0,8%, causing the economy to shed jobs. Aside from the informal sector, the TES industry continued to create jobs, especially for skilled workers, where demand continues to be strong.

The Centre for Development and Enterprise recently released research outlining the importance of the role of the regulated TES industry within the economy. In short, the research indicates that 61% of the companies polled, utilise TES providers to manage peaks in demand, while 48% make use of such providers for contingent labour needs. In this context, 29% of domestic employment is of a temporary nature, of which at least 26% are engaged through TES providers.

Temporary Employment Services (or generally known as labour broking) is the fastest growing sector of the South African labour market. Labour brokers constitute a multi-billion Rand industry employing around 19 500 internal staff and just over 1 000 000 agency workers (temporary staff). In other countries, where labour brokers are called private employment agencies, the industry employs 741 000 internal staff and assign nearly 20 million agency workers in an industry worth R2,3 trillion globally. Agency work now constitutes 7,5% of total employment in South Africa, and it is likely to grow further. In countries with similar levels of economic development, temporary work represents between 12% and 19% of total employment.

The use of labour brokers is overwhelmingly connected to peaks in demand and filling-in for absent employees. Temporary workers or assignees are not substitutes for permanent workers: they play different roles, connected to one or other cycle in the production process, that leads to variable demand for labour.

The TES industry has long advocated the need for specific regulation to govern this sector. As a founder member of CAPES and a member of BUSA, Primeserv is committed to regulation that is fair, effectively enforced and that especially recognises the dynamic nature of the current labour market. In this regard, Primeserv regularly engages not only at the NEDLAC level of negotiations, but also with a broad range of stakeholders, in order to identify opportunities to create such a regulatory framework.

Business, in order to remain competitive, is increasingly choosing to outsource non-core functions, as well as engage specific skills for specific projects. The nature of these employment relationships varies, but most still can be defined as atypical.

To effectively manage the sourcing, recruiting and administering of flexible labour, business is increasingly looking to and will in the future continue to look to the larger, more reputable TES specialists, such as Primeserv, to meet their staffing needs.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

The Group continued to focus on a number of the more broad-based aspects of the BBBEE generic scorecard, where its ownership credentials at the subsidiary level are satisfactory. Initiatives pertaining to skills development, preferential procurement, enterprise development and socio-economic development were explored and implemented. The successful development of an authentically empowered and diverse Group staff complement is a key focus point of Primeserv's transformation strategy.

The Group's BBBEE measurement in relation to the measured entities in the Group has improved in the current year with scores ranging between 1 and 4. The scorecards for individual Group entities are posted on the Group website, www.primeserv.co.za for review and direct access by clients and suppliers.

CORPORATE CITIZENSHIP

The Board is committed to the principles of openness, integrity and accountability and to the provision of timeous, relevant and meaningful reporting to all stakeholders. They accept their duty to ensure that the principles set out in the King Report of Corporate Governance for South Africa – 2009 (King III) are implemented.

Salient features of the Group's corporate governance policies and procedures as well as on sustainability are recorded on pages 21 to 26 and pages 29 to 33 of the Integrated Report 2013.

DIVIDENDS

No final dividend is proposed for the year under review.

The Board will continue to consider the resumption of dividend payments at the close of each reporting period, but it is anticipated that in the short term, dividend payments will not be resumed due to the expected increased working capital requirements of Group operations attributable to improving revenues anticipated out of the evolving TES environment.

PROSPECTS

Primeserv's strategy is that of an investment holding company in the services industry. The Group's overriding strategic imperative is to achieve sustainable growth through its existing staffing, skills development and HR consulting operations, as well as through the diversification of its revenue streams through a series of corporate activities.

Substantial cost reduction programmes have been undertaken which will have a meaningful impact on the Group's performance in the next 24 months.

The centralisation process undertaken during the year under review and consequent rationalisation of costs that create a more streamlined, efficient and operationally effective organisation will provide a long-term sustainable platform for the future.

The improved focus on the Group's core business operations, following the disposal of the Colleges business, should enable the Group to continue to optimise working capital management, reduce gearing and grow its revenue. Opportunities to scale up the business are currently being evaluated.

This general forecast has not been audited nor reported on by the Company's auditors.

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ACKNOWLEDGEMENTS

Thank you to all our shareholders for their continued support during the year, and for partnering with Primeserv in pursuit of mutually beneficial and sustainable outcomes.

Thank you to our Chairman, and our Board of Directors for their unwavering commitment, guidance and enthusiasm for the Group.

A special thank you to all our employees for their efforts in servicing our business and our clients' needs with such dedication and passion.

We look forward to the year ahead with vigour and optimism.

M. Abel

MERRICK ABEL
Chief Executive Officer

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FINANCIAL DIRECTOR'S REPORT

Revenue from continuing operations increased by 8% from R579,3 million to R623.0 million. Gross profit from continuing operations decreased from R91,1 million to R84,3 million.

	2013 R'000	2012 R'000	Variance R'000	Variance %
REVENUE – Including Discontinued Operations				
Human Capital Outsourcing	**592 841**	552 309	40 532	7
Human Capital Development	**62 052**	60 836	1 216	2
Total	**654 893**	613 145	41 748	7
REVENUE – Continuing Operations				
Human Capital Outsourcing	**592 841**	552 309	40 532	7
Human Capital Development	**30 167**	27 035	3 132	12
Total	**623 008**	579 344	43 664	8
GROSS PROFIT – Continuing Operations				
Human Capital Outsourcing	**68 686**	69 894	(1 208)	(2)
Human Capital Development	**15 576**	21 181	(5 605)	(26)
Total	**84 262**	91 075	(6 813)	(8)

As is evident from the tables above, the Group has managed to grow its revenue from continuing operations albeit at reduced margins. The growth is in terms of a long-term strategy to develop market share whilst leveraging the fixed operational costs in order to achieve net profit growth. There has also been a swing from higher margin clients to some with lower margins across different industry segments. The Group has incurred costs relating to the centralisation of the back-office administrative and payroll operations (particularly within the Human Capital Outsourcing segment). The greater part of the centralisation process has now been completed with only a few of the smaller areas remaining to be finalised.

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DEPRECIATION AND CAPITAL ADDITIONS

During the year a total of R1,1 million was spent on capital additions across the Group, mainly for computer equipment and training and course material. Depreciation for the year was R1,6 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 was R4,4 million compared to R8,7 million for the prior year.

The operating profit of the Group's largest segment, Human Capital Outsourcing, was R20,2 million for the year under review while that of the Human Capital Development segment was a loss of R7,9 million compared to a loss of R1,2 million for the last financial year. Central Services has continued to contain costs and its net operating costs were R13,6 million compared to R13,5 million in the comparable period.

ASSOCIATE COMPANY

The Group's share of profit of the associate company, Bathusi Staffing Services Proprietary Limited, was R0,03 million for the year, a turnaround from the loss of R1,4 million in the last financial year. A further improvement in Bathusi's profitability is anticipated for the year ahead.

PROFIT BEFORE TAXATION

Profit before taxation from continuing operations was R2,9 million, down from the R6,9 million earned in the prior year. The costs associated with learnership programmes have been taken against operating profits albeit that the benefits are measured against the Group's tax line, as can be seen from the tax "income" for the year (see paragraph below).

TAXATION

The Group invested significant resources in various learnership programmes over the last number of years. The cost associated with these programmes has increased operating costs, but has had the benefit of tax allowances which have had the effect of negating the Group's tax costs in the current year with further benefits anticipated for the next financial year as learners complete their learnerships and completion allowances become available.

DISCONTINUED OPERATIONS

Subsequent to the year-end, the Group disposed of the non-core loss-making Colleges division and in so doing has avoided concomitant closure costs and other ongoing commitments to learners registered with the business. The effects of the discontinued operation are separately disclosed in the financial statements in note 6 on page 51. The net after tax effect for the year was a charge of R9,0 million compared to R1,0 million for the past year. As a further consequence of the disposal some comparative amounts have been adjusted to reflect the separation of the results of the discontinued operation from those of the continuing operations. This has affected, inter alia, revenue, cost of sales and gross profit as well as the related notes.

EARNINGS PER SHARE

The earnings per share and diluted earnings per share from continuing operations decreased from 8,90 cents to 5,35 cents. Overall earnings per share decreased from a profit of 7,88 cents per share to a loss of 4,26 cents per share. Similarly, headline earnings per share and diluted headline earnings per share from continuing operations decreased from 8,90 cents per share to 5,28 cents per share while that for the overall Group decreased from a profit of 7,88 cents per share to a loss of 3,05 cents per share.

DIVIDENDS

As part of a programme to reduce the overall level of borrowings and gearing, the Group did not pay a dividend during the year. Net cash will be preserved to fund any growth opportunities that present themselves.

SEGMENTAL ANALYSIS

The segmental analysis describes the relative performance of the main operating sectors of the business, including that of Central Services. Revenue in the Human Capital Outsourcing segment grew from R552,3 million to R592,8 million, while that of the Human Capital Development segment increased from R60,8 million to R62,1 million. Operating profits in the Human Capital Outsourcing segment were marginally down when compared with the prior year. During the year under review the Group incurred costs relating to the reorganisation and centralisation of the back-office functions away from the regions, which mainly affected the Group's largest segment, Human Capital Outsourcing. The Human Capital Development segment's results include a loss before tax of R7,3 million directly attributable to the discontinued Colleges operation as well as R1,1 million in start-up costs, relating to a new permanent recruitment and talent management business.

STATEMENT OF FINANCIAL POSITION

The Group's statement of financial position remains relatively unchanged when compared to the last financial year. While the investment in trade receivables have increased from R86,6 million to R92,2 million, the average days sales outstanding have remained at 45 days. Trade payables have also increased, growing by R3,9 million from R30,4 million to R34,3 million. The overall level of borrowings at year-end increased by R1,2 million from R40,6 million to R41,8 million. The overall gearing at 55% is higher than optimal, but a return to profitability with a continuing focus on effective working capital management should give rise to a decrease in the level of gearing. The growth in the revenue of the associate company, Bathusi, from R32,3 million in 2012 to R49,8 million for the year under review has led to an increase in its investment in working capital and hence a concomitant increase in the Group's loan to the business.

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CASH FLOW

Cash flows relating to operating activities was a negative R1,9 million of which the largest component, excluding the flows attributable to the discontinued operation, was the increase in working capital of R0,7 million. Cash flow attributable to investing activities was an outflow of R2,4 million, relating to the acquisition of equipment and training materials as well as the increase in the loan to Bathusi.

CONCLUSION

The results from continuing operations are indicative of a sustainable performance, especially given the top line growth achieved in the Human Capital Outsourcing segment despite challenging market conditions. Improved cash flow in the year ahead is anticipated in line with an improvement in operating performance and results.

RAPHAEL SACK
Financial Director

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REVIEW OF OPERATIONS

HUMAN CAPITAL DEVELOPMENT

The segment's revenue increased by 2% from R60,8 million to R62,1 million, including R31,9 million attributable to the discontinued Colleges business. The segment recorded an increase in its overall operating loss from R1,2 million to R7,9 million with the discontinued Colleges business incurring R7,3 million of the loss before tax. Continuing operations within the segment recorded an operating loss before tax of R1,6 million which includes relatively substantial start-up costs of around R1,1 million for a specialised permanent recruitment and talent management unit, as well as costs relating to the delivery of the various learnership programmes which are anticipated to benefit the Group in the year ahead. An improved performance is expected from this segment's continuing operations.

PRIMESERV HR SOLUTIONS

The Primeserv HR Solutions division incorporates the Human Capital Consulting (HR Consulting) and Skills Development (Corporate Training and Technical Training) focus areas which provide the framework for the Group to deliver against the Primeserv's Int**HR**grate™ Model. To this has been added a spesialised recruitment and talent management unit, which is in its development phase.

HUMAN CAPITAL CONSULTING

The current range of HR consulting services, aligned to Primeserv's Int**HR**grate™ Model, includes:

- Business Strategy and Structure workshops
- HR Strategy and Structure workshops to include Learning and Development, Talent Management, and the like
- Business, Functional/Divisional, and Job/Role Profiles
- Competency and Psychometric Assessment
- Skills Audits and/or Training Needs Analysis
- Designing and Development of Customised Learning Interventions
- Performance Management Processes, Job Evaluation and Grading
- Remuneration and Reward Systems and Processes
- Process Flow – Policies and Procedures
- Surveys – Working Climate, Ethics, BBBEE
- IR Consulting Support
- Absenteeism Support and Training Programmes
- Occupational Safety, Health, Environment and Quality Consulting
- Employee Assistance, Consulting and Support Programmes
- HIV/AIDS Support Programmes
- BEE Advisory Support

During the year under review Human Capital Consulting services increased its involvement with client organisations through an expanded offering in support of the clients' business strategies.

SKILLS DEVELOPMENT

The Skills Development unit's product and service offering was refined to include:

- structured qualification based learning and development interventions, including an expanded range of learnerships;
- flexible modular contact sessions to enable private/individual learners (not sponsored by any employer) to obtain full qualifications;
- further expansion into the Wholesale and Retail Operations arena;
- introduction of an NQF Level 1 foundational qualification – Business Practice; and
- the systematic integration of the two training units – Corporate Training and Technical Training – into one Learning and Development unit.

Accredited course offerings are aligned to qualifications ranging from NQF Level 1 to NQF Level 5.

The core categories of learning and development interventions comprised accredited or non-accredited courses and workshops, with key offerings in the areas of:

- Business Practice
- Contact Centre and Marketing
- Wholesale and Retail Operations
- Business Administration
- Generic Management
- OD-ETDP
- Project Management
- Lifting Machinery Operations
- Heavy Plant and Equipment
- Driver Training
- Health and Safety Training
- Construction Training
- Specialised Customised Training

The unit is accredited with:

- SSETA, ETDPSETA, TETA, CETA, HWSETA, and has numerous MOU's in place.
- DHET accreditation obtained: Primeserv Corporate Solutions (Pty) Ltd (Provisionally registered with DHET Registration No: 2011/FE07/064).
- Department of Labour (DOL) and Department of Transport (DOT).

The unit's options for training include:

- extensive public course schedule, offered on a national basis, structured for small to medium-size clients, or those unable to release large numbers of learners at one time;

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- customised in-house interventions;
- purchase the programmes/train the trainer and/or license agreements, structured for clients that have built their own internal training and assessment capability;
- qualifications: structured modular learning interventions to obtain a full qualification, suited for private/individual learners; and
- learnerships: structured for clients who are able to offer a workplace site for practical training for employed or unemployed learners.

Corporate Training unit

During the year under review, the Corporate Training unit trained 3 086 (2012: 3 180) learners.

The product spread offered by the Corporate Training unit included Business Practice, Contact Centre and Marketing, Business administration, OD-ETDP and Project Management. The unit expanded its offering into the wholesale and retail sector during the year under review.

The Qualification/Learnership focused strategy has yielded results with a total number of learners participating in Qualification/Learnerships of 902 (29% of the total number of learners). This included 517 unemployed and employed learners which were sponsored by employers (17% of the total number of learners) and 385 learners from the Human Capital Outsourcing segment which consisted of full-time employees and outsourced contract staff (12% of the total number of learners). This project was managed by the Primeserv Employee Training Academy.

Technical Training unit

During the year under review, the Technical Training unit trained 7 734 (2012: 10 973) learners.

The Technical Training unit's product spread includes Heavy Plant and Equipment, Lifting Machinery Operations, Driver Training, Health and Safety, Construction Training and Specialised Training.

The expanded national footprint strategy of the Skills Development unit has yielded positive results with a broader, national geographical spread of learner participation.

COLLEGES – DISCONTINUED OPERATIONS

Primeserv Colleges' operating components are the Stanford Business and Computer College and Working World College brands. These colleges provide a technology-driven learning environment with face to face training and learning interaction and support. The Colleges' primary learner population is made up of historically disadvantaged learners and learners from economically disadvantaged circumstances seeking the skills necessary to enter the formal job market.

