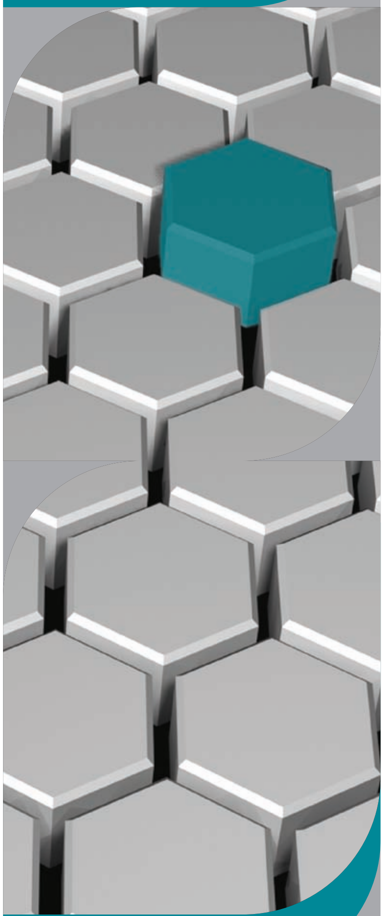
PRIMESERV

PRIMESERV GROUP LIMITED

Integrated Annual Report 2011



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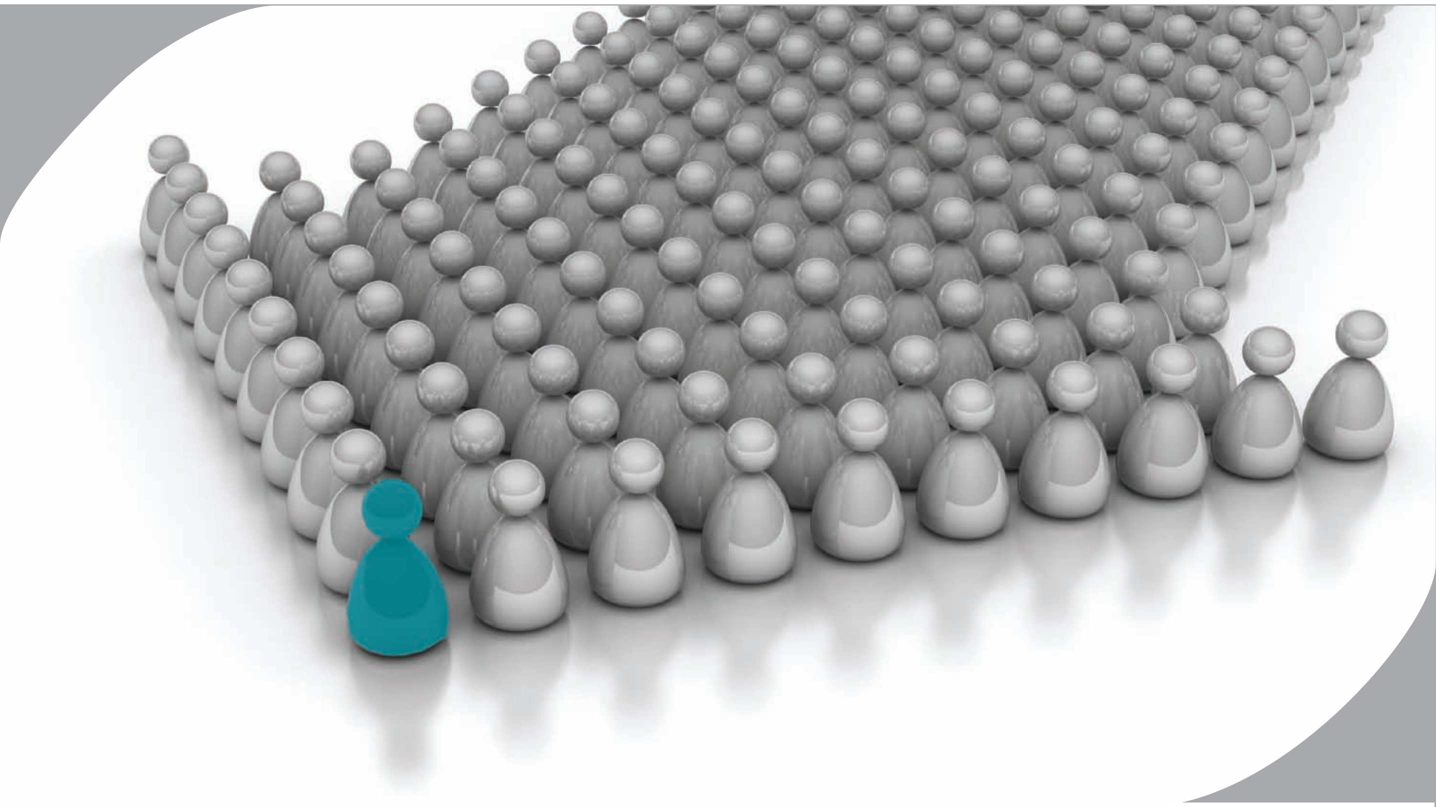
INTEGRATED ANNUAL REPORT

The Board of Directors acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. The Board has accordingly applied its mind to Primeserv's first Integrated Annual Report and to the recommendations of the King III Code. The Board realises the importance of an integrated report that fully promotes transparency and accountability as well as its responsibility to have controls to verify and safeguard the integrity of the report by having the report independently assured. The Board has expanded its disclosure on corporate governance and sustainability, in particular, to reinforce its role as a responsible corporate citizen. The 2011 Integrated Annual Report has not been independently assured and this matter will be addressed in the 2012 financial year.

Signed by JM Judin and M Abel, who have been duly authorised thereto by the Board.

JM JUDIN
Non-Executive Chairman

MERRICK ABEL
Chief Executive Officer



PROFILE

Primeserv Group Limited* 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, computer and business training colleges, as well as resourcing and flexible staffing services, supported by wage bureaus 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.

