

**PRIMESERV GROUP LIMITED**  
**Summarised Annual Financial Statements**

**2013**

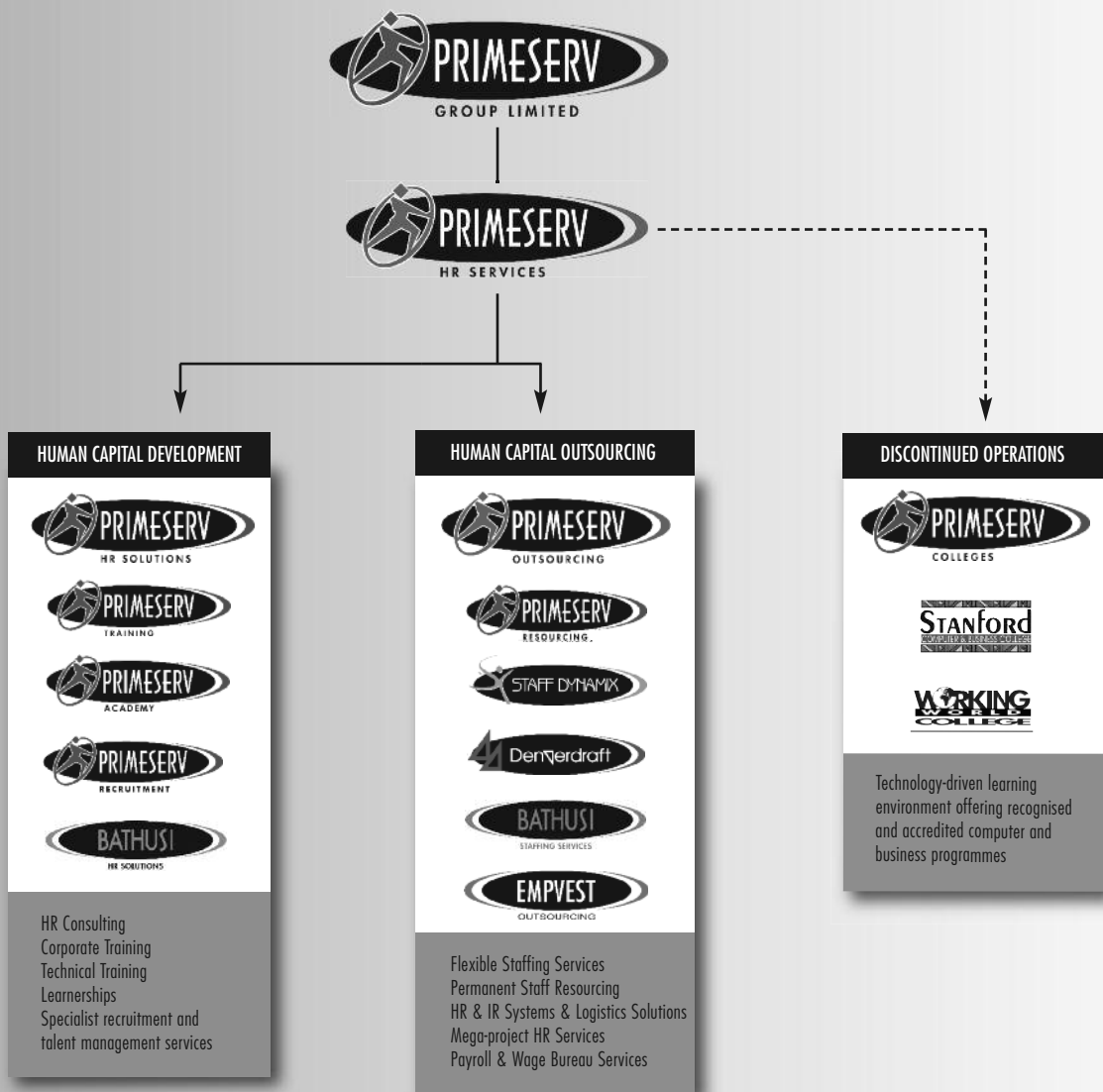
## >> CONTENTS

---

1	Group structure
2	Chairman's report
3	CEO's report
5	Financial Director's report
7	Directors' approval and responsibility statement
8	Independent auditor's report
9	Statements of comprehensive Income
10	Statements of financial position
11	Statements of changes in equity
12	Statements of cash flows
13	Notice of annual general meeting
Attached	Form of proxy
IBC	Corporate information

For the full Integrated Report please visit [www.primeserv.co.za](http://www.primeserv.co.za). Should you require an electronic copy (by e-mail) or would like to request a hard copy, please contact the Financial Director, Mr R Sack, at the registered office of the Company, Venture House, Peter Place Park, 54 Peter Place, Bryanston (PO Box 3008, Saxonwold, 2132) or by e-mail at [int13report@primeserv.co.za](mailto:int13report@primeserv.co.za).

# >> GROUP STRUCTURE



## >> 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. Non-recurring 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*

## >> 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.

### INTHRGRATE™ MODEL

The IntHRgrate™ 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 IntHRgrate™ 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 IntHRgrate'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.