The Colleges business was evaluated to be non-core to the products and services rendered by the Primeserv Group and therefore has not been considered as a component of the Group's long-term growth strategy. Legislative pressures have over a period of time been imposed on the FET environment and have impacted businesses operating in this arena. Given its poor operating performance in recent years and to mitigate losses in this unit, Primeserv disposed of its interests in the Colleges businesses in May 2013. An exclusive commercial product partnership was entered into with the purchaser of the business with its purpose being the creation of a shared learner environment. The partnership offers Primeserv the opportunity to maintain this particular skills development service offering to its clients, where the need arises, without an ownership requirement of the entity.

HUMAN CAPITAL OUTSOURCING

Revenue for the segment increased by 7% from R552,3 million to R592,8 million. When revenue from Bathusi is taken into account, the overall revenue for the year increased by 10% from R584,0 million to R642,6 million. Operating profit for the division was consistent at R20,2 million compared to R20,4 million in the prior year. The debtors' days outstanding of 42 days at year-end are in line with the prior year's debtors' days outstanding of 40 days. The debtors' days outstanding has been affected by delays in receipts from a few large clients who settled soon after year-end. Revenue and gross profit in the second half of the year were adversely affected by prolonged industrial action at a national client. This also resulted in the incurrence of certain once-off costs specific to this action. The performance of the "white collar" professional draughting and engineering staffing unit was stable but is still dependent in the main on major infrastructure projects, as is the division's mega-project wage bureau unit. Performance within the "blue collar" flexible staffing units which are largely involved in the logistics, warehousing and distribution, and industrial manufacturing and construction and engineering sectors, has remained solid, with some signs of growth emerging. Bathusi showed a steady improvement across the year, but experienced a surge in revenue in the last two months of the year with a corresponding increase in working capital requirements and thereby an increase in the Group's investment in the business. Operating costs are expected to moderate over the forthcoming year with most of the reorganisation and centralisation costs having been incurred in the financial year under review. The largest part of the centralisation process has already been completed with only a few other small areas to be finalised over the next few months.

A specialised financial and IT staffing, permanent and temporary resourcing business was established towards the end of the prior financial year. The unit, through leveraging off the Group's existing client base as well as developing new clients, is anticipated to add value in the year ahead.

Primeserv remains committed to its national learnership programme, with specific emphasis on external learnerships. A conservative approach has been adopted in the Group's recognition of tax allowances for learnerships, with allowances only being recognised over the course of and on completion of the learnerships. Benefits realised by virtue of these allowances will therefore only be recognised in later tax years.

The Outsourcing division's offering of extensive specialised expertise across the full spectrum of business enterprise and industry, and across a multitude of job categories and bands, results in thousands of contract staff being operational on a day-to-day basis. Access to a proprietary database of fully screened unskilled, semi-skilled and skilled, blue collar, white collar and professional personnel enhances the services offered. Experienced industry sector specific staff supports the service delivery through the utilisation of customised information technology and management information systems.

Primeserv Outsourcing is optimally positioned in its operating environment to leverage its strong market position as a customer-centric service provider of human capital solutions. The key to proactively meeting and embracing the impending new labour legislation, in a manner that will benefit both its clients and the contract workers employed, is a tried and tested national infrastructure with a full service integrated human capital capability and capacity, with strong

>> CORPORATE GOVERNANCE

The Board and its individual directors are committed to the values of transparency, integrity, responsibility and accountability in maintaining the highest standards of corporate governance, including ensuring that the Group is, and is seen to be, a responsible corporate citizen. They accept their duty to ensure that the principles set out in the King Report of 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.

The Board reports specifically on the following:

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 good business practice. It is complemented by the Primeserv Pledge, which encourages all Primeserv 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 the Group's responsibilities to its stakeholders and outlines both acceptable and unacceptable practice. The directors are confident that the ethical standards of the Group are being adhered to.

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

Responsibility – the Board assumes responsibility for the assets and actions of the Company and corrective actions are taken, if required, to keep the Company on its strategic path;

Accountability – the Board ensures that it is able to justify its decisions and actions to shareholders and other stakeholders who require it to do so;

Fairness – fair consideration is given to the interests of all stakeholders of the Company by the Board; and

Transparency – information is disclosed by the Board in such a manner that it enables shareholders to make an informed analysis of the Company's performance.

The Board embraces the ethics of governance.

BOARDS AND DIRECTORS

The Board of Directors

The Board comprises four independent non-executive directors, one non-executive and three executive directors and is chaired by JM Judin. The Group has considered the role carried out by the Chairman, and has knowledge of and recognises his involvement in various bodies that together provide the Board with a level of assurance regarding his continuing suitability for the role, as well as taking into consideration the contributions made during the course of Board meetings together with the advice and support provided between meetings. The Board does not consider the Chairman to be in any way compromised by other directorships and chairmanships held. A succession plan has been considered and is in the process of being implemented.

The Board meets regularly and retains full and effective control over the Group. The roles of Chairman and Chief Executive Officer are separated in line with the recommendations of the King III Report and JSE regulations and the Chairman is an independent non-executive director.

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 among its members so that no one individual or group of individuals can dominate the Board's decision-making process.

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 of matters requiring the Board's attention. The independence of independent non-executive directors is assessed annually by the Board. The assessment of independence is based on submissions by the individual 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 Company. Where practicable to do so, the Board will assess the materiality of the director's interest, but considers that amounts constituting less than 5% are not material.

The Board defines levels of materiality, reserving specific powers to itself and delegating other matters 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, embracing ethics and values, organisational philosophy and employee competence. The Board is particular regarding actual or perceived conflicts of interest with disclosure required at each and every Board meeting. As a company listed on the JSE, the Company has implemented a policy that governs dealing in the Company's 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 Company information, records, documents and property. All directors have access to the advice and services of the Company Secretary and where they deem it necessary, directors 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 a mere recipient of a strategy proposed by management. The directors appreciate that strategy, risk, performance and sustainability are inseparable. The Board considers not only the financial performance of the Group, but also the possible impact of its various operations on society and the environment whilst always 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

>> CORPORATE GOVERNANCE

continued

are implemented by management. The Board recognises that, ultimately, a sustainable company is dependent on a cohesive strategy that embraces not only financial performance, but also includes strategies that embody 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 responsibility. 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.

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.

The Audit Governance and Risk Committee

The Report of the Audit, Governance and Risk Committee is set out on pages 35 and 36.

The Remuneration and Nomination Committee

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

The Remuneration Committee operates in terms of a charter approved by the Board. The Board will, in some instances, refer matters to shareholders for approval; 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 year.

Membership

The Remuneration and Nomination Committee comprises JM Judin (Chairman) and LM Maisela. Both members of the Committee are non-executive directors.

The Committee met twice during the 2013 reporting year. The Chief Executive Officer attends the Committee meetings by invitation and assists 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 his or her own remuneration.

Nomination

The Committee is 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 required for listed companies by the JSE. Executive directors have employment contracts and restraint agreements, which have been signed by the relevant executive directors.

The Committee annually reviews the Board's required mix of skills, experience and other qualities to assess the effectiveness of the Board, its 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 on the basis of industry knowledge and their professional skills and experience so as to enhance organisational decision-making and to ensure optimal organisational stability.

The Social and Ethics Committee, in terms of its charter, may also make recommendations to the Remuneration and Nomination Committee of candidates that it believes will not only be suitably qualified and assets to the Board, but will also further the transformation of the Group.

All directors, unless they have fixed term employment contracts, are subject to election by shareholders, retire by staggered rotation and stand for re-election in accordance with the Company's Memorandum of Incorporation. At least one-third of the non-executive directors, who do not have fixed term employment contracts with the Company, retire by rotation at the Company'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.

Whilst 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 the appointment. Any changes to the Board are published on the JSE's SENS. The Group has an induction programme for all new directors and management that takes into consideration their individual experience, skills and requirements.

A summary of the Group's remuneration policy is set out on page 27.

Social and Ethics Committee

During the year the Transformation Committee was renamed the Social and Ethics Committee with its membership being LM Maisela (Chairman), CS Shiceka and M Abel.

Informal meetings were held during the review period to primarily address transformation in the Group.

The Committee assists the Board in ensuring that there are appropriate strategies and policies in place to progress transformation.

The Committee seeks to address any and all issues pertaining to the transformation of the Group into an organisation that is not only relevant in the context of a democratic South Africa, but also to ensure that the composition of the Group is fully representative of the demographic and cultural landscape that is prevalent in the country. Its role is not to redress the imbalances that

>> CORPORATE GOVERNANCE

continued

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, measures, including affirmative action, that do not detract from the organisation's long-term goal of delivering sustainable returns to all shareholders and stakeholders alike. The statutory duties and responsibilities of the reconstituted Committee, as contemplated in Regulation 43(5) of the Companies Act no 71 of 2008, as amended, will be to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice.

AUDIT COMMITTEE

The Committee has terms of reference set out in an Audit, Governance and Risk Committee Charter, that is compliant with applicable legislation and is available on request. The Charter includes the specific requirements as set out in the Companies Act, as amended, and the King III Code of Governance for South Africa 2009 pertaining to auditors and audit committees. Amendments to the Charter, 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 an internal audit discipline;
- safeguarding the Group's assets;
- maintaining adequate financial reporting systems;
- evaluating and defining the levels of risk appropriate and acceptable to the Group;
- the reliability and accuracy of financial information provided to shareholders and other users of financial information;
- the appointment of external and, where deemed necessary, internal auditors;
- assessing the relevance, impact and resolution of accounting or auditing issues identified by external auditors;
- the Group's compliance with legal and regulatory provisions including stock exchange requirements;
- the Group's Memorandum of Incorporation;
- the Code of Conduct; and
- the by-laws and rules established by the Board.

The Board in liaison with the executive directors and senior management, determines risk strategy based on the need to identify, assess, manage and monitor all known forms of risk across the Group. The Audit, Governance and Risk Committee has been appointed to assist the Board in reviewing both the risk management process and significant risks facing the Group.

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.

The Board determines the Group's tolerance or appetite for risk. The Audit, Governance and Risk Committee is responsible for ensuring that the Group has an effective, ongoing process to identify and assess risk and then implements what is necessary to manage these risks proactively.

The Committee meets with the Chief Executive Officer, Financial Director, Legal and Risk Director, HR Director and other senior executives/managers (when and if required), as well as the external auditors, to discuss issues of accounting, auditing, internal controls, financial reporting and corporate governance.

ATTENDANCE AT MEETINGS

The number of meetings attended by each of the directors of the Company and members of Committees during the period 1 April 2012 to 31 March 2013 is as follows, with the number in brackets reflecting the number of meetings held, whilst the director was in office.

BOARD	
JM Judin (Chairman)	4 (4)
M Abel	4 (4)
S Klein	3 (4)
LM Maisela	4 (4)
AT McMillan#	0 (1)
DL Rose	4 (4)
R Sack	4 (4)
DC Seaton	4 (4)
CS Shiceka	3 (4)

AUDIT, GOVERNANCE AND RISK COMMITTEE	
DL Rose (Chairman)	4 (4)
S Klein	3 (4)
CS Shiceka	3 (4)
M Abel*	4 (4)
R Sack*	4 (4)
DC Seaton*	3 (4)

REMUNERATION AND NOMINATION COMMITTEE	
JM Judin (Chairman)	2 (2)
LM Maisela	2 (2)
M Abel*	2 (2)

 # Resigned 29 June 2012.

** By invitation.*

>> CORPORATE GOVERNANCE

continued

THE GOVERNANCE OF RISK

The identification of risks and opportunities is robust, systematic and involves all levels of the organisation. A comprehensive risk management policy is entrenched throughout the Group.

The Audit, Governance and Risk Committee monitors the progress of the implementation of the processes below. A heat risk map is utilised and updated as a standing item on the Committee's agenda, with updates and presentations being done by management at each meeting.

Risk management processes include:

- overseeing the development and annual review of a policy and plan for risk management to recommend for approval to the Board;
- monitoring the implementation of the policy and plan for risk management occurring through risk management systems and processes;
- making recommendations to the Board concerning the levels of tolerance and appetite for risk and monitoring that risks are managed within the levels of tolerance and appetite as approved by the Board;
- oversight to ensure that the risk management plan is widely disseminated throughout the Group and integrated in the day-to-day activities of the Group;
- ensuring that risk management assessments are performed on a continuous basis;
- ensuring that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- ensuring that management considers and implements appropriate risk responses;
- ensuring that continuous risk monitoring by management takes place;
- expressing a formal opinion to the Board on the effectiveness of the system and process of risk management; and
- reviewing reporting concerning risk management that is to be included in the Integrated Report and that it is timely, comprehensive and relevant.

Insurance

The 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, utilises credit insurance.

Key-man policies cover key executives, where possible, and liability cover is taken out for fidelity, directors' liability, loss of profits, political risk as well as general and professional liability. The Group reviews its insurances at least annually and as required in line with its risk-averse approach to insurable matters.

THE GOVERNANCE OF INFORMATION TECHNOLOGY

The Board recognises the important role that information technology (IT) governance plays in the management of risks and the achievement of Group objectives. An IT governance framework for the Group is in development, which will provide management with an IT governance model that helps in delivering value from IT and understanding and managing the risks associated with IT. The framework will also help bridge the gaps between business requirements, control needs and technical issues and is a control model to meet the needs of IT governance and ensure the integrity of information and information systems.

Implementation is a phased process, which commenced in the 2012 financial year and was broadened in the 2013 financial year, to include:

- strategic leadership for IT by aligning IT strategic objectives and activities with enterprise strategic objectives and processes;
- prioritising IT project initiatives and delivery of IT investment recommendations for Board approval;
- ensuring that sufficient organisational capability exists to enable the processes within its scope to perform and deliver the results expected by the business;
- support of the IT process owner's endeavours to achieve the outcomes expected and to periodically evaluate performance and monitor remedial actions to remedy instances of poor performance;
- identify suitable criteria to be used for decision-making within the processes;
- 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
- annual IT assurance statement on key IT projects and performance metrics.

The roll-out of new payroll and accounting packages has recently been completed and the technology remains current. Certain updates to software and hardware were implemented during the year. IT will continue to be reported as a standing item as part of the heat risk map process.

COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

The legislative framework within which Primeserv operates has become increasingly complex. Amendments to existing laws, new laws and pending Bills have to be tracked and continuously assessed to ensure compliance. Business processes have to be aligned to ensure compliance.

Legislation

The proposed changes in labour legislation are of particular importance to Primeserv as three of the four Bills propose changes to existing labour laws: the Labour Relations Act, the Basic Conditions of Employment Act and the Employment Equity Act. The fourth labour Bill, the Employment Services Bill is new.

Companies Act, 2008

The Act aims to simplify the registration of companies, encourage entrepreneurship and high standards of corporate governance, balance the rights and obligations of shareholders and directors, and promote the efficient and responsible management of a Company. It also provides for increased liabilities for directors for breaches of fiduciary duty or for any direct or indirect loss, damage or costs sustained by the Company as a result.

>> CORPORATE GOVERNANCE

continued

Primeserv's Memorandum of Incorporation was approved by shareholders at the general meeting held on 30 April 2013.

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 upon 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 from 30 September to the publication of the interim results and any period during which a transaction, which it is anticipated is reasonably likely to be concluded, is being negotiated, if the information relating thereto 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.

SOLVENCY AND LIQUIDITY

The directors have no reason to believe that the Company and the Group will not be solvent and liquid in the year ahead. Accordingly, the financial statements are prepared on the going concern basis.

At the interim reporting stage, directors reconsider their solvency and liquidity assessment of the Group as a going concern and determine whether or not any of the significant factors in the assessment have changed to the extent that the appropriateness of the going concern assumption has been affected.

The Board of Primeserv regards the Group as a going concern as asserted in the following summary:

- the Group's combined operations are expected to return to profitability in the financial year to March 2014;
- working capital remains well controlled and receivables are of sound quality;
- the Group has sufficient borrowing capacity in terms of its existing facilities;
- the Group has no need to dispose of any assets or undertake a capital restructuring;
- key executive management is in place and performance management processes are applied;
- the Group is not aware of any material non-compliance with statutory or regulatory requirements and there are no pending legal proceedings other than in the normal course of business; and
- the Group is monitoring and responding proactively to the spirit and terms of changes in legislation and BBBEE initiatives.