* *Primeserv or the Group*

FINANCIAL HIGHLIGHTS

for the fifteen months ended 31 March 2011

	15 months ended 31 March 2011 R'000	% change	12 months ended 31 December 2009 R'000
FINANCIAL RESULTS			
Revenue *	**665 281**	27	523 501
EBITDA	**12 937**	(32)	19 144
Operating profit	**10 365**	(41)	17 484
Attributable profit	**9 281**	(19)	11 451
Headline earnings	**9 281**	(19)	11 455
Total assets	**125 826**	(7)	135 037
Total liabilities	**47 770**	(21)	60 315
Net assets	**78 056**	4	74 722
SEGMENTAL ANALYSIS			
Revenue			
Human Capital Outsourcing	**606 007**	27	478 101
Human Capital Development	**59 274**	31	45 400
Operating profit			
Human Capital Outsourcing	**18 084**	(6)	19 214
Human Capital Development	**(2 766)**	(236)	2 036

	15 months ended 31 March 2011	% change	12 months ended 31 December 2009
PERFORMANCE PER SHARE			
Headline earnings (cents)	**9,08**	(14)	10,51
Dividends to shareholders (cents) **	**3,0**	–	3,0
Net asset value per share (cents)	**82**	15	71
Closing share price (cents)	**44**	10	40
Price:earnings ratio	**4,8**	27	3,8

* *Revenue note: Excludes revenue of R64,3 million (2009: R55,7 million) from Bathusi Staffing Services Proprietary Limited, which was deconsolidated as a result of a B-BBEE transaction on 29 January 2005 and has since been accounted for as an associate.*

** *Includes dividend declared and paid subsequent to year-end.*

DIRECTORATE

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 Lansdowne Professor of International Business at the 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.

Allan T McMillan ~

Executive Director

BA

Appointed: September 2004

Allan has been a director of various subsidiaries of the Primeserv Group since its listing and is currently Managing Director of its Outsourcing division. He has been in the flexible staffing services sector for the past 18 years. Prior to this he was involved in the financial services sector.

Raphael Sack

Financial Director

BComm, BCompt (Hons), CA (SA)

Appointed: June 2009

Raphael has been with the Group for four 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.

Cleopatra Shiceka †

Independent Non-Executive Director

BA LAW, (University of Swaziland) LLB, HDIP TAX (Wits)

Appointed: August 2009

Cleopatra is currently the General Counsel 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.

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 24 years' local and international commercial experience, particularly in the industrial and services industries.

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 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 of Super Group Limited.

Desmond C Seaton

Non-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 Set Point Group (Pty) Limited.

† *Member of the Audit, Governance and Risk Committee*
* *Member of the Remuneration and Nomination Committee*
\# *Member of the Transformation Committee*
^ *American*
~ *British*

THE PRIMESERV Int**HR**grate™ MODEL

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.

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 IntHRgrate™ 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.

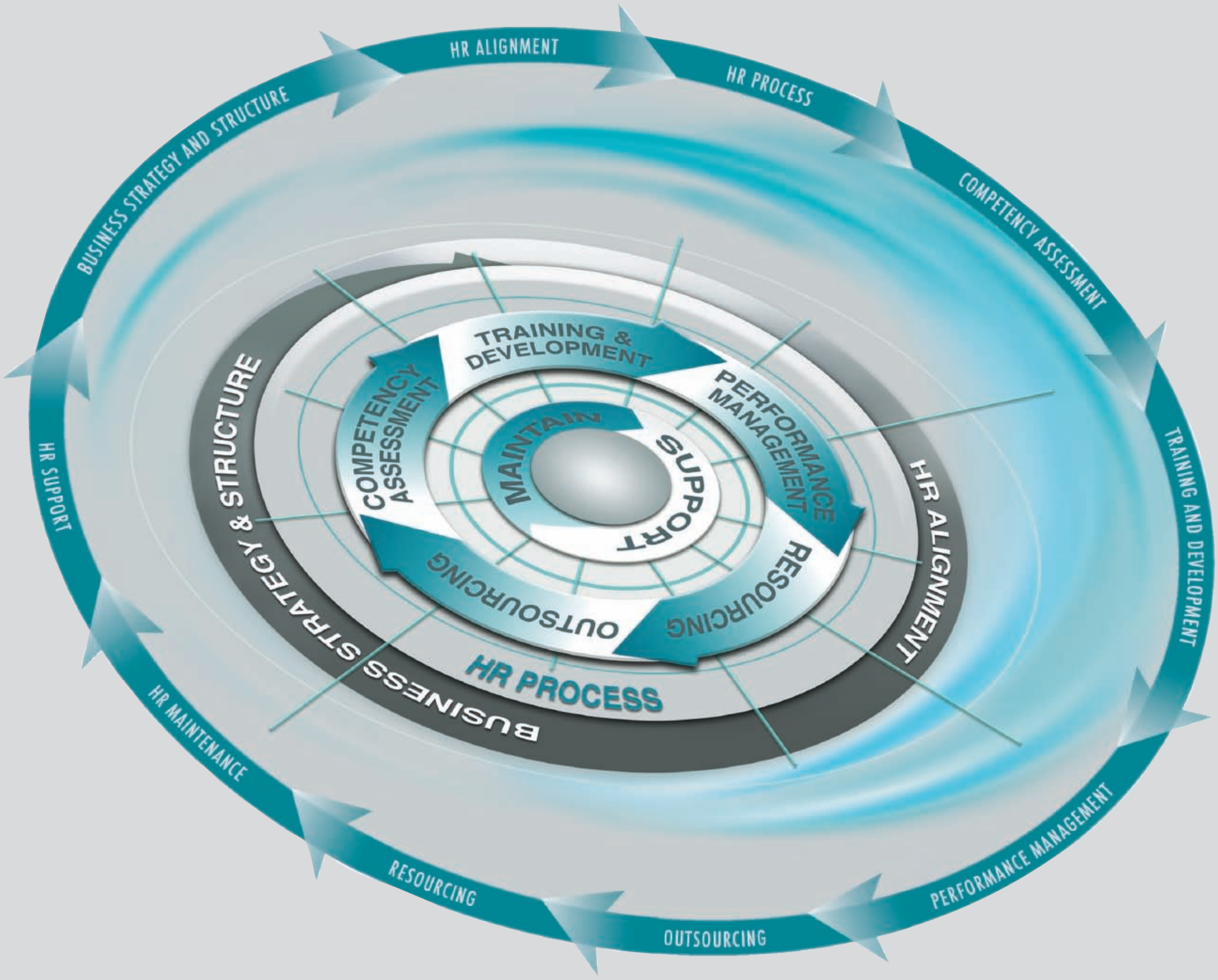
- **Resourcing**
  Profiled, assessed and competent permanent staffing is core to meeting an organisation's operational needs.