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.

## >> CEO'S REPORT

continued

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](http://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.

### 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.



**MERRICK ABEL**  
Chief Executive Officer

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

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.

### 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.

## >> FINANCIAL DIRECTOR'S REPORT

continued

### 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.

### Reconciliation of Headline Earnings

	2013 R'000	2012 R'000
<b>Reconciliation of headline (loss)/earnings</b>		
Net profit attributable to shareholders	(3 991)	7 359
After tax effect of profit on sale of fixed assets – continuing operations	(65)	–
Impairment of assets – discontinued operations	1 203	–
<b>Headline (loss)/earnings</b>	<b>(2 853)</b>	<b>7 359</b>
– Continuing operations	4 949	8 316
– Discontinued operations	(7 802)	(957)

### 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.

### 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.

### 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.

### 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.

### Segmental Analysis

	2013 R'000	2012 R'000
<b>Revenue from external customers</b>		
Human Capital Outsourcing	592 841	552 309
Human Capital Development	62 052	60 836
<b>Total</b>	<b>654 893</b>	<b>613 145</b>
<b>Revenue – inter-segment</b>		
Human Capital Outsourcing	–	–
Human Capital Development	4 089	5 424
<b>Total</b>	<b>4 089</b>	<b>5 424</b>
<b>Business segment operating profit results</b>		
Human Capital Outsourcing	20 171	20 364
Human Capital Development	(7 870)	(1 206)
– Continuing operations	(1 605)	1 895
– Discontinued operations	(6 265)	(3 101)
Central Services	(13 624)	(13 539)
<b>Operating (loss)/profit</b>	<b>(1 323)</b>	<b>5 619</b>
Interest received	1 723	6 255
Interest paid	(3 672)	(4 990)
Impairment of assets – discontinued operations	(1 203)	–
Share of profit/(loss) from associate	31	(1 355)
<b>(Loss)/profit before taxation</b>	<b>(4 444)</b>	<b>5 529</b>
<b>Business segment total assets</b>		
Human Capital Outsourcing	120 571	111 278
Human Capital Development	26 036	32 346
Central Services	5 654	7 762
<b>Total</b>	<b>152 261</b>	<b>151 386</b>

### 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



## >> DIRECTORS' APPROVAL AND RESPONSIBILITY STATEMENT

The summarised consolidated and separate annual financial statements are the responsibility of the directors of Primeserv Group Limited.

### BASIS OF PREPARATION OF THE SUMMARISED CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The summarised consolidated and separate annual financial statements should be read in conjunction with the consolidated and separate annual financial statements for the year ended 31 March 2013 which were prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and from which these summarised consolidated and separate annual financial statements have been derived.

The summarised consolidated and separate annual financial statements for the year ended 31 March 2013 have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRSs), the presentation and disclosure requirements of IAS 34: Interim Financial Reporting, the Companies Act of 2008, the JSE Listings Requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. The accounting policies are consistent with those described and applied in the annual financial statements for the year ended 31 March 2012. The results were prepared by the Group Financial Director, Mr R Sack CA(SA).

The directors are responsible for the preparation and fair presentation of the summarised consolidated and separate annual financial statements and are satisfied that the systems and internal financial controls implemented by management are effective and that these summarised consolidated and separate annual financial statements are a true and accurate extract from the consolidated and separate annual financial statements.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as a going concern and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the Group summarised consolidated and separate annual financial statements are fairly presented in accordance with the applicable financial reporting frameworks.


### APPROVAL OF THE SUMMARISED ANNUAL FINANCIAL STATEMENTS

The summarised consolidated and separate annual financial statements of Primeserv Group Limited, as identified above, were approved by the Board of Directors on 26 September 2013 and signed on their behalf by:



**JM JUDIN**  
Non-Executive Chairman

Johannesburg



**M ABEL**  
Chief Executive Officer

## >> INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF PRIMESERV GROUP LIMITED

The accompanying summary consolidated and separate annual financial statements of Primeserv Group Limited, which comprise the statements of financial position at 31 March 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended are derived from the consolidated and separate annual financial statements of Primeserv Group Limited for the year ended 31 March 2013.

We expressed an unmodified opinion on those consolidated and separate annual financial statements in our auditor's report dated 26 September 2013.

The summarised consolidated and separate annual financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the consolidated and separate annual financial statements of Primeserv Group Limited. Reading the summarised consolidated and separate annual financial statements, therefore, is not a substitute for reading the annual financial statements of Primeserv Group Limited.

### DIRECTORS' RESPONSIBILITY FOR THE ABRIDGED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised Group annual financial statements on the basis described in Directors' Approval and Responsibility Statement on page 7.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the summarised consolidated and separate annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, Engagements to Report on Summary Financial Statements.

### OPINION

In our opinion, the summarised consolidated and separate annual financial statements derived from the consolidated and separate annual financial statements of Primeserv Group Limited for the year ended 31 March 2013, are consistent, in all material respects, with the financial statements, on the basis described on page 7.