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.

TAXATION

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 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 to achieve business objectives and can provide reasonable, not 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 check and external audit.

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

INTERNAL AUDIT

Given its size and the internal controls within the organisation, the cost-benefit ratio of the establishment of a permanent internal audit function is not viewed by the Board as warranted. However, an internal audit of certain key components of the Group's operations was undertaken during the year under review.

GOVERNING STAKEHOLDER RELATIONSHIPS

Relations with stakeholders

The Board accepts its duty to present a balanced and understandable assessment of the Group's position in 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 all shareholders and relevant stakeholders with a legitimate interest in the Group's activities can obtain a full, fair and honest account of its performance.

>> CORPORATE GOVERNANCE

continued

Primeserv continues to evolve its stakeholder engagement policy, which will align the Group's engagement with its stakeholders with the King III principles of:

- the Board:
  - acknowledging that stakeholders' perceptions affect the Company's reputation;
  - delegating responsibility to management to proactively deal with stakeholder relationships;
  - striving to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company; and
  - ensuring that disputes are resolved as effectively, efficiently and expeditiously as possible;
- the Company ensuring the equitable treatment of shareholders;
- no single shareholder being given price-sensitive information over another, irrespective of their shareholding size in the Company; and
- transparent and effective communication with stakeholders being essential for building and maintaining stakeholders' trust and confidence.
- The Board has identified the following key stakeholders of the Group, being:
  - Shareholders;
  - Customers;
  - Employees;
  - Communities; and
  - Government and industry bodies.

Details of the Group's engagement with these stakeholders are outlined on page 8.

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

Annual general meeting

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

The Group recognises the importance of its shareholders' attendance at its annual general meeting.

The designated auditor of the Group may attend the annual general meeting to respond to any questions relevant to the audit of the financial statements.

All meeting participants are required to provide identification reasonably satisfactory to the chairman of the meeting. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

Shareholders who wish to participate in the annual general meeting by way of electronic participation should make application in writing to so participate to the transfer secretaries. The Company reserves the right to elect not to provide for electronic participation in the event that it determines that it is not practical to do so. The cost 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 electronic participation will not entitle a 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 annual general meeting.

INTEGRATED REPORTING AND DISCLOSURE

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

A detailed Register referencing each principle of King III appears on Primeserv's website.

>> REMUNERATION

-Primeserv's remuneration philosophy focuses on developing the value of its people. To this end, it aims to empower every employee to make a positive contribution to the growth and sustainability of the organisation.

The Board defines the principles which guide the development of Group strategy and objectives. Performance reviews at individual, divisional and Group level are considered in formulating such strategies and objectives and an appropriate balance is sought between employee and shareholder interests.

The Board remains ultimately responsible for the remuneration policy.

SUMMARY OF REMUNERATION POLICY

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 annual general meeting, though they may make themselves available for election by shareholders. Non-executive directors serve until such time as, in accordance with the Company's Memorandum of Incorporation, they are required to retire by rotation, at which point they may seek re-election. Length of service of non-executive directors that exceeds ten years has been reviewed. Given the need for continuity (in an industry experiencing periods of legislative uncertainty) and the size of the Group together with the ability to attract and retain the necessary skills and knowledge relevant to the Group, it was the evaluation of the Board that the continued involvement of long-serving directors was beneficial 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/fees payable to non-executive directors are based on a fee for membership and, where applicable, for assignment to sub-committees. Fees paid 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 will be requested to consider a special resolution approving the non-executive directors' remuneration at the annual general meeting.

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 with the Company. There are no pension benefits for non-executive directors. Executive management reviews non-executive directors' remuneration and recommendations are made to the Board which in turn proposes fees for approval by shareholders at the annual general meeting. These are approved by shareholders at the annual general meeting.

Non-executive directors' remuneration is listed on page 28.

Executive remuneration

Remuneration of executive directors is determined through a process of needs evaluation and benchmarking, utilising current market information relating to remuneration and reward practices. Market conditions impact the ability to attract and retain relevant industry experienced executives, and the key nature of positions held are also major determining factors utilised in evaluating executive remuneration. Remuneration may be complemented by performance bonuses which may reach 70% of executives' basic packages.

The Group's longer term incentives for key executives include the use of share options and/or share purchase schemes, and share awards.

The Company adopts the principle of Total Cost to Company in determining executive directors' remuneration packages. This includes basic remuneration, 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 – determined by market value and role played;
- Short-term cash-based incentives – determined by fulfilment of performance targets; and
- Long-term cash and share-based incentives – determined by creation of a sustainable business strategy and shareholder value and 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 is listed on page 62.

Terms of service

The Company complies with relevant legislation in determining minimum terms and conditions for 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 for 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 of the Group. Share-based incentive schemes aligning the interests of the Group, its businesses and employees are intended to promote this goal, by attracting and retaining high calibre personnel. Share incentive awards are made by the Committee only where business and individual performance targets have been attained.

Details of the benefits held by executive directors under the existing share incentive scheme are reflected on page 63.

DIRECTORS' REMUNERATION

Directors' remuneration for the 12 months ended 31 March 2013 are shown in note 26 on page 62.

>> REMUNERATION

continued

NON-EXECUTIVE REMUNERATION

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

Role	Base fees R	Attendance fees per meeting R	Attendance fees at all scheduled meetings R
Chairman	65 000	15 000	60 000
Non-executive directors	20 000	15 000	60 000
Chairman of Audit, Governance and Risk Committee	65 000	–	–
Chairman of Remuneration Committee	15 000	–	–
Chairman of Social and Ethics Committee	10 000	–	–
Committee members			
– Audit	–	6 500	19 500
– Remuneration	–	5 000	10 000
– Social and Ethics	–	2 500	5 000

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.

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

Non-executive director	Total fees year-end March 2014 R	Total fees year-end March 2013 R
M Judin	140 000	150 000
S Klein	99 500	100 000
L Maisela	100 000	100 000
D Rose	145 000	150 000
C Shiceka	104 500	110 000
Total Fees	**589 000**	**610 000**

At the annual general meeting held on 22 November 2012, the Company requested ratification and approval by shareholders for amounts paid and to be paid to non-executive directors in regard to their services to the Company for the year ending 31 March 2013. The resolution failed to achieve the requisite majority and accordingly failed. The Company had, prior to the date of the annual general meeting, paid to non-executive directors in respect of services rendered a portion of the amounts set out above for 2013. The Company will again seek the approval of shareholders for these payments at the annual general meeting to be held on Wednesday, 27 November 2013. Should the resolution to approve these payments again be unsuccessful, the non-executive directors have undertaken to repay the amounts already paid.

>>SUSTAINABILITY REPORT

SUSTAINABILITY CONTEXT AND PROFILE

Primeserv Group Limited is an investment holding company focusing on delivering human resources (HR) products, services and solutions through its operating pillar, Primeserv HR Services. This incorporates two main areas of specialisation: Human Capital Development operating through two divisions, Primeserv HR Solutions and Primeserv Colleges; and Human Capital Outsourcing operating through the Group's largest division, Primeserv Outsourcing.

These divisions provide a comprehensive HR value chain that can be applied through Primeserv's Int**HR**grate model in its entirety or in modular form. These divisions encompass an extensive range of HR consulting solutions and services, corporate and vocational training programmes, technical skills training centres, computer training colleges, as well as resourcing and flexible staffing services, supported by wage bureaus and HR logistics outsourcing operations.

Primeserv is committed to facing the challenges in meeting the needs of its stakeholders and remains well positioned to play a role in advancing sustainable development. Primeserv's sustainability strategy focuses on long-term economic, environmental and social imperatives as non-financial elements of sustainable business as well as the primary measure of financial performance.

Primeserv Outsourcing operates in an industry that has been subject to increasing levels of review by organised labour and government, leading to unprecedented levels of uncertainty affecting employees, contractors, suppliers and clients. Regulation of the TES industry is imminent and Primeserv is adapting its business model to meet these legislative requirements. Final clarification is needed in order for what is an internationally recognised business practice to prosper and to continue to provide an avenue for jobseekers to enter the formal sector, especially given the high unemployment levels affecting the country. Given the number of business and industry sectors that Primeserv services, the Group believes that it is able to deliver its service offering in a way that supports not only its own business segment, but also those of its clients.

The Group is an active participant in a number of industry bodies that are seeking to finalise resolution of these matters and remains confident that, given that proposed impending legislation, an environment of increased regulation will be the optimal solution for all parties concerned.

The Human Capital Development units are appropriately placed to provide the training and skills that are an objective of a multitude of government policies. As part of this imperative, the Group continued with its programme of training and development of staff at various levels within the organisation and is actively ensuring that the spirit of transformation is embodied in all its recruitment initiatives. In order to address some of the risks that are inherent to the industries in which the Group operates, the Group continues to seek acquisitive opportunities outside of its traditional spheres of activities. The process of diversification is intended to address long-term sustainability while still integrating existing components of the business into businesses acquired, where practical and beneficial to both parties.

Processes are implemented to assess, measure and manage the effectiveness and relevance of the Group's sustainability strategy. The Group has embraced the philosophy that its ongoing growth and development depend not only on economic factors, but on the well-being and upliftment of its people, the improvement of surrounding communities and its ongoing investment in corporate, social and environmental sustainability initiatives.

The Group has a commitment to all its stakeholders, be they investors, employees, customers or suppliers, to ensure that the overall business grows in a considered manner and such that there will be no intended negative effects on the stakeholders. This imperative is communicated to all staff and is embodied in the Primeserv Pledge.

SUSTAINABILITY AT PRIMESERV

	2013	2012
Revenue (R'000)	**654 893**	613 145
Operating profit – continuing operations (R'000)	**4 440**	8 720
Operating profit (R'000)	**(1 323)**	5 619
Trading margin (%)	**16**	19
Number of employees – (Permanent)	**346**	387
Total training spend (R'000)	**352**	358
Training spend per employee (R)	**815**	925
Percentage of employees attending HIV/Aids training (%)	**5**	3
Lost time injury frequency rate	**0,83**	0,83
Work-related fatalities	**0**	0
BBBEE Procurement (R'000)	**107 182**	59 900
BBBEE Procurement as a percentage of discretionary spend (%)	**71,15**	48,13
Corporate social investment including bursaries (R'000) *	**31 000**	34 000

* *The Group's policy on CSI is to allocate 1% to 1,5% of net profit after tax to CSI projects in addition to substantial bursaries granted to learners.*

Note:

– *Indicator notes and definitions are provided in the performance data table.*
– *Employee-related data includes non-permanent employees.*
– *Empowerment data is for South Africa.*

>> SUSTAINABILITY REPORT

continued

INDUSTRY REGULATION

Primeserv has long advocated the need for specific regulation to govern the TES industry. As a member of CAPES and BUSA, Primeserv is committed to regulation that is fair, effectively enforced and that especially recognises the dynamic nature of the current labour market. In this regard, Primeserv regularly engages not only at the NEDLAC level of negotiations, but also with a broad range of stakeholders, in order to identify opportunities to create such a regulatory framework.

Business, in order to remain competitive, is increasingly choosing to outsource non-core functions, as well as engage specific skills for specific projects. The nature of these employment relationships varies, but most can still be defined as atypical.

To effectively manage the sourcing, recruiting and administering of flexible labour, business needs increasingly to and will continue in the future, to look to specialists, especially in the form of TES providers such as Primeserv.

Clearly this industry must continue on its path of encouraging self-regulation to prevent exploitive practices.

At the present time, it appears that labour has abandoned its vehement stance to eliminate the TES industry. The work undertaken by CAPES, as supported by Primeserv as a corporate and founder member, as well as the energetic role of the CEA (SA) LBD, has created a platform for compliance and is a model encouraged by Primeserv.

In June 2013, the PPC finally agreed and recorded in its formal reporting process concerning the future of labour broking (TES), that it is not the intention of its members to institute any form of ban of this industry, nor to over-regulate the activities thereof to the extent that labour brokers no longer play a role within the national labour market.

In short, the PPC's response to parliament and its formally confirmed stance towards the TES industry has advanced stability within this industry and sought to assure the continued future existence of the TES industry. Such clarity for the purpose and role of the TES industry evolving from the formal deliberation process, for which the PPC is responsible with regard to finalising the Bills, prior to being placed before parliament for the purpose of promulgation after September 2013, concretises the way forward in terms of government's stance toward and acknowledgement of the positive contribution the TES industry can continue to make within the South African economy.

This reality is confirmed with the confidence gained and allowed by the insight particular to Primeserv, through its access to the national and critical negotiation processes relating to the determination of the future of the amendment Bills and labour broking as debated at NEDLAC for the past eight years and negotiated by the same, for the past four years. This negotiation process has directly involved Primeserv, as a member of BUSA's nominated task team, charged with representing the interests of national business, at both NEDLAC and parliament.

As a self-regulated member of the CEA (SA) LBD and a founder member of CAPES, Primeserv has played an active role in initiating the national negotiation process between business, government and union confederations, and as such has directly influenced both the NEDLAC and PPC stance towards the future of labour broking (TES) within South Africa. Both Primeserv's size as a meaningful player within this industry and its ability to positively influence and effect change in this industry, places the Group in an advantageous space within the TES industry.

GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS

STRUCTURE

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 21 to 26 of the Integrated Report and Primeserv's Corporate Governance Register 2013 has been posted on its website.

COMMITMENTS TO EXTERNAL INITIATIVES

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 BOUNDARY

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 included its various operating subsidiary companies as well as its associate company. 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.

>> SUSTAINABILITY REPORT

continued

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

The Group's financial performance and position are detailed in the annual financial statements which are disclosed on pages 34 to 69.

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 R1,9 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 in line with the Code of Good Practice.

A Grievance Procedure is also in place to address grievances from employees.

SECURITY PRACTICES

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

SOCIAL AND TRANSFORMATION

The Group, encompassing its operating divisions, 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.

During the review period the Group decreased its spend on staff training to R815 per employee compared to R925 in the prior period. In addition, the Group has increased the number of registered learnerships offered to both permanent employees and contractors.

EQUITY AND PRACTICES

Consideration has been given to the Group's policies, procedures, practices and 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 Employment Equity Plan. Allocation of resources include the appointment of a designated officer to manage the implementation, an allocated budget to support the implementation goals of employment through development, training and a further study bursary scheme and the implementation of an Employment Equity Committee.

RECRUITMENT AND ADVERTISING

- 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.

HISTORICALLY DISADVANCED EMPLOYEES' CAREER PATHS AND SKILLS DEVELOPMENT PLANS

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.

>> SUSTAINABILITY REPORT

continued

- 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.

The Group's workforce profile (EEA2 Report) as submitted to the Department of Labour is presented in the table below.

WORKFORCE PROFILE (YEAR ENDED 31 MARCH 2013)

The table below depicts Primeserv's total number of permanent employees (including employees with disabilities) in each of the stipulated occupational levels for the year ended 31 March 2013.

	2013	2012
Total workforce	**346**	387
Total employees with disabilities	**2**	2
WORKFORCE PROFILE		
Race and gender profile		
White females	**48**	68
Black males	**78**	89
Black females	**103**	107
Occupational level profile		
Management (top, senior, middle and junior)	**131**	204
Non-management	**185**	183
Management profile by gender (top management, senior management, middle management, junior management)		
Females	**71**	78
Males	**90**	121
Management profile by race		
Black	**74**	110
White (includes foreign nationals)	**87**	92
Non-management profile by gender		
Females	**121**	138
Males	**64**	45
Non-management profile by race		
Black	**133**	147
White (includes foreign nationals)	**52**	38
Disability profile		
Management	**1**	1
Non-management	**1**	1
People with disabilities by gender		
Females	**1**	1
Males	**1**	1
Workforce Movement		
Recruits (non-executive directors)	**1**	1
Resignations (includes absconsions and desertions)	**79**	32
Non-renewal of contracts	**0**	11
Dismissals (misconduct and incapacity)	**2**	5
Other (including retirements)	**1**	2
Retrenchments	**10**	5

The employment equity profile can be viewed on Primeserv's website: www.primeserv.co.za.