- **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.

THE PRIMESERV Int**HR**grate™ MODEL



The Primeserv Int**HR**grate™ 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.

INDEPENDENT NON-EXECUTIVE CHAIRMAN'S STATEMENT

J MICHAEL JUDIN
Independent Non-Executive Chairman

Primeserv's commitment to transformation is embedded in the culture of the business

It gives me great pleasure to report in Primeserv's first Integrated Annual Report, a testimony to the Group's commitment to responsible corporate citizenship and triple bottom line reporting on economic, social and environmental indicators.

The aftermath of the economic recession and the resultant effect on local business led to a severe decline in non-discretionary expenditure, including skills development and training, which affected the Group's Human Capital Development segment, exacerbated by the contraction in contract labour outsourcing, which impacted the Human Capital Outsourcing segment. The Group nevertheless still produced a creditable performance, a reflection of the resilience of its business model.

Primeserv's offering prioritises job creation and employment, underpinned by skills development programmes and learnerships – key to the future sustainability of South Africa. Temporary staff is placed by the Group, often in their first jobs, skills are transferred, thereby enabling them to enter the permanent job market, with an average of 32% of temporary employees evolving into permanent employment. As well as the advantages to the economy, the acquiring of skills has a transformative effect on the individual.

South Africa, because of its history and the consequential challenges it faces and the relentless focus of the South African government to eradicate the ills of poverty, unemployment and improving the standard of living of all its citizens, has realised that these quests will remain exactly that if no concerted effort is made to address the dire shortage of appropriately qualified and skilled people in the country. Employee capacity, performance and ability are directly determined by the relevant skills, knowledge and abilities that such an employee possesses, and the currency and relevance thereof.

The president has clearly stated that job creation is the number one priority as unemployment is one of the most critical problems we face as a society today. The creation of jobs for youths specifically was a key feature of the budget as statistics showed that 42% of young people between the ages of 18 and 29 are unemployed. Government committed to expanded access and financial assistance for further education, and a range of initiatives aimed at expanding job opportunities.

Government's and unions' call to ban labour brokers will potentially have dire consequences for the TES assignees, the country's competitiveness and precipitate an outflow of foreign direct investment. The local TES industry is aligned with countries such as the US, UK, the EU region and Australia that operate similar and substantial flexible staffing environments. The International Confederation of Trade Unions has entered into a collective agreement with the TES industry in the EU in recognition of the new modern world of work and how to regulate it according to a new dispensation so that there is a real balance between economic growth and employment justice.

Other than the TES industry, other industries represented by business, including users of TES services, have expressed serious concern in relation to the consequences of the proposed Labour Law Bills. In particular, if the Bills were made law, it could discourage foreign direct investment; increase national unemployment; increase the cost of doing business; reduce national economic competitiveness; increase non-compliance; limit youth first-time entry into the labour market; encourage uncertainty in the labour market and result in a lack of labour market flexibility.

The negative perceptions created by the debate surrounding legislative issues relating to the TES industry placed downward pressure on the Group's share price performance. This can be expected to continue until certainty prevails.

Primeserv's commitment to transformation is embedded in the culture of the business and the success of transformation initiatives is critical to the economic and social sustainability of the country. Primeserv has established a platform of responsible corporate citizenship and 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 to improve its responsible corporate citizenship and to increase the visibility of its broader sustainability initiatives.

Globally the risk of a double dip recession has probably receded, but the levels and pace of economic recovery in South Africa remain unpredictable. Primeserv anticipates erratic trading conditions in the year ahead, but remains well positioned to take advantage of opportunities, organic and acquisitive, that are presented.

My appreciation to the Board of Directors, our team of executives and management and staff – your ongoing efforts ensure that stakeholders can look with confidence to Primeserv's future.

J MICHAEL JUDIN
Independent Non-Executive Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

The economic environment remained challenging as businesses and industries emerged from the global recession at a moderate pace. The period under review was characterised by rising oil prices, public sector wage negotiations (both of which have implications for inflation) and a strong rand. Organisations curtailed their discretionary spend relating to skills development and employment and both business and consumer confidence remained under pressure. Against this background, the Group's overall results were encouraging, reflecting its ability to hold its ground in trying times.

Primeserv strengthened its market position as human capital partner to a spectrum of South African companies and organisations with varied strategic and operational requirements.

The Group's client-centric focus is driven by ongoing re-engineering of its products, services and solutions to ensure relevance to market dynamics and client interests.

The Group's entrepreneurial culture encourages all staff to seek the best of themselves, and to make a positive and creative contribution to the Group as a whole, as well as to their own careers. This culture is supported by internal training programmes which facilitate personal growth and the ability to balance work-life demands. As a South African company, transformation and the successful growth of an authentically empowered and diverse Group workforce are increasingly vital points of strategic focus.