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

## &gt;&gt; STATEMENTS OF FINANCIAL POSITION

as at 31 March 2013

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>	45 672	47 299	137 521	136 036
Equipment and vehicles	4 022	6 878	673	801
Investment property	7 645	7 645	–	–
Goodwill	13 293	13 293	–	–
Intangible assets	2 775	2 992	–	–
Investment in subsidiaries	–	–	93 842	55 269
Loans to subsidiaries	–	–	33 312	70 510
Long-term receivables	1 050	1 214	–	–
Investment in and loan to associate	7 321	5 815	416	–
Deferred tax asset	9 566	9 462	33	210
Advance to share trust	–	–	9 245	9 246
<b>Current assets</b>	104 950	104 087	11 657	12 020
Inventories	847	532	–	–
Trade receivables	92 223	86 641	–	–
Other receivables	4 082	5 419	5 007	1 104
Cash and cash equivalents	7 798	11 495	6 650	10 916
<b>Non-current assets held for sale</b>	1 639	–	–	–
<b>Total assets</b>	152 261	151 386	149 178	148 056
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>	70 017	73 530	81 821	86 418
Ordinary share capital	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	–	–	55 729	63 205
Treasury shares	(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)	–	–
<b>Non-current liabilities</b>	–	–	65 173	59 430
Loans from subsidiaries	–	–	65 173	59 430
<b>Current liabilities</b>	82 244	77 856	2 184	2 208
Trade and other payables	34 272	30 400	1 213	1 236
Financial liabilities	5 031	5 709	–	–
Taxation payable	1 166	1 202	971	972
Bank borrowings	41 775	40 545	–	–
<b>Total equity and liabilities</b>	152 261	151 386	149 178	148 056
Number of shares in issue at year-end ('000) (net of treasury and share trust shares)	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		

## &gt;&gt; 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
<b>GROUP</b>									
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)	–	–	–
<b>Balances at 1 April 2012</b>	<b>1 321</b>	<b>1 351</b>	<b>87 280</b>	<b>–</b>	<b>(15 575)</b>	<b>–</b>	<b>74 377</b>	<b>(847)</b>	<b>73 530</b>
Attributable earnings for the year	–	–	(3 991)	–	–	–	(3 991)	(349)	(4 340)
Shares disposed	–	–	–	–	827	–	827	–	827
<b>Closing balances at 31 March 2013</b>	<b>1 321</b>	<b>1 351</b>	<b>83 289</b>	<b>–</b>	<b>(14 748)</b>	<b>–</b>	<b>71 213</b>	<b>(1 196)</b>	<b>70 017</b>
<b>COMPANY</b>									
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)	–	–	–
<b>Balances at 1 April 2012</b>	<b>1 321</b>	<b>1 351</b>	<b>22 589</b>	<b>63 205</b>	<b>(2 048)</b>	<b>–</b>	<b>86 418</b>	<b>–</b>	<b>86 418</b>
Attributable earnings for the year	–	–	(4 597)	–	–	–	(4 597)	–	(4 597)
Transfer of net impairment increase to non-distributable reserve	–	–	7 476	(7 476)	–	–	–	–	–
<b>Closing balances at 31 March 2013</b>	<b>1 321</b>	<b>1 351</b>	<b>25 468</b>	<b>55 729</b>	<b>(2 048)</b>	<b>–</b>	<b>81 821</b>	<b>–</b>	<b>81 821</b>

## &gt;&gt; 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
<b>Cash flows utilised in operating activities</b>	<b>(1 851)</b>	<b>(7 444)</b>	<b>(711)</b>	<b>(949)</b>
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	(36)	(1 308)	–	(275)
<b>Cash flows (utilised in)/generated from investing activities</b>	<b>(2 398)</b>	<b>(16 976)</b>	<b>(3 555)</b>	<b>(6 554)</b>
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)
<b>Cash flows (utilised in)/generated from financing activities</b>	<b>(678)</b>	<b>2 829</b>	<b>–</b>	<b>–</b>
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)	–	–
<b>Returned to shareholders</b>	<b>–</b>	<b>(6 154)</b>	<b>–</b>	<b>(4 692)</b>
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
<b>Cash and cash equivalents at end of year</b>	<b>(33 977)</b>	<b>(29 050)</b>	<b>6 650</b>	<b>10 916</b>

## >> 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:

- 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](http://www.primeserv.co.za)  
 email: [productivity@primeserv.co.za](mailto:productivity@primeserv.co.za)

### **SHARE TRANSFER SECRETARIES**

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

# >> FORM OF PROXY



## PRIMESERV GROUP LIMITED

(Incorporated in the Republic of South Africa) • (Registration number 1997/013448/06)  
Share code: PMV • ISIN: ZAE00039277 • ("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.

## >> 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  
Peter Place Park  
54 Peter Place  
Bryanston, 2021

PO Box 3008, Saxonwold, 2132

Telephone: +27 011 691 8000  
Telefax: +27 011 691 8011

[www.primeserv.co.za](http://www.primeserv.co.za)

email: [productivity@primeserv.co.za](mailto: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**



[www.primeserv.co.za](http://www.primeserv.co.za)

people ▶ productivity ▶ performance™