BBBEE PROCUREMENT

The objective is to increase the amount of money spent on procurement from BBBEE-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.

>> SUSTAINABILITY REPORT

continued

CORPORATE SOCIAL INVESTMENT

The ongoing driving policy behind Primeserv's corporate social responsibility strategy is the sustainable upliftment of the disadvantaged sectors of our community. Since the economic future of South Africa is substantially dependent on 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 is playing an important role in building leadership capacity within the Gauteng townships and among the rural youth. Primeserv has concentrated on initiatives which provide opportunities to youth, particularly those in rural areas and those infected and affected by HIV/AIDS. During the year under review, Primeserv continued to work with the NOAH (Nurturing Orphans of AIDS for Humanity) Kingsway Ark to improve the lives and learning facilities for the over 400 children under the Ark's care. The Arks are not buildings, but networks of care. They are largely made up of elected community members and are supported and guided by Noah on a financial, organisational and skills training level.

Primeserv has given a long-term commitment to leverage the Group's resources and stakeholder network in order to assist NOAH in the crucial service it renders to the community. Aligned with its own core activities, Primeserv cooperates with NGOs to provide skills training through the training component of the HR Solutions division. This includes bursaries and subsidised computer and vocational training through the Colleges division. Various community-based programmes have been implemented in consultation with appropriate parties to provide maximum benefit for participants.

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, subsidiaries and associate 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

SUSTAINABLE DEVELOPMENT PERFORMANCE DATA

Data has been collated for Primeserv's South African operations, including all South African subsidiaries, but excluding joint ventures, associates and over-border operations, for the period 1 April 2012 to 31 March 2013, which coincides with Primeserv's financial reporting cycle.

The sustainable performance data as well as the Group's reporting references in the GRI index are available on Primeserv's website: www.primeserv.co.za.

>> 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 26 September 2013, and signed on its behalf by:

JM JUDIN
Non-Executive Chairman

M ABEL
Chief Executive Officer

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
27 September 2013

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

For the year ended 31 March 2013 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
26 September 2013

>> AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT

for the twelve months ended 31 March 2013

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 22 November 2012 to hold office until the conclusion of the annual general meeting to be held on 27 November 2013. The Committee is chaired by an independent non-executive director, Mr DL Rose, with its other members being Prof S Klein (independent non-executive director) and Ms CS Shiceka (independent non-executive director).

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 27 November 2013 The members proposed for the Committee are Mr DL Rose, Prof S Klein 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 (previously known as Charles Orbach & Company) as auditors of the Group was approved by shareholders at the annual general meeting on 22 November 2012. 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 2013 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 Lennard Vroom as the designated auditor for the 2014 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 managing 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.

>> AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT continued

for the twelve months ended 31 March 2013

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 2013 for approval to the Board. The Board approved the financial statements on 26 September 2013 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 2013

NATURE OF BUSINESS

Primeserv Group Limited is an investment holding company whose trading activities are conducted through its subsidiary companies and BBBEE 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 40 to 68 of this report. A review of the Group's results and performance of the business units is contained in the Chief Executive Officer's Review on pages 13 to 15 and in the Review of Operations on pages 19 and 20 and the Financial Director's Report on pages 16 to 18.

SHARE CAPITAL

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

REPURCHASE OF SECURITIES

A general authority to repurchase further ordinary shares in the Company was granted in terms of a special resolution passed by the Company's shareholders on Thursday, 22 November 2012, and registered by the Companies and Intellectual Property Commission ("general authority"). During the financial period under review, the Company acquired nil (2012: 3 402 424) ordinary shares on the open market.

The directors will seek approval at the annual general meeting for authority to repurchase further shares.

On approval, at the annual general meeting, of the special resolution required to effect any repurchase of securities, the maximum number of shares that the Group may repurchase is limited to 20% of its issued share capital. The maximum premium payable on any repurchase will be limited to 10% above the weighted average middle-market price of such shares over the five days immediately preceding the date of repurchase. Such approval is valid until the next annual general meeting, or 15 months from the date of approval of the resolution.

In considering any repurchase scheme, the directors will take cognisance that after such repurchase, the Company and the Group will, in the ordinary course of business, for the succeeding12-month period, be able to pay its debts, the working capital requirements and the ordinary capital and reserves of the Company and the Group will be adequate and the consolidated assets of the Group will be in excess of its consolidated liabilities, fairly valued.

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 2012, 22 571 354 (2012: 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 (2012: nil) options have been granted to employees in terms of the rules of the share incentive scheme, leaving a surplus of 22 571 354 (2012: 22 571 354) shares.

The unallocated shares, together with the purchased shares, will either be allocated or cancelled in the 2014 financial year. The cancellation will be attended to in a circular to shareholders. 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 for the year (2012: nil).

DIRECTORATE AND SECRETARY

M Abel, JM Judin, S Klein, LM Maisela, DL Rose, R Sack, DC Seaton and CS Shiceka were directors of the Company throughout the financial year under review and at the date of this report. On 29 June 2012 Mr AT McMillan, after a prolonged illness, resigned as a director of the Company. Mr DC Seaton was appointed as an executive director on 29 June 2012.

Company Secretary

ER Goodman Secretarial Services CC (represented by ER Goodman) is the Company Secretary. In terms of the Memorandum of Incorporation of the Company, Messrs JM Judin, LM Maisela and DL Rose retire as directors at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

SUBSIDIARY COMPANIES

Details of the Company's interest in its subsidiaries and associate are set out on page 68.

>> DIRECTORS' REPORT continued

for the twelve months ended 31 March 2013

DIRECTORS' INTERESTS

As at 31 March 2013, the aggregate direct and indirect beneficial interests of directors in the fully paid issued share capital of the Company were:

	2013 Beneficial	2012 Beneficial
EXECUTIVE		
M Abel	**21 494 848**	21 396 721
AT McMillan *	**3 424 836**	3 424 836
R Sack	**668 000**	668 000
DC Seaton #	**1 100 000**	1 100 000
NON-EXECUTIVE		
JM Judin	**950 000**	950 000
S Klein	**779 887**	779 887
LM Maisela	**50 000**	50 000
DL Rose	**70 000**	70 000
CS Shiceka	**50 000**	50 000
Total – Directors	**28 587 571**	28 489 444
Prescribed officers	**4 316 618**	1 533 913
Total – Directors and prescribed officers	**32 904 189**	30 023 357

** Resigned 29 June 2012.*

 # Appointed as executive 29 June 2012.

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 2013 and the date of this report.

PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, equipment and vehicles at a cost of R1,1 million (2012: R2,2 million) during the financial year under review. No major changes in the nature of the equipment and vehicles occurred during this period.

GOING CONCERN ASSESSMENT

The Board of Primeserv regards the Group as a going concern, as asserted in the following summary:

- the Group's combined operations are expected to return to profitability in the financial year to March 2014;
- working capital remains well controlled and receivables are of sound quality;
- the Group has sufficient borrowing capacity in terms of its existing facilities;
- the Group has no need to dispose of any assets or undertake a capital restructuring;
- key executive management is in place and performance management processes are applied;
- the Group is not aware of any material non-compliance with statutory or regulatory requirements and there are no pending legal proceedings other than in the normal course of business; and
- the Group is monitoring and responding proactively to the spirit and terms of changes in legislation and BBBEE initiatives.

SUBSEQUENT EVENTS

The Group disposed of its investment in the Colleges business with effect from 1 May 2013 thereby mitigating the losses and future operational risk from this unit.

Other than the disposal of its investment in Primeserv Training Proprietary Limited and its Colleges business unit in May 2013, there have been no events between the end of the reporting period and the date of this report that necessitate adjustment to the statement of financial position or statement of comprehensive income or are disclosable events. Details on the discontinued operations are contained in note 6 on page 52.

>> INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PRIMESERV GROUP LIMITED

We have audited the consolidated and separate annual financial statements of Primeserv Group Limited set out on pages 40 to 68, which comprise the statements of financial position as at 31 March 2013, and the statements of comprehensive income, statements of changes in equity and statements 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Primeserv Group Limited as at 31 March 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2013, 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 consolidated and separate 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 consolidated and separate 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
Partner: L Vroom
Registered Auditor
Johannesburg

26 September 2013

>> STATEMENTS OF COMPREHENSIVE INCOME

for the twelve months ended 31 March 2013

		Group		Company	
	Notes	**2013 R'000**	2012 R'000	**2013 R'000**	2012 R'000
Revenue*	1	**623 008**	579 344	**–**	–
Cost of sales		**(538 746)**	(488 269)	**–**	–
Gross profit		**84 262**	91 075	**–**	–
Operating profit/(loss)	2	**4 440**	8 720	**(103)**	(2 769)
Interest paid	3	**(3 298)**	(4 954)	**(367)**	(7)
Dividend received		**–**	–	**3 230**	3 076
Interest received	4	**1 723**	4 447	**296**	2 964
Net impairment of investment in subsidiaries and loans		**–**	–	**(7 476)**	(5 947)
Share of profit/(loss) from associate	15	**31**	(1 355)	**–**	–
Profit/(loss) before taxation		**2 896**	6 858	**(4 420)**	(2 683)
Taxation	5	**1 769**	877	**(177)**	(38)
Profit/(loss) from continuing operations		**4 665**	7 735	**(4 597)**	(2 721)
Loss from discontinued operation (net of tax)	6	**(9 005)**	(957)	**–**	–
Total comprehensive (loss)/income		**(4 340)**	6 778	**(4 597)**	(2 721)
Total comprehensive (loss)/income attributable to:					
Ordinary shareholders of the Company		**(3 991)**	7 359		
– Continuing operations		**5 014**	8 316		
– Discontinued operations		**(9 005)**	(957)		
Non-controlling shareholders' interest		**(349)**	(581)		
Total comprehensive (loss)/income		**(4 340)**	6 778		
Weighted average number of shares ('000)	7	**93 682**	93 377		
Diluted weighted average number of shares ('000)	7	**93 682**	93 377		
Earnings and diluted earnings per share (cents)	7	**(4,26)**	7,88		
– Continuing operations		**5,35**	8,90		
– Discontinued operations		**(9,61)**	(1,02)		
Headline earnings and diluted headline earnings per share (cents)	7	**(3,05)**	7,88		
– Continuing operations		**5,28**	8,90		
– Discontinued operations		**(8,33)**	(1,02)		

** Excludes revenue of R49,8 million (2012 R32,3 million) from Bathusi Staffing Services Proprietary Limited which was deconsolidated as a result of a BBBEE transaction on 29 January 2005 and has since been accounted for as an associate.*

>> STATEMENTS OF FINANCIAL POSITION

as at 31 March 2013

		Group		Company	
	Notes	2013 R'000	2012 R'000	2013 R'000	2012 R'000
ASSETS					
Non-current assets		**45 672**	47 299	**137 521**	136 036
Equipment and vehicles	8	**4 022**	6 878	**673**	801
Investment property	9	**7 645**	7 645	**–**	–
Goodwill	10	**13 293**	13 293	**–**	–
Intangible assets	11	**2 775**	2 992	**–**	–
Investment in subsidiaries	12	**–**	–	**93 842**	55 269
Loans to subsidiaries	13	**–**	–	**33 312**	70 510
Long-term receivables	14	**1 050**	1 214	**–**	–
Investment in and loan to associate	15	**7 321**	5 815	**416**	–
Deferred tax asset	16	**9 566**	9 462	**33**	210
Advance to share trust	17	**–**	–	**9 245**	9 246
Current assets		**104 950**	104 087	**11 657**	12 020
Inventories	18	**847**	532	**–**	–
Trade receivables	19	**92 223**	86 641	**–**	–
Other receivables	19	**4 082**	5 419	**5 007**	1 104
Cash and cash equivalents		**7 798**	11 495	**6 650**	10 916
Non-current assets held for sale	6	**1 639**	–	**–**	–
Total assets		**152 261**	151 386	**149 178**	148 056
EQUITY AND LIABILITIES					
Capital and reserves		**70 017**	73 530	**81 821**	86 418
Ordinary share capital	20	**1 321**	1 321	**1 321**	1 321
Share premium		**1 351**	1 351	**1 351**	1 351
Distributable reserves		**83 289**	87 280	**25 468**	22 589
Non-distributable reserve	21	**–**	–	**55 729**	63 205
Treasury shares	22	**(14 748)**	(15 575)	**(2 048)**	(2 048)
Total equity attributable to equity holders of the Company		**71 213**	74 377	**81 821**	86 418
Non-controlling interest		**(1 196)**	(847)	**–**	–
Non-current liabilities		**–**	–	**65 173**	59 430
Loans from subsidiaries	13	**–**	–	**65 173**	59 430
Current liabilities		**82 244**	77 856	**2 184**	2 208
Trade and other payables	23	**34 272**	30 400	**1 213**	1 236
Financial liabilities	24	**5 031**	5 709	**–**	–
Taxation payable		**1 166**	1 202	**971**	972
Bank borrowings	25	**41 775**	40 545	**–**	–
Total equity and liabilities		**152 261**	151 386	**149 178**	148 056
Number of shares in issue at year-end ('000) (net of treasury and share trust shares)	20	**93 682**	93 682		
Net asset value per share (cents) (capital and reserves divided by number of shares in issue at year-end)		**75**	78		

>> STATEMENTS OF CHANGES IN EQUITY

for the twelve months ended 31 March 2013

	Share capital R'000	Share premium R'000	Distri-butable reserves R'000	Non-distri-butable reserve R'000	Treasury shares R'000	Share-based payment reserve R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
GROUP									
Opening balances at 1 April 2011	1 321	1 351	82 716	–	(12 545)	319	73 162	(266)	72 896
Attributable earnings for the year	–	–	7 359	–	–	–	7 359	(581)	6 778
Dividends paid	–	–	(3 124)	–	–	–	(3 124)	–	(3 124)
Acquisitions by share trust	–	–	–	–	(3 030)	–	(3 030)	–	(3 030)
Share-based payment charge	–	–	–	–	–	10	10	–	10
Transfer of share-based payment reserve	–	–	329	–	–	(329)	–	–	–
Balances at 1 April 2012	**1 321**	**1 351**	**87 280**	**–**	**(15 575)**	**–**	**74 377**	**(847)**	**73 530**
Attributable earnings for the year	**–**	**–**	**(3 991)**	**–**	**–**	**–**	**(3 991)**	**(349)**	**(4 340)**
Shares disposed	**–**	**–**	**–**	**–**	**827**	**–**	**827**	**–**	**827**
Closing balances at 31 March 2013	**1 321**	**1 351**	**83 289**	**–**	**(14 748)**	**–**	**71 213**	**(1 196)**	**70 017**
COMPANY									
Opening balances at 1 April 2011	1 321	1 351	22 926	69 152	(646)	319	94 423	–	94 423
Attributable earnings for the year	–	–	(2 721)	–	–	–	(2 721)	–	(2 721)
Dividends paid	–	–	(3 892)	–	–	–	(3 892)	–	(3 892)
Share-based payment charge	–	–	–	–	–	10	10	–	10
Acquisition of treasury shares	–	–	–	–	(1 402)	–	(1 402)	–	(1 402)
Transfer of impairment increase against non-distributable reserve	–	–	5 947	(5 947)	–	–	–	–	–
Transfer of share-based payment reserve	–	–	329	–	–	(329)	–	–	–
Balances at 1 April 2012	**1 321**	**1 351**	**22 589**	**63 205**	**(2 048)**	**–**	**86 418**	**–**	**86 418**
Attributable earnings for the year	**–**	**–**	**(4 597)**	**–**	**–**	**–**	**(4 597)**	**–**	**(4 597)**
Transfer of net impairment increase to non-distributable reserve	**–**	**–**	**7 476**	**(7 476)**	**–**	**–**	**–**	**–**	**–**
Closing balances at 31 March 2013	**1 321**	**1 351**	**25 468**	**55 729**	**(2 048)**	**–**	**81 821**	**–**	**81 821**