The Group's Human Capital Development and Human Capital Outsourcing operations constitute an interlocking unit that delivers tailor-made, comprehensive products, services and solutions to clients nationally, through the Group's proprietary Int**HR**grate™ Model. This model has established Primeserv HR Services, the Group's operating pillar, as a leading human capital services provider.

Primeserv offers temporary and permanent staffing solutions as well as skills development and consulting solutions. This three-tier approach is one of the Group's main strengths and an important differentiator in an increasingly competitive environment.

Primeserv continues to support a modular format to its service offering, designed to meet local clients' needs while allowing them the flexibility to move towards the global view of human resources as an integrated operation. Primeserv's focus on developing a format which caters to the dynamics of the local market while ultimately being geared to global best practice has been of significant benefit to the Group during a challenging period across the South African economy.

The Group's profitability is linked to its ability to service the operational and strategic imperatives of its clients, who, especially within the current negative trading context, face significant challenges in increasing the efficiencies within their businesses and their marketplace performance. Within this context, it is satisfying to note that growing numbers of our clients outsource their entire portfolio of human capital requirements to Primeserv.

The Group's proven ability to apply the global philosophy of human capital integration locally has been a key factor here, along with its ability to offer a modular set of tools to those organisations seeking a more flexible approach to the management of their human capital requirements.

At the core of Primeserv's performance is its commitment to building its own specialised management and executive capability. The Group has steadily refined its products and services and supported their delivery in the marketplace with the development of strong organisational systems and structures. The Primeserv management team continues to show its entrepreneurial ability in this sphere, motivating employees and stimulating growth and development opportunities within the Group's operating units.

The integrated human capital landscape demands constant innovation. Primeserv's integrated processes of delivering on relevant human capital products, services and solutions, through continuously refining its offering, position the Group at the forefront of its industry.

INT**HR**GRATE™ MODEL

The Int**HR**grate™ Model is Primeserv's key market differentiator. Designed to provide a comprehensive suite of HR products, services and solutions, Int**HR**grate™ is being accepted and implemented across a broad range of client industries.

MERRICK ABEL
Chief Executive Officer

The Group's client-centric focus is driven by ongoing re-engineering of its products, services and solutions

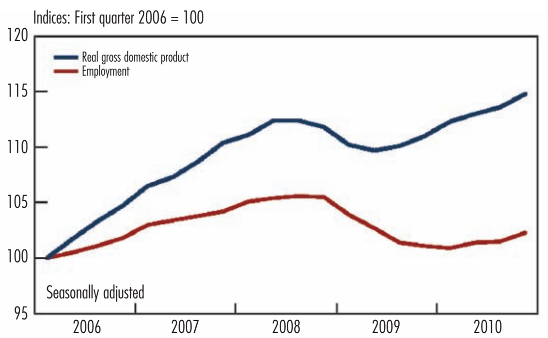
Legislative obligations which are ever more complex and onerous, are driving a growing awareness across the market of the values and benefits which a model such as Int**HR**grate™ can deliver to organisations. Int**HR**grate's™ modular structure allows businesses to apply specific products and/or solutions at specific periods and offers a structured focal point from which they can draw on additional components as they become more relevant. Crucially, it also offers a consolidated point from which companies are able to evaluate their compliance with legislative requirements.

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 global economic recovery continued into the first quarter of 2011, albeit at a slow pace, thereby defying concerns of double-dip recessionary activity. The recovery, however, remained uneven with emerging market economies outpacing the developed economies. Most of the first world economies continued to be characterised by stimulatory monetary policies alongside fiscal consolidation, fragile confidence and a lack of job creation. The unemployment rate in South Africa rose to 25% in the first quarter and, as the economic recovery progressed, albeit that employment increases in the public sector outpaced that in the private sector. The late resumption of employment gains was indicative of the lagged relationship between economic growth and employment creation.

Output and employment



Source: SARB

Employment losses were most pronounced during 2009 with almost 350 000 jobs lost during that year followed by only about 96 800 jobs created in 2010. Despite employment gains in recent months, the level of manufacturing employment has not nearly recovered to that of previous years and government has committed itself to developing and enhancing the manufacturing sector in order to stimulate job creation. Employment growth in the mining sector partly reflected the sustained increase in commodity prices alongside the relatively strong demand for South African commodities by Asian and other emerging market economies.

The need for the creation of additional capacity in the electricity-supply sector contributed to a steady increase in the pace of capital spending and a concomitant surge in job creation at an annualised rate of 6,8% in the fourth quarter of 2010. In addition, the increase in employment levels in the sector was a result of improved mining and manufacturing output performance, being reliant on the electricity-supply sector. Of the total number of jobs created in 2010 as a whole, more than half occurred in the third quarter of the year.

Job losses in the construction sector continued unabatedly and the subdued state of construction activity is corroborated by the continued contraction in the real value of total buildings completed, the persistent recession in the real value of building plans passed, and the low volumes of national cement sales.

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 a lethargic economic environment over the medium term.

Productivity and skills development remain two primary issues that will have an important bearing on the future trajectory of the local economy.

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

Success in the key area of skills development 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.

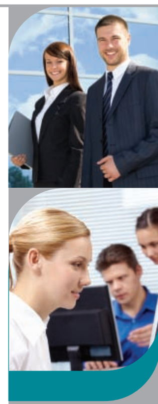
TEMPORARY EMPLOYMENT SERVICES

The continued political, regulatory and social discourse regarding the future of the contract labour market (commonly known as the TES industry) created a negative trading environment for labour outsourcing businesses and is one of significance to Primeserv.

The recently proposed legislation and ensuing government, NEDLAC and industry-wide discussions appear to make a redrafting of the proposed legislation increasingly likely, especially since many of the provisions in the proposed Bills in their current form would have profound unintended consequences for South Africa's labour market. An independent regulatory impact assessment concluded that a ban on labour brokers would not only result in the loss of thousands of temporary jobs (approximately 900 000 per day) but could also act as a disincentive to employment and destabilise the labour market as well as violate the constitutional right to choose a trade, occupation or profession freely. Representatives of business, labour and government, who are in discussions under the auspices of NEDLAC, have agreed to commence work on a fresh draft of an amendment to the Labour Relations Act to regulate temporary work.