>> STATEMENTS OF CASH FLOWS

for the twelve months ended 31 March 2013

	Notes	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
Cash flows utilised in operating activities		**(1 851)**	(7 444)	**(711)**	(949)
Profit before taxation from continuing operations		**2 896**	6 858	**(4 420)**	(2 683)
Loss before tax from discontinued operations		**(7 340)**	(1 329)	**–**	–
Adjustments		**5 266**	3 745	**7 706**	3 067
– interest received		**(1 723)**	(4 447)	**(296)**	(2 964)
– interest paid		**3 672**	4 990	**367**	7
– non-cash flow items		**(97)**	1 365	**–**	10
– depreciation		**1 592**	1 439	**159**	67
– impairments		**627**	–	**7 476**	5 947
– amortisation and impairment of intangibles		**1 195**	398	**–**	–
Operating cash flows before working capital changes		**822**	9 274	**3 286**	384
Working capital changes		**(688)**	(14 867)	**(3 926)**	(4 015)
– (increase)/decrease in inventories		**(315)**	485	**–**	10
– increase in trade and other receivables		**(4 245)**	(20 671)	**(3 903)**	(2 003)
– increase/(decrease) in trade and other payables.		**3 872**	5 319	**(23)**	(2 022)
Cash generated from/(utilised in) operations		**134**	(5 593)	**(640)**	(3 631)
– interest received		**1 723**	4 447	**296**	2 964
– interest paid		**(3 672)**	(4 990)	**(367)**	(7)
Taxation paid	A	**(36)**	(1 308)	**–**	(275)
Cash flows (utilised in)/generated from investing activities		**(2 398)**	(16 976)	**(3 555)**	(6 554)
Purchase of equipment and vehicles to maintain operations		**(1 067)**	(2 245)	**(31)**	(185)
Purchase of investment property		**–**	(7 645)	**–**	–
Acquisition of Intangible assets		**(978)**	(2 789)	**–**	–
Proceeds on disposal of equipment and vehicles		**131**	–	**–**	–
Net movement in loans		**991**	–	**–**	–
Movement in loan to associate		**(1 475)**	(4 297)	**(416)**	–
Movement in subsidiary company investments and loans		**–**	–	**(3 108)**	(6 369)
Cash flows (utilised in)/generated from financing activities		**(678)**	2 829	**–**	–
Decrease in non-current financial liabilities		**(40)**	(632)	**–**	–
Short-term loan		**442**	4 388	**–**	–
Repayment of vendor obligation		**(1 080)**	–	**–**	–
Decrease in current portion of financial liability		**–**	(927)	**–**	–
Returned to shareholders		**–**	(6 154)	**–**	(4 692)
Dividends paid		**–**	(3 124)	**–**	(3 892)
Repurchase of securities		**–**	(3 030)	**–**	(800)
Net decrease in cash and cash equivalents		**(4 927)**	(27 745)	**(4 266)**	(12 195)
Cash and cash equivalents at beginning of year		**(29 050)**	(1 305)	**10 916**	23 111
Cash and cash equivalents at end of year	B	**(33 977)**	(29 050)	**6 650**	10 916

Details of cash flows relating to the discontinued operation are contained in note 6.

>> NOTES TO THE STATEMENTS OF CASH FLOWS

for the twelve months ended 31 March 2013

		Group		Company	
		2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
A.	**TAXATION PAID**				
	Amount unpaid at beginning of the year	**(1 202)**	(1 702)	**(972)**	(1 247)
	Amount charged to the income statement	**–**	(808)	**–**	–
	Amount payable at end of the year	**1 166**	1 202	**972**	972
		(36)	(1 308)	**–**	(275)
B.	**CASH AT BANK AND BANK BORROWINGS**				
	Cash at bank	**7 798**	11 495	**6 650**	10 916
	Bank borrowings	**(41 775)**	(40 545)	**–**	–
		(33 977)	(29 050)	**6 650**	10 916

>> SUMMARY OF ACCOUNTING POLICIES

for the twelve months ended 31 March 2013

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.

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 Company 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 the 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.

ASSOCIATES

Associates are those entities over which the Group has the ability to exercise significant influence, but not control, over the financial and operating policies.

Interests in associates are accounted for using the equity method and are carried in the statements of financial position at an amount that reflects the Group's share of the net assets of the associate. Equity accounting involves recognising the investment initially at cost, including goodwill, and subsequently adjusting the carrying value for the Group's share of the associate's profit or loss for the period and are recognised in the statements of comprehensive income.

The presumption exists that an investor has significant influence if the investor holds, directly or indirectly, 20% or more of the voting or potential voting power of the investee. The Group's share of post-acquisition movements in the reserves of the associate is recognised in the Group's reserves. When the Group's share of post-acquisition losses equals or exceeds the Group's interest in the associate, the Group does not recognise further losses unless it has incurred obligations or made payments on the associate's behalf. Unrealised gains on transactions between the Group and its associates are eliminated on consolidation to the extent of the Group's interest in the associate. Unrealised losses are also eliminated to the extent of the Group's interest in the associate unless the transaction provides evidence of an impairment.

In the Company's financial statements, investments in associates are stated at cost less any impairment losses

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 arising on acquisitions prior to 31 March 2004 is included in the statements of financial position at its deemed cost (cost less accumulated amortisation recognised up to 31 March 2003) which represents the amount recorded under previous SA GAAP.

Goodwill arising on acquisitions after 1 April 2004 and the carrying value of goodwill that existed at this date are not amortised but carried at cost less impairment losses.

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.

>> SUMMARY OF ACCOUNTING POLICIES continued

for the twelve months ended 31 March 2013

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	16% to 33%
Motor vehicles	20%
Furniture, fittings and equipment	10% to 33%

Residual values and useful lives are reassessed annually.

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 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. If the valuation information cannot be reliably determined, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in active markets.

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
- Financial assets at fair value through profit or loss – designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss – held for trading
- Financial liabilities at fair value through profit or loss – designated
- 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.

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.

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 statements of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with these being initially and subsequently carried at fair value. Bank overdrafts that are

>> SUMMARY OF ACCOUNTING POLICIES continued

for the twelve months ended 31 March 2013

repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

Cash and cash equivalents are classified as held for trading financial assets.

LEGAL RIGHT OF SET-OFF

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

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.

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 and other financiers.

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 TAXATION

Deferred taxation 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; and
- 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 unit. 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 their 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

>> SUMMARY OF ACCOUNTING POLICIES continued

for the twelve months ended 31 March 2013

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

IFRS 2 – Share-Based Payment Reserve – The Primeserv Employee Share Trust

The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined with reference to the fair value of the options granted on grant date and is expensed on a straight-line basis over the vesting period. The fair value is determined by using the Black-Scholes Option valuation model.

Where shares are issued on exercise of the options, the proceeds received are credited to share capital, at par value and the surplus, net of any transaction costs, is credited to share premium. Where treasury share are applied on exercise of the options, the proceeds received, net of any transaction costs are credited directly to equity.

At each end of the reporting period date, management revises its estimate of the number of options expected to vest based on the non-market vesting conditions. The impact of the revision to the original estimates, if any, is recognised in profit or loss with a corresponding increase in equity.

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.

TAXATION

Current taxation comprises taxation 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 taxation payable for previous periods.

Taxation 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.

Secondary tax on companies is provided in the same period as the dividend is paid, net of dividends received or receivable, and is recognised as a taxation charge for the period.

REVENUE

Group revenue consists of sales to customers from services rendered and is stated net of value added taxation. 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. Interest is recognised on the accrual basis using the effective interest rate method.

Dividends are brought into account as at the last date of registration in respect of listed shares and when declared in respect of unlisted shares.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the rates of exchange ruling at the dates of the transactions. Balances outstanding at the end of the financial period are translated to Rands at the rates ruling at that date.

Gains or losses on translation are recognised in profit or loss in the period in which they arise.

LEASES

Finance leases

The Group leases certain equipment and vehicles. Leases of equipment and vehicles, where the Group has substantially all the risk and rewards of ownership, are classified as finance leases.

Finance leases are capitalised at the lease's commencement at the lower of fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding.

Capitalised leased assets are depreciated on a straight line basis over the shorter of the lease term and the asset's useful life.

The corresponding rental obligations, net of finance charges, are included in long-term payables. The interest element of the finance costs is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

>> SUMMARY OF ACCOUNTING POLICIES continued

for the twelve months ended 31 March 2013

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 statement 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.

Valuation of investment properties

The fair values of investment properties are determined based on valuations taking market values into account, and may vary depending on open market conditions.

IFRS 2 – Share-Based Payments

Management has applied the policy as listed under employee benefits.

Standards and interpretations not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 10 – Consolidated Financial Statements: New standard that replaces the consolidation requirements in SIC-12 Consolidation – Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess (effective 1 January 2013). In terms of this standard, the Group will be required to reassess the control it exercises over Bathusi Staffing Services Proprietary Limited.

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 1 – Presentation of Financial Statements: New requirements to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity (effective 1 July 2012)

IAS 1 – Presentation of Financial Statements: Amendments clarifying the requirements for comparative information including minimum and additional comparative information required (effective 1 January 2013)

IAS 15 – Property, Plant and Equipment: Amendments to the recognition and classification of servicing equipment (effective 1 January 2013)

IAS 19 – Employee Benefits: Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans (effective from 1 January 2013)

IAS 27R – Consolidated and Separate Financial Statement: Consequential amendments resulting from the issue of IFRS 10,11 and 12 (effective 1 January 2013)

IAS 28 – Investments in Associates: Consequential amendments resulting from the issue of IFRS 10,11 and 12 (effective 1 January 2013)

IAS 32 – Financial Instruments: Presentation: Amendments to clarify the tax effect of distribution to holders of equity instruments (effective 1 January 2013)

IAS 34 – Interim Financial Reporting: Amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities (effective 1 January 2013)

IFRS 7 – Financial Instruments: Disclosures: Amendments require disclose of gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure (effective 1 January 2013)

IFRS 9 – Financial Instruments: New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement (effective 1 January 2015)

IFRS 11 – Joint Arrangements: New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities (effective 1 January 2013)

IFRS 12 – Disclosure of Interests in Other Entities: New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose (effective 1 January 2013)

IFRS 13 – Fair Value Measurement: New guidance on fair value measurement and disclosure requirements (effective 1 January 2013)

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the twelve months ended 31 March 2013

		Group		Company	
		2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
1.	**REVENUE**				
	Revenue compromises:				
	Services rendered	**619 566**	573 163	**–**	–
	Fair value adjustment to revenue	**3 442**	6 181	**–**	–
		623 008	579 344	**–**	–
2.	**OPERATING PROFIT/(LOSS)**				
	Operating profit/(loss) is stated after taking into account the following:				
	Income				
	Cost recoveries	**–**	–	**13 285**	5 525
	Management fees	**–**	2 127	**–**	–
	Profit on sale of equipment and vehicles	**65**	–	**–**	–
	Expenses				
	Operating lease rentals	**7 007**	6 390	**800**	(283)
	– equipment and vehicles	**2 374**	2 429	**–**	–
	– premises	**4 633**	3 961	**800**	(283)
	Employee costs and benefits	**52 195**	51 748	**12 278**	9 657
	Staff costs	**50 494**	49 686	**11 727**	9 214
	Share-based payment expense	**–**	10	**–**	10
	Retirement costs	**1 701**	2 052	**551**	433
3.	**INTEREST PAID**				
	Bank borrowings	**3 132**	4 878	**262**	7
	Finance leases	**166**	13	**–**	–
	Other	**–**	63	**105**	–
		3 298	4 954	**367**	7
4.	**INTEREST RECEIVED**				
	Interest received – cash and cash equivalents	**254**	3 046	**296**	2 964
	Interest received – from associate company	**1 469**	1 401	**–**	–
		1 723	4 447	**296**	2 964

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

	Group		Company	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
5. TAXATION				
SA normal taxation				
– current	**–**	478	**–**	–
Secondary tax on companies	**–**	330	**–**	–
Deferred tax				
– current	**1 769**	69	**(177)**	(38)
	1 769	877	**(177)**	(38)
	%	%	**%**	%
Tax rate reconciliation				
Statutory tax rate	**28,0**	28,0	**28,0**	28,0
Share of associate profit	**(0,3)**	(5,5)	**–**	–
Learnership allowances	**(110,4)**	(15,2)	**–**	–
Tax losses not recognised	**21,6**	(30,8)		–
Secondary tax on companies	**–**	4,8	**–**	–
Exempt income and other permanent differences	**–**	(5,1)	**(32,0)**	(29,4)
Effective tax rate	**(61,1)**	(12,8)	**(4,0)**	(1,4)

The estimated tax losses available for set-off against future taxable income are R60 888 000 (2012: R52 086 000).

6. DISCONTINUED OPERATION

Group – 2013

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 the disposal 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 prior year have been restated to conform with this presentation style.

The assets related to the Colleges business are presented as held for sale in the Statement of Financial Position.

Financial information relating to the discontinued operation is presented below.

	Group	
	2013 R'000	2012 R'000
Revenue	**31 885**	33 801
Cost of sales	**(10 159)**	(11 083)
Gross profit	**21 726**	22 718
Operating loss	**(5 763)**	(3 101)
Interest paid	**(374)**	(36)
Interest received	**–**	1 808
Impairment of assets	**(1 203)**	–
Impairment of equipment and vehicles	**(627)**	–
Impairment of intangible assets	**(576)**	–
Loss before taxation	**(7 340)**	(1 329)
Taxation	**(1 665)**	372
Loss for the year	**(9 005)**	(957)

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

		Group	
		2013 R'000	2012 R'000
6.	**DISCONTINUED OPERATION (continued)**		
	Non-current assets held for sale		
	Comprising of equipment and vehicles at book values	**1 639**	–
	An impairment loss of R627 000 was recognised for a write-down of the disposal group assets to fair value less costs to sell.		
	Cash flows attributable to discontinued operations		
	Cash flows utilised in operating activities	**(44)**	542
	Cash flows utilised in investing activities	**(12)**	(547)
	Cash flows from financing activities	**–**	–
	Net cash flows for the year	**(56)**	(5)

		Group		Company	
		2013 R'000	2012 R'000	**2013 R'000**	2012 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 period, excluding shares purchased by the Company, incentive shares and shares 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.				
	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)**	(40 234)	**–**	–
	Weighting for movement during year	**–**	1 548	**–**	–
	Weighted average number of shares in issue ('000)	**93 682**	93 377	**–**	–

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

	Group	
	2013 R'000	2012 R'000
7. EARNINGS PER SHARE (continued)		
Attributable earnings per share	**(3 991)**	7 359
Continuing operations	**5 014**	8 316
Discontinued operations	**(9 005)**	(957)
Weighted average number of shares in issue ('000)	**93 682**	93 377
Earnings and diluted earnings per share (cents)	**(4,26)**	7,88
Continuing operations	**5,35**	8,90
Discontinued operations	**(9,61)**	(1,02)
Headline earnings		
Attributable earnings	**(3 991)**	7 359
Headline earnings adjusting items:		
After tax effect of profit on sale of fixed assets – continuing operations	**(65)**	–
Impairment of assets – discontinued operations	**1 203**	–
	(2 853)	7 359
Attributable headline earnings	**(2 853)**	7 359
Continuing operations	**4 949**	8 316
Discontinued operations	**(7 802)**	(957)
Weighted average number of shares in issue ('000)	**93 682**	93 377
Headline earnings and diluted headline earnings per share (cents)	**(3,05)**	7,88
Continuing operations	**5,28**	8,90
Discontinued operations	**(8,33)**	(1,02)

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

	Computer equipment R'000	Motor vehicles R'000	Furniture, fittings and equipment R'000	Total R'000
8. EQUIPMENT AND VEHICLES				
Group 2013				
Cost	**10 611**	**978**	**13 719**	**25 308**
Accumulated depreciation	**(8 124)**	**(779)**	**(9 527)**	**(18 430)**
Net book value at beginning of year	**2 487**	**199**	**4 192**	**6 878**
Additions	**654**	**382**	**31**	**1 067**
Disposals	**–**	**(65)**	**–**	**(65)**
Depreciation	**(494)**	**(145)**	**(953)**	**(1 592)**
Impairment	**(117)**	**(17)**	**(493)**	**(627)**
Less: Non-current assets held for sale	**(838)**	**(6)**	**(795)**	**(1 639)**
Net book value at end of year	**1 692**	**348**	**1 982**	**4 022**
Accumulated depreciation at end of year	**(8 168)**	**(424)**	**(9 980)**	**(18 572)**
The impairment loss is included in the loss from discontinued operations in the Statement of Comprehensive Income.				
Group 2012				
Cost	9 904	978	12 181	23 063
Accumulated depreciation	(8 103)	(635)	(8 253)	(16 991)
Net book value at beginning of year	1 801	343	3 928	6 072
Additions	707	–	1 538	2 245
Disposals	–	–	–	–
Depreciation	(21)	(144)	(1 274)	(1 439)
Net book value at end of year	2 487	199	4 192	6 878
Accumulated depreciation at end of year	(8 124)	(779)	(9 527)	(18 430)
Company 2013				
Cost	**1 084**	**–**	**1 121**	**2 205**
Accumulated depreciation	**(641)**	**–**	**(763)**	**(1 404)**
Net book value at beginning of year	**443**	**–**	**358**	**801**
Additions	**26**	**–**	**5**	**31**
Depreciation	**(115)**	**–**	**(44)**	**(159)**
Net book value at end of year	**354**	**–**	**319**	**673**
Accumulated depreciation at end of year	**(756)**	**–**	**(807)**	**(1 563)**
Company 2012				
Cost	924	–	1 096	2 020
Accumulated depreciation	(629)	–	(708)	(1 337)
Net book value at beginning of year	295	–	388	683
Additions	160	–	25	185
Depreciation	(12)	–	(55)	(67)
Net book value at end of year	443	–	358	801
Accumulated depreciation at end of year	(641)	–	(763)	(1 404)

A motor vehicle with a book value of Rnil (2012: R73 000) were encumbered as per note 24.

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

	Group		Company	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
9. INVESTMENT PROPERTY				
Fair value at the beginning of the year	**7 645**	–	**–**	–
Additions	**–**	7 645	**–**	–
Fair value at the end of the year	**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 a multi-party 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.

An independent valuation was obtained at year end from an independent valuer who has recent experience in the specific area and there is no indication of any changes in the fair value. The valuation was based on recent transactions for similar properties and on the assumption that the property will be disposed of in an arm's length transaction between a willing buyer and willing seller absent of any forced-sale criteria.

No income was earned from the investment properties during the year.

Operating costs incurred primarily relate to the payment of levies, power and water charges – R74 000 (2012: Rnil).

	Group	
	2013 R'000	2012 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 34, as follows:		
Human Capital Outsourcing	**10 135**	10 135
Human Capital Development	**3 158**	3 158
Total goodwill excluding impairment	**13 293**	13 293
Goodwill is attributable to the following cash-generating units:		
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
	13 293	13 293

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 20%. Cash flows have been extrapolated for a further ten years, at 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.

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.

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

	Trademarks R'000	Premiums arising on acquisition of contract R'000	Total R'000
11. INTANGIBLE ASSETS			
Group 2013			
Cost	810	2 889	3 699
Accumulated amortisation	–	(707)	(707)
Net book value at beginning of year	810	2 182	2 992
Additions	–	978	978
Amortisation	–	(619)	(619)
Impairment	(576)	–	(576)
Net book value at end of year	234	2 541	2 775
Accumulated amortisation at year-end	–	(1 326)	(1 326)

The impairment loss is included in the loss from discontinued operations in the Statement of Comprehensive Income.

	Trademarks R'000	Premiums arising on acquisition of contract R'000	Total R'000
Group 2012			
Cost	810	100	910
Accumulated amortisation	–	(309)	(309)
Net book value at beginning of year	810	(209)	601
Additions	–	2 789	2 789
Amortisation	–	(398)	(398)
Net book value at end of year	810	2 182	2 992
Accumulated amortisation at year-end	–	(707)	(707)

The trademarks are considered to have indefinite useful lives. There are no apparent legal or other restrictions to the use of the trademarks 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 year-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 20%. Cash flows have been extrapolated for ten years, at 3% growth, which the directors believe is justified as it is a reasonable minimum period to expect the Group's operations to continue.

Other than impairment in respect of trademarks relating to the discontinued operation, the impairment calculations performed indicated that no impairment of trademarks was necessary.

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

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 R2 541 000 (2012: R2 182 000). The remaining amortisation period is 36 months.

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

	Group		Company	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
12. INVESTMENT IN SUBSIDIARIES				
Ordinary shares at cost	–	–	**2**	2
Class A preference shares				
Cost	–	–	**79 800**	79 800
Impairment	–	–	**(19 278)**	(34 340)
Net book value	–	–	**60 522**	45 460
Class B preference shares				
Cost	–	–	**83 312**	83 312
Impairment	–	–	**(83 312)**	(83 312)
Net book value	–	–	–	–
Preference dividend accrued	–	–	**33 318**	30 089
Impairment	–	–	–	(20 282)
Sub-total	–	–	**33 318**	9 807
Net investment in subsidiaries	–	–	**93 842**	55 269
Further information on the subsidiary companies is contained on page 68 of the annual financial statements. A reversal of impairment of R35 804 000 was recognised by the Company in the current year based on the impairment assessment conducted.				
13. LOANS TO AND FROM SUBSIDIARIES				
Loans to subsidiaries	–	–	**33 312**	70 510
Loans from subsidiaries	–	–	**(65 173)**	(59 430)
Balance at end of year	–	–	**(31 861)**	11 080
Net movement for the year	–	–	**(42 941)**	6 594

The loans are unsecured and the borrower has the unconditional right not to repay the loan within 12 months from year-end. The balances will be settled on a net basis. No guarantees have been given or received. Loans receivable from subsidiaries of R15 372 000 (2012: R44 630 000) have been subordinated in favour of the remaining creditors of the subsidiaries until their assets, fairly valued, exceed their liabilities.

The maximum exposure to credit risk at the reporting date is the fair value of each loan listed above. The loan with Primeserv Training Proprietary Limited has been impaired by R43 280 000 as a result of the sale of the company subsequent to year-end.

Loans to subsidiaries are classified as available for sale financial assets. As the loans have no fixed terms of repayment the carrying amount and fair value equal the face values of the loans.

Loans from subsidiaries are measured at amortised cost. As the loans have no fixed terms of repayment, the carrying amount and the fair value equal the face values of the loans.

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

	Group		Company	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
14. LONG-TERM RECEIVABLES				
Receivables to be collected in excess of one year and no interest has been charged	**1 050**	1 214	**–**	–
The effects of discounting were calculated and considered to be immaterial and the carrying amount approximates the instrument's fair value.				
The receivables are classified as an available-for-sale financial asset.				
15. INVESTMENT IN AND LOAN TO ASSOCIATE				
Balance at beginning of year	**5 815**	2 874	**–**	–
Movement in loans to associate company	**1 475**	4 296	**416**	–
Share of profit/(loss) from associate	**31**	(1 355)	**–**	–
Balance at end of year	**7 321**	5 815	**416**	–
Comprises:				
Share of loss since acquisition	**(3 121)**	(3 152)	**–**	–
Carrying value of net investment	**10 442**	8 967	**–**	–
Carrying value	**7 321**	5 815	**416**	–
The loan to the associate is classified as an available-for-sale financial asset.				
The summarised financial information of the associate is as follows:				
Statement of comprehensive income				
Revenue	**49 781**	32 332	**–**	–
Net operating costs	**(49 685)**	(36 575)	**–**	–
Profit/(loss) before taxation	**96**	(4 243)	**–**	–
Taxation	**(27)**	423	**–**	–
Profit/(loss) after taxation	**69**	(3 820)	**–**	–
Statement of financial position				
Equipment and vehicles	**64**	86	**–**	–
Goodwill	**4 877**	4 877	**–**	–
Deferred tax	**1 409**	1 409	**–**	–
Inventories	**10**	26	**–**	–
Trade and other receivables	**15 546**	7 539	**–**	–
Cash	**26**	3	**–**	–
Total assets	**21 932**	13 940	**–**	–
Trade and other payables and loans	**(28 780)**	(20 886)	**–**	–
Total shareholders' funds	**(6 848)**	(6 946)	**–**	–

The loans are unsecured, bear interest at the greater of 18% p.a. and the prime bank overdraft rate plus 5% p.a., and have no fixed terms of repayment.

The Company has signed an unlimited cross-suretyship in respect of its associate company, Bathusi Staffing Services Proprietary Limited.

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

	Group		Company	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
16. DEFERRED TAX ASSET				
Computed tax losses *	**8 615**	9 708	**33**	266
Provisions	**1 796**	1 513	**–**	–
Prepayments	**(212)**	(836)	**–**	(15)
Capital allowances	**–**	–	**–**	(41)
Capital Gains Tax	**(286)**	(286)	**–**	–
Work-in-progress	**(347)**	(637)	**–**	–
	9 566	9 462	**33**	210
Reconciliation between deferred tax opening and closing balances				
Deferred tax opening balance	**9 462**	7 405	**210**	248
Computed tax losses *	**(1 093)**	4 553	**(233)**	266
Provisions	**283**	(163)	**-**	(272)
Other	**–**	(1 374)	**–**	–
Prepayments	**624**	(606)	**15**	9
Capital allowances	**–**	–	**41**	(41)
Work-in-progress	**290**	(353)	**–**	–
Deferred tax at end of year	**9 566**	9 462	**33**	210
* *Tax losses amounting to R30 120 000 (2012: R17 410 000) have not been recognised. Tax losses amounting to R30 768 000 (2012: R34 677 000) have been recognised on the basis of future sustainable profits that have been estimated for in the next three financial years*				
17. ADVANCE TO THE SHARE TRUST				
Loan	**–**	–	**9 245**	9 246
	–	–	**9 245**	9 246
The loan was advanced to the Primeserv Group Limited share incentive scheme for the acquisition of 22 571 354 (2012: 22 571 354) shares.				
Primeserv Group Limited ordinary shares at fair value at the statement of financial position date	**–**	–	**10 609**	10 609
18. INVENTORIES				
Inventories comprise consumable goods including personal protective equipment, books, manuals and other course material	**847**	532	**–**	–

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

	Group		Company	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
19. TRADE AND OTHER RECEIVABLES				
Trade receivables	**92 223**	86 641	**–**	–
	4 082	5 419	**5 007**	1 104
Other receivables	**3 324**	2 432	**5 007**	1 050
Prepayments	**758**	2 987	**–**	54
	96 305	92 060	**5 007**	1 104

Trade receivables are encumbered as per note 25.

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 2013, trade receivables of R22 695 000 (2012: R18 496 000) were past due but not impaired. These debts relate to a number of independent customers for whom there is no recent history of default.

The ageing of trade receivables past due, but not impaired, is as follows:

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
1 month overdue	**7 166**	6 652	**–**	–
2 months overdue	**5 361**	2 364	**–**	–
3 months and more overdue	**10 168**	9 480	**–**	–
	22 695	18 496	**–**	–
Allowance for impairment (bad debt provision)				
Balance at beginning of year	**194**	8 605	**–**	–
Increase in allowances and impairments recognised in the statement of comprehensive income	**14 097**	10 844	**–**	–
Application of provision against debtors	**(12 484)**	(19 255)	**–**	–
Balance at end of year	**1 807**	194	**–**	–

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.

Credit risk exposure

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 hold any collateral as security.

Trade and other receivables are classified as loans and receivables.

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

		Group		Company	
		2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
20.	**ORDINARY SHARE CAPITAL**				
	Authorised				
	500 000 000 ordinary shares of 1 cent each	**5 000**	5 000	**5 000**	5 000
	Issued				
	132 062 743 ordinary shares of 1 cent each	**1 321**	1 321	**1 321**	1 321
	There are nil (2012: 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	**–**	–
21.	**NON-DISTRIBUTABLE RESERVE**				
	Excess arising from intangible asset write-down in the Group, as adjusted for subsequent impairment charges in the investments in and loans to subsidiaries	**–**	–	**55 729**	63 205
22.	**TREASURY SHARES**				
	Comprises 38 381 067 (2012: 40 233 976, including 1 852 909 shares to be transferred in respect of options exercised) Primeserv Group Limited ordinary shares in the Group, and 4 626 206 (2012: 4 626 206) shares in the Company	**14 748**	15 575	**2 048**	2 048
		14 748	15 575	**2 048**	2 048
23.	**TRADE AND OTHER PAYABLES**				
	Trade payables	**5 370**	6 022	**588**	851
	Payroll payables	**21 508**	18 153	**625**	385
	Other accruals and sundry creditors	**7 394**	6 225	**–**	–
		34 272	30 400	**1 213**	1 236
	Trade and other payables are measured at amortised cost.				
24.	**FINANCIAL LIABILITIES**				
	Finance agreements				
	The loan was repayable in monthly instalments, inclusive of interest at 8,5%, and was secured over the relevant vehicle, which had a book value of R73 000	**–**	40	**–**	–
	Vendor liability				
	The liability is unsecured and interest free. It is payable in instalments with a final payment in October 2013	**201**	1 281	**–**	–
	Short-term loan				
	Short-term bank finance bearing interest at the prime bank overdraft rate secured by cross-sureties. This loan is in the process of being converted to mortgage finance to be secured over a portion of the Group's investment properties	**4 830**	4 388	**–**	–
		5 031	5 709	**–**	–
25.	**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 less 0,5%.	**41 775**	40 545	**–**	–

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

	Directors' fees R'000	Remune-ration R'000	Benefits R'000	Allow-ances R'000	Bonuses R'000	Special remune-ration **** R'000	Share options exer-cised R'000	2013 Total R'000	2012 Total R'000
26. DIRECTORS' REMUNERATION									
The remuneration paid to directors of the Company, whilst in office during the year ended 31 March 2013, is analysed as follows:									
Executive Directors	–	5 704	879	811	–	425	–	**7 819**	7 624
M Abel	–	3 342	426	252	–	250	–	**4 270**	3 956
AT McMillan*	–	458	67	60	–	–	–	**585**	2 268
R Sack	–	984	213	252	–	–	–	**1 449**	1 400
DC Seaton**	–	920	173	247	–	175	–	**1 515**	–
Non-Executive Directors – Fees	–	–	–	–	–	–	–	–	585
JM Judin ***	–	–	–	–	–	–	–	–	135
S Klein	–	–	–	–	–	–	–	–	90
LM Maisela	–	–	–	–	–	–	–	–	90
DL Rose ***	–	–	–	–	–	–	–	–	125
DC Seaton **	–	–	–	–	–	–	–	–	75
CS Shiceka	–	–	–	–	–	–	–	–	70
	–	5 704	879	811	–	425	–	**7 819**	8 209

* *AT McMillan resigned as a director on 29 June 2012.*

** *DC Seaton, previously a non-executive director, was appointed as an executive director on 29 June 2012.*

*** *During the year the Company paid R144 000 (2012: Rnil) to JM Judin and R144 000 (2012: Rnil) to DL Rose for legal and professional services rendered.*

**** *While the Managing Director of the Outsourcing Division was on extended sick leave, M Abel took over the role of interim Managing Director of the Outsourcing Division and DC Seaton provided certain assistance.*

There are no directors where the remaining period of the employment contract exceeds three years and the notice period exceeds six months.

Allowances paid to directors include travel allowances.