The Group thus applies ongoing effort and attention towards ensuring that a balanced resolution to this issue can be achieved by government, labour movements and the private sector.

Primeserv is a founding member of CAPES, established in 2002. CAPES seeks to ensure that the interests of all parties and stakeholders are properly represented in macro-level TES decision-making. Primeserv is also represented on the Services SETA's Labour Recruitment Chamber Board and participates actively in the development of training initiatives to upgrade and improve the TES industry.



The TES industry accounts for a meaningful portion of the economically active population in South Africa and some 32% of TES assignees ultimately progress into permanent employment. TES therefore is a valuable conduit into the formal employment sector for many South Africans, acting as a channel for the unemployed, under-employed and those who struggle to obtain employment in the formal labour market due to inexperience or age.

Primeserv, through its activities with CAPES and the Labour Recruitment Chamber Board, seeks to ensure that balance can be obtained within the sector, in a manner that supports TES' contribution to the national GDP through its tax base, and its role in critical government initiatives such as ASGISA and JIPSA.

Primeserv endorses the notion of decent work as conceptualised by the International Labour Organisation as it promotes a fair income and access to benefits, employment security, social security, freedom of association and a healthy and safe work environment.

To date, CAPES has published a well received Code of Professional Conduct for Labour Recruitment, and has developed positive relationships with BUSA, NEDLAC, government and unions, the ILO, numerous bargaining councils and SETAs.

Outside of the scope of TES, Primeserv is a founder member of several regulatory and representative organisations, and the Group's active participation in the work of these bodies plays a crucial role in ensuring Primeserv is well placed to not only achieve sustainable growth over the long term, but also to directly influence the positive evolution of the sector in which it operates.

These organisations include:

- CEALBD
- TESD – representing the professional white-collar industry
- As a member of SEIFSA, Primeserv is active on the MANCO and sector boards of all the largest bargaining councils, where it has helped professionalise the industry and represent it at key forums.
- Primeserv's involvement with BUSA has encouraged participation in national strategic engagements and programmes such as B-BBEE research, decent work programmes, social security and retirement reforms, union engagement, NEDLAC's Labour Market Chamber, COIDA regulation, the restructure of SETAs and the review of the Manpower Training Act and Skills Development Act.

FINANCIAL REVIEW

Change of financial year-end

The Group's financial year-end was changed from the end of December to the end of March therefore the results are for a 15-month period thus making some comparisons with the prior period difficult. The change was made in order to better align financial reporting with the underlying operational trading cycles of the main business units.

Operating performance

Sales revenue for the period was R665,3 million realising a gross profit of R122,3 million. The gross profit percentage has decreased from 18,8% for the year ended 31 December 2009 to 18,4% for the current review period. The decline in margin is largely attributable to certain high volume sales delivered at lower than usual trading margins. The lower gross profit margin has accordingly also had a direct effect on EBITDA, which is down in both absolute rand terms as well as a percentage of sales, from 3,66% to 1,94%.

Depreciation and capital additions

Increased investment in infrastructure and equipment, particularly in the Colleges Division, has led to an increase in the amount of depreciation which, even when annualised, amounts to R2,1 million compared to the R1,7 million for the last financial year. During the 15 months ended 31 March 2011 a total of R4,3 million was spent on capital additions, of which R3,7 million was invested in the Human Capital Development segment. The main spend was on course material, computer equipment and infrastructure upgrades, with the balance of the investment primarily in computer equipment for the Human Capital Outsourcing segment.

Operating profit

The overall operating profit has shown a decline from R17,5 million to R10,4 million for the period under review.

The Human Capital Outsourcing segment has returned a relatively constant operating profit over the last five years, whilst the Human Capital Development segment has delivered erratic results. Central Services has remained efficient and has continued to reduce its costs over the last five years. The Human Capital Development segment has borne the brunt of the Group's exposure to the economic recession over the last few years. Skills development spend has waned and this was exacerbated by a reduction in both the number of learners, and fees paid by learners and their sponsors in the Colleges division. Various initiatives have already been implemented within the segment, especially in the computer and business training colleges unit, to reverse this trend.

Interest

Interest received has been adjusted by R129 000 due to an accounting rule which requires that sales be adjusted to take into account any extended payment terms given, or taken, by customers and to treat the difference as interest income. Nevertheless, the net interest cost has decreased from R1,7 million last year to R36 000 for the current period, due in the main to less interest paid. The interest cover ratio declined from 2,8 to 2,2.

Associate company

The associate company, Bathusi Staffing Services (Pty) Limited, delivered a loss which is due in large part to the loss of a significant customer as part of a tender process. The Group's share of the loss was R202 000 compared to a loss of R225 000 for the last financial year.

Profit before taxation

Profit before taxation was R10,1 million, a return on sales of 1,5%, compared to a profit before taxation of R15,5 million last year and a return on sales of 3,0%. The effective rate of taxation has shown a decline from 24,1% to 16,4% attributable to a combination of non-taxable income as well as the benefit from learnership agreements which were claimed in terms of incentives granted by government in terms of the Income Tax Act. STC, charged on the payment of dividends, resulted in an increase in the Group's effective rate of taxation relative to the standard rate imposed of 28%. The Group has benefited within certain legal entities from assessed losses arising in prior financial periods. Profits have continued to be generated in certain companies that are in tax paying positions resulting in cash payments to the SARS.

The Group generated a return on assets of 7,4%, down from the 8,5% recorded in the prior year.