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

	No of options as at 31 Mar 2011	No of options (exercised) during the period	No of options (lapsed)/issued during the period	No of options as at 31 Mar 2012	Option price (cents)	Date from which exercisable	Expiry date
27. SHARE-BASED PAYMENTS							
2013 There were no options granted or outstanding to any directors or employees during the year or at the reporting date.							
2012 The interest of the executive directors and employees provided in the form of options are shown in the table below:							
M Abel	1 617 909	(1 617 909)	–	–	16	08/11/2000	31/05/2012
M Abel	235 000	(235 000)	–	–	20	05/09/2003	04/09/2013
M Abel	1 555 000	–	(1 555 000)	–	56	07/11/2008	30/06/2011
AT McMillan	700 000	–	(700 000)	–	56	07/11/2008	30/06/2011
DC Seaton	1 000 000	–	(1 000 000)	–	56	07/11/2008	30/06/2011
	5 107 909	(1 852 909)	(3 255 000)	–			

Previously share options were granted to selected directors and selected employees. The exercise price of the granted options was the cost of the unissued shares in the share trust at the date the options were granted or 90% of the ruling market price as at the grant date. The options vested and were exercisable over periods of time up to 10 years. The Group had no legal or constructive obligation to repurchase or settle the options in cash. The weighted average fair value of options granted during a period is calculated using the Black-Scholes valuation model and is expensed over the vesting period. The significant inputs into the model include the weighted average share price at the grant date, the exercise price, a risk free interest rate assumption and the volatility of the share measured as the standard deviation of the share price based on an analysis of the daily share price over the same period as the vesting period measured retrospectively. During the year an amount of Rnil (2012: R10 000) was charged against income in respect of options previously granted.

There were no share options granted to directors or employees during the current financial year.

As part of the Group's management retention programme, executive directors were 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 (refer note 31).

28. CONTINGENT LIABILITIES

The Company and certain of its subsidiaries have signed surety to FirstRand Bank Limited in favour of its subsidiaries and associate for debtors financing and normal banking facilities granted. The net amount outstanding in the subsidiaries and associate in respect of these facilities at year-end is R50 575 000 (2012: R44 438 000).

29. 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 risks 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 200 basis points in the interest rate, the effect on pre-tax earnings of an increase in the rate is calculated to be a decrease in earnings of R932 000 (2012: R962 000), while the effect of a decrease in the rate is calculated to increase earnings by R936 000 (2012: R980 000).

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

29. RISK MANAGEMENT (continued)

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 pledges its debtors in support of its borrowings.

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:

Maturity analysis

Contractual undiscounted cash flows	1 month #	2 to 3 months	4 to 6 months	7 to 12 months	More than a year	Carrying amount
Group – 2013						
Trade and other payables	24 655	2 116	1 511	5 990	–	34 272
Vendor obligation	–	–	101	100	–	201
Taxation payable	–	1 166	–	–	–	1 166
Short-term loan	–	–	4 830	–	–	4 830
Bank borrowings*	41 775	–	–	–	–	41 775
	66 430	3 282	6 442	6 090	–	82 244
Group – 2012						
Finance lease obligations	10	20	10	–	–	40
Trade and other payables	21 893	1 826	808	5 873	–	30 400
Vendor obligation	–	–	641	640	–	1 281
Taxation payable	–	1 202	–	–	–	1 202
Short-term loan	–	–	4 388	–	–	4 388
Bank borrowings*	40 545	–	–	–	–	40 545
	62 448	3 048	5 847	6 513	–	77 856

** Bank borrowings relates to facilities which revolve from month to month.*
 # 1 Month – includes amounts payable on demand

Contractual undiscounted cash flows	1 month #	2 to 3 months	4 to 6 months	7 to 12 months	More than a year	Carrying amount
Company – 2013						
Taxation payable	–	–	–	–	65 173	65 173
Trade and other payables	1 213	–	–	–	–	1 213
Taxation payable	–	–	–	971	–	971
	1 213	–	–	971	65 173	67 357
Company – 2012						
Loans from subsidiaries	–	–	–	–	59 430	59 430
Trade and other payables	1 236	–	–	–	–	1 236
Taxation payable	–	–	–	972	–	972
	1 236	–	–	972	59 430	61 638

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.

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.

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

29. RISK MANAGEMENT (continued)

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.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 24 and 25, 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 is 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 fair values disclosed are all measured using inputs as described.

The carrying amounts of financial liabilities approximate fair values.

The Group's financial assets that are measured at fair value as of 31 March 2013 are as follows:

	Level 1	Level 2	Level 3
Long term receivables	–	–	1 050
Loans to associate	–	–	10 442

30. 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 R1,9 million (2012: R2,5 million) with 44% of employees (which include temporary and those on limited duration contracts) belonging to the pension fund.

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

	Group		Company	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
31. RELATED PARTY TRANSACTIONS				
Trading transactions occur between subsidiaries and divisions within the Group companies and are eliminated on consolidation of the financial statements. Transactions between the holding company, its subsidiaries and associated company relate to recoveries, dividends and interest and these are reflected as income in the Company's statement of comprehensive income.				
Transactions with subsidiary companies (detailed on page 68)				
– Cost recoveries	–	–	**13 285**	5 525
– Preference dividends received	–	–	**3 230**	3 076
– Interest received	–	–	–	4 657
Transactions with associate company				
– Interest received	**1 469**	1 401	–	–
– Management fees received	–	2 127	–	–

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

31. RELATED PARTY TRANSACTIONS (continued)

As part of the ongoing maintenance and retention of key personnel programme, fixed term employment contracts, not longer than 3 years, have been entered into with executive directors 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. Such amount will fund the purchase by him of shares in the Company at a price not exceeding 10% above the ruling market price.

Refer to note 15 for details on loan to associate.

Refer to note 13 for subsidiary company loan balances.

During the year the Company paid R144 000 (2012: Rnil) to JM Judin and R144 000 (2012: Rnil) to DL Rose for legal and professional services rendered.

As part of the Group's management retention programme, executive directors were 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.

The names of the directors are listed on page 7. Refer to note 26 for details of the directors' remuneration.

32. CAPITAL COMMITMENTS

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

	Group		Company	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
33. OPERATING LEASE COMMITMENTS				
Operating lease commitments				
Future operating lease charges for property, vehicles and equipment				
Payable within one year				
– premises	**4 218**	2 974	**–**	–
– vehicles and equipment	**1 742**	1 890	**–**	–
	5 960	4 864	**–**	–
Payable two to five years				
– premises	**2 982**	2 852	**–**	–
– vehicles and equipment	**2 314**	2 828	**–**	–
	5 296	5 680	**–**	–

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 3 years and there are no contingent rentals payable. Leases for motor vehicles are for initial periods of 3 years and are occasionally extended beyond the initial period for further periods of up to 2 years.

	Human Capital Outsourcing R'000	Human Capital Development R'000	Central Services R'000	Group Consolidated R'000
34. SEGMENTAL ANALYSIS– OPERATING SEGMENTS				
(including discontinued operation)				
2013				
Revenue: sales to external customers	**589 961**	**61 490**	**–**	**651 451**
Revenue: deemed fair value adjustment for external customers	**2 880**	**562**	**–**	**3 442**
Revenue: inter-segment revenue	**–**	**4 089**	**–**	**4 089**
Share of profit from associate	**–**	**–**	**31**	**31**
Operating profit/(loss)	**20 171**	**(7 870)**	**(13 624)**	**(1 323)**
Net profit/(loss) before taxation	**1 190**	**(9 283)**	**3 649**	**(4 444)**
Capital additions	**640**	**396**	**31**	**1 067**
Depreciation	**(545)**	**(888)**	**(159)**	**(1 592)**
Interest received	**1 427**	**–**	**296**	**1 723**
Interest paid	**(2 931)**	**(374)**	**(367)**	**(3 672)**
Impairment of assets – discontinued operations	**–**	**(1 203)**	**–**	**(1 203)**
Taxation	**(1 407)**	**2 942**	**(1 639)**	**(104)**
Investment in associate	**–**	**–**	**7 321**	**7 321**
Assets	**120 571**	**26 036**	**5 654**	**152 261**
Liabilities	**72 704**	**4 350**	**5 190**	**82 244**

>> NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the twelve months ended 31 March 2013

	Human Capital Outsourcing R'000	Human Capital Development R'000	Central Services R'000	Group Consolidated R'000
34. SEGMENTAL ANALYSIS– OPERATING SEGMENTS (continued)				
2012				
Revenue: sales to external customers	546 255	60 709	–	606 964
Revenue: deemed fair value adjustment for external customers	6 054	127	–	6 181
Revenue: inter segment revenue	–	5 424	–	5 424
Share of loss from associate	(1 355)	–	–	(1 355)
Operating profit/(loss)	20 364	(1 206)	(13 539)	5 619
Net profit before taxation	2 248	528	2 753	5 529
Capital additions	553	1 506	7 831	9 890
Depreciation	(441)	(930)	(68)	(1 439)
Interest received	1 483	1 808	2 964	6 255
Interest paid	(3 854)	(1 129)	(7)	(4 990)
Taxation	(31)	(1 203)	(15)	(1 249)
Investment in associate	5 815	–	–	5 815
Assets	111 278	32 346	7 762	151 386
Liabilities	26 581	10 627	40 648	77 856

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 Group's 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 current 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 taxation. External revenue, total assets and trade and other payables 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.

The Human Capital Outsourcing segment traded with a customer whose revenue exceeded 10% of the segment's revenue.

>> DETAILS OF SUBSIDIARY COMPANIES AND ASSOCIATE COMPANY

as at 31 March 2013

	Country of incorporation	Ordinary share capital R	Portion held directly or indirectly by holding Company %	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 %	Amount owing by/(to) subsidiaries 2013 R'000	2012 R'000
Bathusi Recruitment Proprietary Limited*	South Africa	100	49,0	49					**–**	–
Empvest Outsourcing Proprietary Limited*	South Africa	1 000	35,8	482					**819**	819
Primeserv ABC Recruitment Proprietary Limited	South Africa	100	74,2	74	370	100	448	74,2	**16 623**	17 334
Primeserv Corporate Solutions Proprietary Limited	South Africa	100	74,2	74	37	100	618	74,2	**(1 029)**	(179)
Primeserv Denverdraft Proprietary Limited	South Africa	100	100,0	100					**4 396**	2 676
Primeserv Employee Solutions Proprietary Limited	South Africa	100	74,2	74	392	100	276	74,2	**(59 571)**	(55 226)
Primeserv Productivity Services Proprietary Limited	South Africa	100	100,0	100					**796**	796
Primeserv Recruitment Proprietary Limited	South Africa	100	100,0	100					**(4 310)**	(3 694)
Primeserv Staff Dynamix Proprietary Limited	South Africa	100	74,2	100					**4 626**	1 665
Primeserv Technical Training Proprietary Limited	South Africa	100	74,2	100					**–**	–
Primeserv Training Proprietary Limited	South Africa	100	100,0	100					**6 014**	47 182
Thuso Outsourcing Proprietary Limited	South Africa	100	70,0	70					**(263)**	(331)
Primeserv Properties 1 Proprietary Limited	South Africa	100	100,0	100					**19**	19
Primeserv Properties 2 Proprietary Limited	South Africa	100	100,0	100					**19**	19
Primeserv Properties 3 Proprietary Limited	South Africa	100	100,0	100					**–**	–
Primeserv Properties 4 Proprietary Limited	South Africa	100	100,0	100					**–**	–
				1 823					**(31 861)**	11 080
								Amounts owing by subsidiaries	**33 312**	70 510
								Amounts owing to subsidiaries	**(65 173)**	(59 430)
									(31 861)	11 080

NOTES

Bathusi Staffing Services Proprietary Limited became an associate with effect from 29 January 2005 and was therefore deconsolidated from the Group's results and equity accounted as from that date. The Group holds a 45% (2012: 45%) interest in the associate.

The HR Solutions businesses operate through Primeserv Corporate Solutions Proprietary Limited, Primeserv Training Proprietary Limited, Primeserv Recruitment Proprietary Limited and Thuso Outsourcing 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 company nominated to acquire shares in the holding company.

Bathusi Recruitment Proprietary Limited, Primeserv Technical Training Proprietary Limited, and Thuso Outsourcing 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.

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

Primeserv Training Proprietary Limited was disposed of on 1 May 2013.

** These companies are treated as 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.*

 # African Recruitment Manpower Proprietary Limited and Ibiza Trading 7 Proprietary Limited were deregistered during the year.

>> ANALYSIS OF SHAREHOLDING

as at 31 March 2013

	Number of shareholders	Number of shares held	% shareholding
PORTFOLIO SIZE			
1 – 50 000 shares	426	2 385 788	1,8
50 001 – 500 000 shares	76	11 572 290	8,8
500 001 – 5 000 000 shares	23	41 681 087	31,5
over 5 000 000 shares	6	76 423 578	57,9
	531	132 062 743	100,0
CATEGORY			
Directors (beneficial, non-beneficial, direct and indirect), management and treasury shares *	22	68 931 974	52,2
Nominee companies and schemes	2	9 200	–
Individual and other corporate bodies	507	63 121 569	47,8
	531	132 062 743	100,0
INTERESTS OF 5% OR GREATER			
Primeserv Group Limited Share Trust		22 571 354	17,1
M Abel		21 494 848	16,3
Primeserv Productivity Services Proprietary Limited (treasury shares)		10 645 489	8,1
The Boles Family Trust		9 516 000	7,2
		64 227 691	48,7
SHAREHOLDER SPREAD			
Total non-public shareholders *	22	68 931 974	52,2
Public shareholders	509	63 130 769	47,8
	531	132 062 743	100,0

** Non-public shareholders include the directors' beneficial, direct and indirect shareholding and companies controlled by the directors.*

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 values may not necessarily agree with what is contained in the Integrated Report.

>> MARKET STATISTICS

as at 31 March 2013

	2013	2012
JSE LIMITED PERFORMANCE PER SHARE		
Year-end closing market price of ordinary shares (cents)	**47**	47
High closing market price of ordinary shares (cents)	**57**	64
Low closing market price of ordinary shares (cents)	**34**	32
Volume of shares traded (million)	**4**	27
Value of shares traded (R'000)	**2 020**	10 137
NUMBER OF SHARES IN ISSUE		
Opening balances (including treasury shares)	**132 062 743**	132 062 743
Closing balances (including treasury shares)	**132 062 743**	132 062 743
Market capitalisation at year-end (R'000)	**62 069**	62 069
Market capitalisation at year-end (excluding treasury shares) (R'000)	**44 030**	44 030

>> 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 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 The Side Bar, Killarney County Club, 60 Fifth Street, Lower Houghton, Johannesburg at 9:00 on Wednesday, 27 November 2013, for the following:

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 2013, 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 69 of the Integrated Report.

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 Companies Act (71 of 2008), as amended, (the Companies 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. 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 Lennard Vroom 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 2014.

RE-ELECTION OF DIRECTORS

2. To re-elect directors who retire by rotation in accordance with the Company's Memorandum of Incorporation.

The following directors retire by rotation in accordance with the Company's Memorandum of Incorporation:

– JM Judin
– LM Maisela
– DL Rose

2.1 To re-elect as director JM Judin, who retires by rotation and, being eligible, offers himself for re-election in terms of the Company's Memorandum of Incorporation.

J Michael Judin (67)
Dip Law

Michael is a director of Johannesburg based law firm Goldman Judin Inc. He is legal adviser to and director of the American Chamber of Commerce in South Africa. He is a Non-Executive Director of Set Point Group (Pty) Ltd and of Nu-World Holdings Limited.

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

Letepe M Maisela (63)
BA Soc Sc

Letepe is the Managing Director of Village Management Consulting (Pty) Ltd. He has over 27 years' experience in marketing and management consulting. He is the founder and chief executive of Tsabatsaba Holdings (Pty) Ltd. Letepe is currently Chairman of International Finance Group (FG), the Harvard Business School Club Committee and Underline Advertising Agency. He is also a director of the Limpopo Trade and Investment Agency, Kayamandi Resources and the National Arts Festival Company – Grahamstown.

2.3 To re-elect as director DL Rose, who retires by rotation and, being eligible, offers himself for re-election in terms of the Company's Memorandum of Incorporation.

David L Rose (71)
BCom, BA, CA(SA), F.Inst.D

David is an independent consultant. He spent 41 years with Fisher Hoffman, a major national firm of Chartered Accountants. He became a partner of 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 a Non-Executive Director and Chairman of the Audit Committee of Super Group Limited.

ELECTION OF AUDIT COMMITTEE

3. To elect and confirm the 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.

David L Rose (71)
BCom, BA, CA(SA), F.Inst.D

David is an independent consultant. He spent 41 years with Fisher Hoffman, a major national firm of Chartered Accountants. He became a partner of 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 a Non-Executive

>> NOTICE OF ANNUAL GENERAL MEETING continued

Director and Chairman of the Audit Committee of Super Group Limited.