Shares in issue and earnings per share

Share repurchases during the year have resulted in the weighted average number of shares in issue decreasing form 108,98 million shares to 102,17 million shares, a decrease of 6,2%. The diluted weighted average number of shares has decreased by 5,3% due to the effect of certain share options having a dilutive effect. Earnings per share (EPS) and headline earnings per share (HEPS) have decreased by 13,6% from 10,51 cents per share to 9,08 cents per share. Diluted EPS and diluted HEPS have decreased by 14,3% from 10,51 cents per share to 9,00 cents per share based on a closing share price of 44 cents per share. The price-to-earnings ratio improved from 3,81 to 4,85. Free cash per share was 10,8 cents per share.

Dividends

The Group has maintained its dividend pay-out declaring both an interim dividend of 0,5 cents per share and a final dividend of 2,5 cents per share resulting in a total dividend of 3,0 cents per share in respect of the 15 months ended 31 March 2011. The dividend yield based on the closing share price for the period was 6,8% (2009: 7,5%) with the dividend cover ratio declining from 3,50 to 3,03, well in line with of the Group's policy of a 2 x dividend cover.

Segmental analysis

The segmental analysis is indicative of the performance of the main operating segments both from a sales and an operating profit perspective. The Human Capital Outsourcing segment's sales on an annualised basis was R484,8 million compared to R478,1 million for the prior period, an increase of 1%. The Human Capital Development segment, encompassing the Colleges, Technical Training and HR Consulting units saw revenue growth, on an annualised basis, of 4%, albeit that this includes the peak student registration period in the Colleges unit, which runs from January to March each year. Operating profits in the Human Capital Outsourcing segment declined by 38% on an annualised basis. The Human Capital Development segment made an operating loss of R2,5 million on an annualised basis, compared to the operating profit made in the year ended 31 December 2009. Both the Colleges and Technical Training units made losses during the 15 months, with only the HR Consulting unit making an operating profit (which includes the benefits arising from the Sincedisa acquisition which added approximately R0,8 million to the unit's profits during the reporting period).

Statement of financial position

The statement of financial position has continued to strengthen. The net asset value per share increased by 15% from 71 cents per share to 82 cents per share while the level of gearing was constant at 2,6% compared to 2,9% for the prior period and is well within the 20% limit set by the Group. Goodwill has increased as a consequence of the Sincedisa acquisition. Intangible assets reflects a decline which is attributable to the amortisation of the contract specific goodwill which arose following the acquisition of a particular contract in the Outsourcing Division just over two years ago. This will be fully amortised in the next financial year.

The investment and loan in the associate has increased by R2,8 million, due to cash invested, partially as a result of the business unit making a loss before tax of R0,6 million.

Inventories have remained at the same levels as in the prior year. Other receivables has shown an increase which is explained by certain receivables now being classified as current rather than as long term. Trade receivables, on the other hand, have decreased by R13,9 million compared with the position at the end of December 2009, which had a positive cash flow benefit. Debtors' days improved from 48,2 days at the end of December 2009 to 39,1 days at the end of March 2011. The debtors' days figure is distorted by the inclusion of College debtors which historically have extended collection periods. Excluding the Colleges' receivables, the debtor's days were 34,8 compared to 42,3 at the end of December 2009.

Non-current liabilities have shown an increase attributable to the purchase price expected to be paid to the Sincedisa vendor, which is only expected to be paid after the end of March 2012.

Cash flow

Cash flow from operating activities has remained positive at R10,3 million. Cash flows from investing activities was R7,0 million for the 15 months and includes R4,4 million invested in plant and equipment, R2,7 million for shares purchased and R2,8 million invested in Bathusi Staffing Services (Pty) Limited, the associate company. These outflows were offset in the main by an inflow of R3,0 million relating to the long-term receivable. Over and above this, the Group paid R2,6 million in dividends during the year (plus STC of R0,4 million). Overall the Group was cash positive for the year at R0,5 million with cash on hand of R25,3 million. The cash conversion ratio was 150%.

FINANCIAL STRATEGIES AND TARGETS

The Group's overriding strategic imperative is to achieve sustainable growth, both organically and acquisitively, 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. Acquisition opportunities will be assessed in the framework of their contribution to overall Group performance. The return on capital employed will be improved and maximised through enhanced efficiencies and effective working capital management.

STRATEGY

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

- to build a strong statement of financial position which facilitates organic and acquisitive growth opportunities;

- to invest in intellectual capital and a strong management team; and
- to secure and maintain both daily and long-term contractual business to deliver real earnings growth.

Ongoing transformation of the organisation through employment equity and skills development underpins the Group's B-BBEE strategy.

The Group is committed to:

- growing an understanding of clients' needs in a constantly changing environment
- improving its knowledge of market dynamics
- 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 and cost containment
- promoting strong values and a performance-driven organisational culture
- extending its presence in southern Africa to meet clients' needs as they expand into the region
- maintaining its key competitive advantage by building internal capability in a nurturing working environment
- enhancing the Group's leadership position in HR consulting, skills development and flexible staffing services while evolving its integrated HR services model
- nurturing effective B-BBEE internally and externally
- becoming the integrated HR services provider of choice

STRATEGIC REVIEW

South Africa's complex socio-political make-up and legacy create unique human capital challenges for local companies, as authentic diversity within the workplace with effective transformation reporting mechanisms at all company levels to meet Black Economic Empowerment targets, is required. Skills development 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 informed its strategy to position all its operational divisions as market-driven and client-centric, and ultimately to offer an integrated 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. Int**HR**grate's™ 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 client requirements. Through these processes of continual refinement and improvement, new technology and global best practices are brought into the client's strategic and operational structures. 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 strengthens its value proposition.

Global markets are steadily moving away from limited, internally-focused HR solutions to comprehensive, outsourced HR management. Locally, proposed changes in legislation with heightened levels of complexity will further increase the need for specialist outsourced capabilities. Through Primeserv's modular HR approach local companies are exposed to global human capital management trends as well as being guided on legislative changes and the implications thereof.