3.2 To elect as Audit, Governance and Risk Committee member Prof S Klein for the ensuing year.

Saul Klein (54)
B(Econ), MBA, PhD

Saul Klein is an Independent Non-Executive Director of Primeserv Group Limited and was appointed to the Board in March 1998. Saul is the Dean of the Gustavson School of Business and the Lansdowne Professor of International Business, University of Victoria (Canada). Saul held the South African Breweries Limited Chair of International Business, and was Professor of Marketing at the Wits Business School. He has also held academic appointments at leading universities in Canada, the USA, Singapore and Australia and consults widely in areas of global strategy and marketing.

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

Cleopatra Shiceka (48)
BA Law, HDip Tax Law

Cleopatra is currently the General Counsel of Transnet Freight Rail, responsible for legal services and compliance. She previously held the same position at the Transnet National Port Authority. She currently serves as General Counsel on the Executive Board of the Union of African Railways, a specialised agency of the African Union. She also serves on a committee that advises the Executive Board of the International Association of Railways (UIC) in Paris. She is a Non-Executive Director of Gabcon. Cleopatra has significant local and international commercial and regulatory experience in the freight and logistics industry, both from a maritime and intermodal perspective. She was previously a consultant in the specialised finance department of one of South Africa's leading investment banks. Cleopatra holds a Bachelor of Arts in Law and Bachelor of Laws degrees from the University of Swaziland and a Higher Diploma in Tax Law from the University of the Witwatersrand.

Terms of Engagement and Fees

As prescribed under the terms of Section 94 of the Companies Act, the Audit 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.

ENDORSEMENT OF REMUNERATION POLICY

4. To endorse, by way of a non-binding advisory vote, the Company's remuneration policy, as described in the Remuneration Report on pages 27 and 28 of the Integrated Report of which this notice forms part of. This is in terms of King III recommendations that the remuneration policy be presented to shareholders and allow them to express their views on the remuneration policies adopted in the remuneration of directors.

DIRECTORS CONTROL OF ISSUE OF SHARES

5. That the authorised but unissued share capital of the Company be placed at the disposal and under the control of the directors of the Company and the directors are hereby authorised and empowered to issue shares in regard to:

5.1 acquisition issues;

5.2 issues of shares for cash as set out in Resolution Number 6;

5.3 issues of shares arising out of the exercise of options granted under the terms of the Primeserv Group Limited share incentive scheme by the Primeserv Group Limited Share Trust or under the terms of any Broad-Based Employee Share Plan developed under the provisions of Section 8B of the Income Tax Act;

to allot, issue and otherwise dispose thereof to such person or persons and on such terms and conditions at their discretion, subject to the provisions of the Companies Act and the JSE Limited ("JSE") Listings Requirements.

As more than 20% (twenty percent) of the Company's issued securities are in the hands of the public, as defined by the JSE, the approval of a 75% (seventy-five percent) majority of the votes cast by shareholders present or represented by proxy at the annual general meeting is required for Ordinary Resolution Number 6 to become effective.

ISSUE OF SHARES FOR CASH

6. Subject to the passing of Ordinary Resolution number 5, that the directors of the Company be and they are hereby authorised by way of a general authority, to issue all or any of the authorised but unissued shares in the capital of the Company for cash, as and when they in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation of the Company, the JSE Listings Requirements, when applicable, and the following limitations, namely that:

– the equity securities, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;

– any such issue will be made to public shareholders only, as defined by the JSE, and not to related parties in terms of 5.52 of the Listings Requirements of the JSE;

– the number of shares issued for cash shall not in the aggregate exceed in any financial year, 15% (fifteen percent) of the Company's issued ordinary share capital. The number of shares equalling to 15% of the shares in issue at 30 June 2013 is 14 052 251 shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from option/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten; or an acquisition which has had final terms announced;

>> NOTICE OF ANNUAL GENERAL MEETING continued

- this authority be valid until the Company's next annual general meeting or for 15 (fifteen) months from the date of this resolution, whichever period is shorter;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within any one financial year, 5% (five percent) of the number of ordinary shares in issue prior to such issue; and
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of such shares, as determined over the thirty-day period prior to the date that the price of the issue is determined or agreed by the directors of the Company and the party subscribing for securities.

Ordinary Resolution Number 6 is required, under the JSE Listings Requirements, to be passed by achieving a 75% (seventy-five percent) majority of the votes cast in favour of such resolution by all members present or represented by proxy and entitled to vote at the annual general meeting.

AUTHORISATION OF DIRECTOR TO SIGN

7. 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

8. SPECIAL RESOLUTION NUMBER 1 – GENERAL AUTHORITY TO REPURCHASE SHARES

"RESOLVED THAT, as a general approval contemplated in terms of Section 48 of the Companies Act, the acquisition by the Company, and/or any subsidiary of the Company, from time to time of the issued ordinary shares of the Company is hereby approved, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the Memorandum of Incorporation of the Company, the provisions of the Companies Act and the JSE Listings Requirements, where applicable, and provided that:

- the repurchase of securities will be effected through the main order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the Company's next annual general meeting, or for 15 (fifteen) months from the date of this special resolution number 1, whichever period is shorter;
- in determining the price at which the Company's ordinary shares are acquired by the Company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be no more than 10% (ten percent) above the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the Company;
- the acquisitions of ordinary shares in the aggregate in any one financial year do not exceed 20% (twenty percent) of the Company's issued ordinary share capital from the date of the grant of this general authority;
- the Company and the Group are in a position to repay their debt in the ordinary course of business for the following year after the date of this notice of annual general meeting;
- the consolidated assets of the Group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the consolidated liabilities of the Company for the following year after the date of this notice of annual general meeting;
- the ordinary capital and reserves of the Company and the Group are adequate for the next twelve months after the date of this notice of annual general meeting;
- the available working capital is adequate to continue the operations of the Company and the Group in the following year after the date of this notice of annual general meeting;
- before entering the market to proceed with the repurchase, the Company's sponsor has complied with its responsibilities contained in Section 2.12 of the JSE Listings Requirements and of Schedule 25 of the JSE Listings Requirements;
- after such repurchase the Company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- the Company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- when the Company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made on SENS and in the press; and
- the Company appoints only one agent to effect any repurchase(s) on its behalf."

Reason for and effect of Special Resolution Number 1

The reason for and effect of Special Resolution Number 1 is to authorise the Company and/or its subsidiaries by way of a general authority to acquire its own issued shares on such terms, conditions and such amounts determined from time to time by the directors of the Company, subject to the limitations set out above.

>> NOTICE OF ANNUAL GENERAL MEETING continued

The directors of the Company have no specific intention to effect the provisions of Special Resolution Number 1 but will, however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of Special Resolution Number 1. It is, however, proposed, and the Board believes it to be in the best interest of Primeserv, that shareholders pass a special resolution granting the Company a general authority to acquire its own shares and permit subsidiary companies of Primeserv to acquire shares in the Company.

The Company may not enter the market to proceed with the repurchase until Primeserv's sponsor, Deloitte & Touche Sponsor Services (Pty) Limited, has confirmed the adequacy of Primeserv's working capital for the purpose of undertaking a repurchase of shares in writing to the JSE.

Pursuant to a general repurchase other than shares repurchased by one or more of the subsidiary companies to be held as treasury shares, application will be made to the JSE for the cancellation and delisting of the shares in question. The cancellation of the shares will be effected by way of a reduction of the ordinary share capital and a reduction of the ordinary share premium.

Other disclosures in terms of Section 11.26 of the JSE Listings Requirements made in regard to special resolution 1

The JSE Listings Requirements require the following disclosures, some of which are disclosed in the Integrated Annual Report, of which this notice forms part, as set out below:

– Directors and management (page 7)
– Major shareholders of Primeserv (page 69)
– Directors' interests in securities (page 38)
– Share capital of Primeserv (page 61)

Material Change

There have been no material changes in the affairs or financial position of Primeserv and its subsidiaries since the date of signature of the audit report and the date of this notice.

Directors' Responsibility Statement

The directors, whose names are given on page 7 of the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 1 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that these resolutions contain all such information required by law and the JSE Listings Requirements.

Litigation Statement

In terms of Section 11.26 of the Listings Requirements of the JSE, the directors, whose names are given on page 7 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve months, a material effect on the Group's financial position.

9. **SPECIAL RESOLUTION NUMBER 2 – REMUNERATION OF NON-EXECUTIVE DIRECTORS**

To confirm the remuneration payable to the non-executive directors of the Company for both the 2013 and 2014 financial years as follows:

Role	Base fees R	Attendance fees per meeting R	Attendance fees at all scheduled meetings R
Chairman	65 000	15 000	60 000
Non-executive directors	20 000	15 000	60 000
Chairman of Audit, Governance and Risk Committee	65 000	–	–
Chairman of Remuneration Committee	15 000	–	–
Chairman of Social and Ethics Committee	10 000	–	–
Committee members			
– Audit	–	6 500	19 500
– Remuneration	–	5 000	10 000
– Social and Ethics	–	2 500	5 000

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 2 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 JSE Listings Requirements and King III, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

10. **SPECIAL RESOLUTION NUMBER 3 FINANCIAL ASSISTANCE TO SUBSIDIARIES AND ASSOCIATES**

"RESOLVED THAT, in accordance with section 45 of the Companies 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 Companies 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 Companies 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.

>> NOTICE OF ANNUAL GENERAL MEETING continued

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 4 and 7 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 JSE Listings Requirements.

Ordinary Resolution Numbers 5 and 6 (directors control of issue of shares and general authority to issue shares for cash) and Special Resolution numbers 1 to 3 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 JSE 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, 20 September 2013. 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, 22 November 2013. Accordingly the last day to trade in order to be able to attend and vote at the annual general meeting is Friday, 15 November 2013.

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 JSE 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 ordinary resolutions numbers 5 and 6 and special resolution numbers 1 and 3.

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 its 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 (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or its 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. Should a shareholder wish to vote at the annual general meeting, he/she 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 9:00 on Monday, 25 November 2013.

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).

>> NOTICE OF ANNUAL GENERAL MEETING continued

(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.

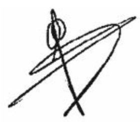
(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
   (a) the date stated in the revocation instrument, if any; or
   (b) the date on which the revocation instrument was delivered as 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 he/she 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
26 September 2013

PRIMESERV GROUP LIMITED
Incorporated in the Republic of South Africa
Registration number 1997/013448/06
Share code: PMV
ISIN: ZAE000039277
Venture House, Peter Place Park
54 Peter Place, Bryanston, 2021
PO Box 3008, Saxonwold, 2132
www.primeserv.co.za
email: productivity@primeserv.co.za

SHARE TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
70 Marshall Street, Marshalltown, 2001
PO Box 61051, Marshalltown, 2107

>> SHAREHOLDERS' DIARY

FINANCIAL YEAR-END	31 March 2013
REPORTS ON PROFIT STATEMENTS AND MEETINGS	
Reviewed results published	June 2013
Annual report published	September 2013
Annual general meeting	November 2013
NEXT FINANCIAL YEAR-END	31 March 2014
REPORTS ON PROFIT STATEMENTS AND MEETINGS *	
Half-year interim report to be published	November 2013
Audited results to be published	June 2014
Annual report to be published	June 2014
Annual general meeting	September 2014

* *These dates are subject to change*

>> CORPORATE INFORMATION

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

REGISTERED OFFICE
Venture House
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54 Peter Place
Bryanston, 2021

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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

Edward Nathan Sonnenbergs

Peter W Wentzel

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

PO Box 61051, Marshalltown, 2107

CORPORATE COMMUNICATIONS
Graphiculture Proprietary Limited

>> GLOSSARY

ADR	Alternate Dispute Resolution
AIDS	Acquired Immune Deficiency Syndrome
ASGISA	Accelerated Shared Growth Initiative for South Africa
BBBEE	Broad-Based Black Economic Empowerment
BUSA	Business Unity South Africa
CAE	Chief Audit Executive
CAPES	Confederation of Associations in the Private Employment Sector
CEA	Construction Engineering Association
CEALBD	Constructional Engineering Association's Labour Broker Division
CEA (SA) LBD	Constructional Engineering Association of SEIFSA
CETA	Construction Education and Training Authority
CHE	Council on Higher Education
COIDA	Compensation for Occupational Injuries and Diseases Act, 1993
COSATU	Congress of South African Trade Unions
CSI	Corporate Social Investment
CRO	Chief Risk Officer
DOL	Department of Labour
EBITDA	Earnings before interest, tax, depreciation and amortisation
FET	Further Education and Training
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
HR	Human Resources
HIV	Human Immunodeficiency Virus
HWSETA	The Heath and Welfare Sector Education and Training Authority
IAS	International Accounting Standard
ICB	Institute of Certified Bookkeepers
IFRS	International Financial Reporting Standards
IIA	The Institute of Internal Auditors
ILO	International Labour Organisation
IPM	Institute for Personnel Management
IR	Industrial Relations
JIPSA	Joint Initiative for Priority Skills Acquisition
JSE	JSE Limited
MANCO	Management Committee
MCSE	Microsoft Certified Systems Engineer
MEIBC	Metal and Engineering Industries Bargaining Council
MOI	Memorandum of Incorporation
MOU	Memorandum of Understanding
MQA	Mining Qualifications Authority
NBCRFLI	National Bargaining Council for the Road Freight and Logistics Industry
NEDLAC	National Economic Development and Labour Council
NGO	Non-Governmental Organisations
NQF	National Qualifications Framework
ODETDP	Occupationally Directed Education Training and Development Practices
PPC	Parliamentary Portfolio Committee on Labour
SABPP	South African Board for Personnel Practice
SARB	South African Reserve Bank
SARS	South African Revenue Service
SEIFSA	Steel and Engineering Industries Federation of South Africa
SENS	Stock Exchange News Service
SETA	Sector Education Training Authority
SHEQ	Safety, Health, Environment and Quality
SSETA	Services Sector Education Training Authority
STC	Secondary Tax on Companies
TES	Temporary Employment Services
TESD	Temporary Employment Services Division
TETA	Transport Education and Training Authority
VAT	Value Added Tax

>> NOTES

>> 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 The Side Bar, Killarney County Club, 60 Fifth Street, Lower Houghton, Johannesburg at 9:00 on Wednesday, 27 November 2013 ("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 L Vroom as the designated auditor for the following year			
Resolution number 2	– To confirm the re-appointment as directors of:			
	2.1 JM Judin			
	2.2 LM Maisela			
	2.3 DL Rose			
Resolution number 3	– To elect the members of the Audit, Governance and Risk Committee			
	3.1 DL Rose			
	3.2 S Klein			
	3.3 CS Shiceka			
Resolution number 4	– Endorsement of the Remuneration Policy			
Resolution number 5	– Directors' control over authorised but unissued share capital			
Resolution number 6	– General authority on issue of shares for cash			
Resolution number 7	– Authority for directors or Company Secretary to implement the resolutions			
Special resolution number 1	– General authority to repurchase shares			
Special resolution number 2	– To confirm the non-executive directors' remuneration			
Special resolution number 3	– Authority to provide financial assistance to related or inter-related companies of the Company			

Signed at ______________________ on ______________________ 2013

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 ☐

E-mail: ____

>> NOTES TO THE PROXY FORM

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 Monday, 25 November 2013.
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.

>> GROUP OPERATIONAL TRADE NAMES AND TRADEMARKS

• ABC International • ABC Recruitment • African Recruitment Manpower (ARM) • Business Enterprises South Africa (BESA) • Chamdor • Chebo • CV Online • Contract Staff Hire • David Heath Search and Recruitment • Denverdraft • Executive Task Force • Hampton College • Home Study College • HR Training • Humanitas • Integrated Marketing Information Group (IMIG) • Interplace Recruitment • Labour Law Group • Manufacturing and Technical Skills Institute (MTSI) • Marjorie Levy and Associates • Mech Elect • Natalie Stoltz & Associates • Percon • Personnel Performance • Peter Adendorff Associates • Phenix • Select Personnel • Selected Manpower Services (SMS) • Staff Dynamix • Stafflink • Thami • VE Training

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