This is an important advantage for local businesses, which need to remain competitive in the global framework and which face an urgent strategic need to offer nurturing and sustainable growth environments to employees. Primeserv's offering of access to global trends and developments enable local businesses to stay in touch with, and cater to, fast changing employee and business needs.

The Group's technical ability 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 enjoy quantifiable benefits as a result.

Partnering with Primeserv allows organisations to effectively free up internal resources and focus on core activities. In a business climate featuring high degrees of price and product parity across competitors, skills shortages, economic contraction and resulting volatility of staff demands, Primeserv's tailored HR products and services are key tools enabling business success.

Geared to explore opportunities to expand the Group's offering and diversify revenue streams

CHIEF EXECUTIVE OFFICER'S REVIEW

continued

The application of the Int**HR**grate™ Model as a comprehensive, outsourced human capital tool, which offers a significant edge to Primeserv's clients, increased the Group's market penetration. This, combined with further investment in internal capacity and systems and the effective nurturing of resources to support the Group's ongoing growth over the medium term, consolidated Primeserv's market position.

Primeserv continues to seek to establish itself as an employer of choice within the South African business environment. The day-to-day manifestation of 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, structurally and in terms of ethos and culture, 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 analysis of resource allocation and risk assessment.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Central to developing a competitive edge in the South African economy, is the ability of business to steer organisational diversity. To this end, Primeserv not only encourages the recruitment of men and women from historically disadvantaged communities, but also seeks to uplift existing employees through promotion and/or reassignment to other positions within the Group.

The Group embraces the widened scope of empowerment to an authentically broad-based set of achievements, away from the narrow scope of ownership only. Additional B-BBEE initiatives, most particularly, skills development, employment equity, preferential procurement, enterprise development and corporate social investment are embedded in the Group's day-to-day transformation processes, the results of which are monitored by the Transformation Committee.

The Group and its subsidiaries have been measured against the generic scorecard indicator and have achieved ratings of between a level 2 and level 6, with four of the entities receiving scores of level 3 or better, two with scores of level 4 and three entities with level 6. These ratings included "Value Added Supplier Procurement Recognition" for all of the units that were assessed.

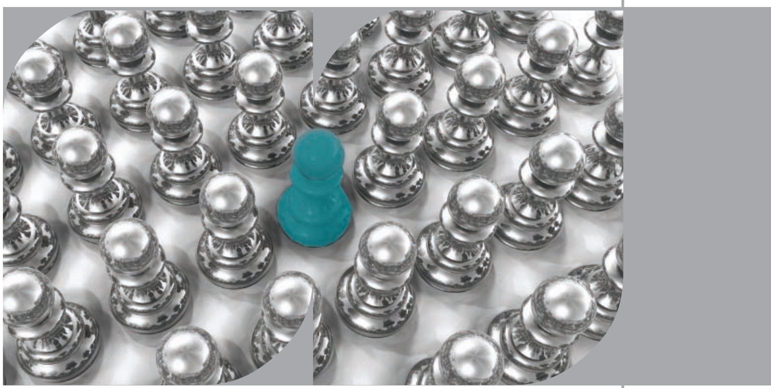
In previous years the authoritative Financial Mail/Empowerdex survey recognised the top 200 Empowerment Companies with the 2011 survey only recognising the top 100 Empowerment Companies. Only three companies in the contract labour industry made it into the top 25% of the survey, with Primeserv being rated as number 22 with a total score of 81,46%, being the Group's best overall score since its initial participation in the survey during 2006. The company being rated number 1 scored 92,83%, translating into a difference of just over 11% between the top scorer and Primeserv, making it noteworthy that:

- the majority of other top scoring companies were allocated within the 80% to 89% range, with positions 15 to 25 recording a score difference between themselves of between 1% and 2%, indicating a very competitive environment;
- of the top 5 Service Sector companies, the survey ranked Primeserv at number 3; and.
- of the top 10 scores for 'Preferential Procurement', Primeserv was ranked at number 8.

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 20 to 63 of the Integrated Annual Report.



PROSPECTS

Although there are some positive signs of economic recovery emerging in certain industries, Primeserv expects industry growth to be sluggish and erratic and therefore it is anticipated that trading conditions will be restrictive and somewhat volatile in the year ahead. The Group's low gearing and solid statement of financial position enable it to explore opportunities, both organic and acquisitive, so as to expand the Group's offering and diversify revenue streams.

The Group remains cautiously optimistic regarding performance in the year ahead.

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

ACKNOWLEDGEMENTS

I would like to take this opportunity to extend my appreciation to our stakeholders – our clients, learners, suppliers, business partners and shareholders – our entrenched relationships sustain the Group's growth.

The mettle of our employees is the backbone of our business – we truly appreciate your contributions.

Lastly, to the Primeserv Board of Directors – your knowledge, enthusiasm and dedication to the Group are greatly valued.

M. Abel

MERRICK ABEL
Chief Executive Officer

GROUP STRUCTURE

PRIMESERV GROUP LIMITED

PRIMESERV HR SERVICES

HUMAN CAPITAL DEVELOPMENT

PRIMESERV HR SOLUTIONS

- PRIMESERV TRAINING
- BATHUSI HR SOLUTIONS

HR Consulting
Corporate Training
Technical Training
Learnerships

PRIMESERV COLLEGES

- Stanford Computer & Business College
- Working World College

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

HUMAN CAPITAL OUTSOURCING

PRIMESERV OUTSOURCING

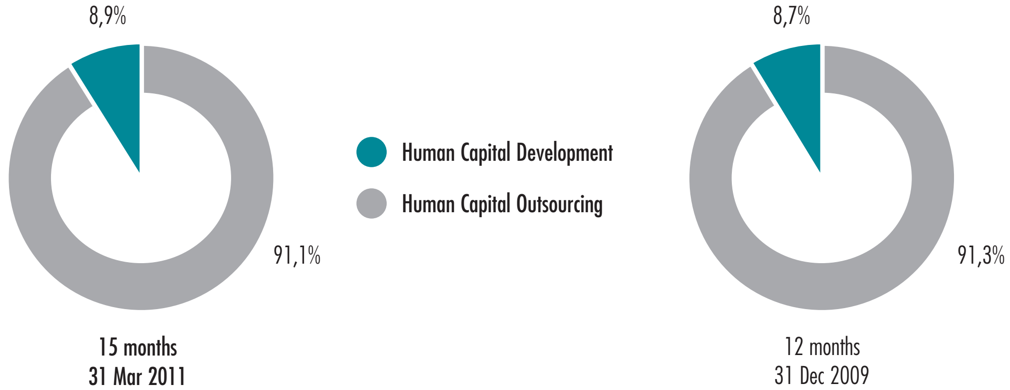
- STAFF DYNAMIX
- Denverdraft
- BATHUSI STAFFING SERVICES
- EMPVEST OUTSOURCING

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

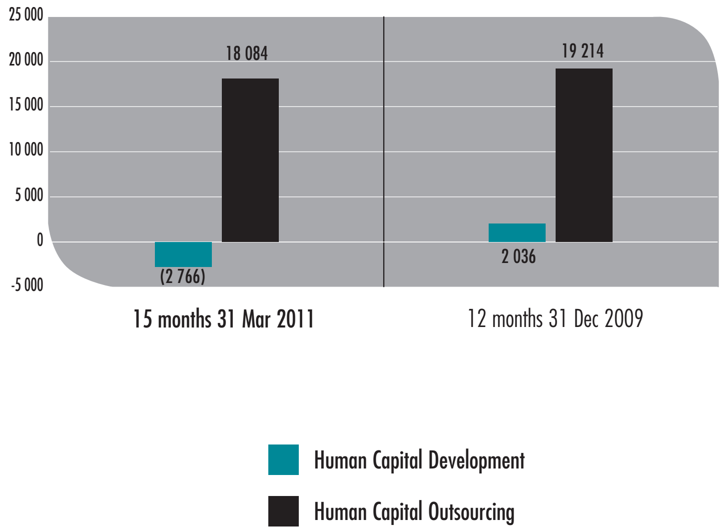
REGIONAL REPRESENTATION

GRAPHICAL REPRESENTATION OF SEGMENTAL ANALYSIS

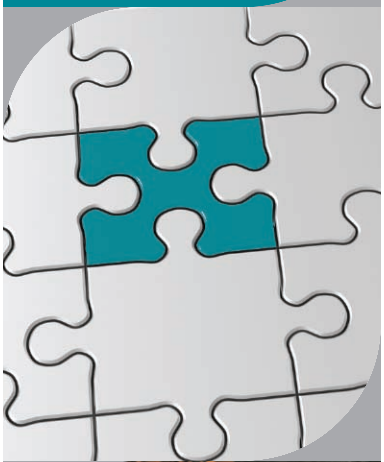
REVENUE FROM EXTERNAL CUSTOMERS

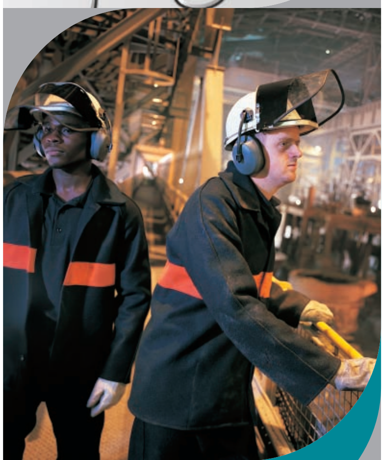


BUSINESS SEGMENT RESULTS (R'000)



REVIEW OF OPERATIONS





An integrated value-added HR solution to client organisations

PRIMESERV HUMAN CAPITAL DEVELOPMENT

The Human Capital Development segment increased revenue by 4% on an annualised basis, from R45,4 million to R47,4 million. The overall operating profit decreased from R2,0 million to an operating loss of R2,8 million in the review period (an operating loss of R2,2 million on an annualised basis), largely attributable to an increased bad debt provision in the Colleges unit. The overall gross profit decreased from 82% to 71% which affected the gross profit generated. This was exacerbated by an increase in a number of key expense items, including staff costs and advertising.

The HR Consulting and Corporate Training unit continued to improve its revenue, from R7,8 million for the 12 months ended 31 December 2009 to R12,9 million (annualised) for the current reporting period, an improvement of 64%. The Technical Training unit's revenue declined, on an annualised basis, from R12,0 million to R10,6 million. Both units improved their gross profit percentages: HR Consulting from 10,5% to 56,3%, mainly attributable to the inclusion of the Sincedisa business from 1 March 2010, while the gross profit percentage for the Technical Training unit improved from 67,6% to 70,3%. Operating expenses in both units were higher than optimal, thus eroding the additional margin that was earned. Consequently, the Technical Training unit generated a net loss before tax of R2,0 million, compared to a profit of R0,9 million in the prior period. The HR Consulting unit improved its net profit before tax from R0,1 million to R0,8 million (R0,7 million annualised).

Primeserv Colleges' (trading as Stanford Computer and Business Colleges), revenue decreased from R25,5 million to R24,5 million on an annualised basis. The unit made a net loss of R5,0 million (R4,0 million when annualised) compared to a net loss of R3,5 million in the prior period. Operating costs included a significant increase in advertising and marketing costs, albeit that the benefit of this spend is only expected to be felt in the 2012 financial year. Debtors in the unit continue to be affected by relatively low levels of disposable income in its target market, which consequently had a direct impact on the unit's collections and resulted in an increase in the bad debt provision.

Primeserv HR Solutions

The HR Solutions division incorporates the HR Consulting and Corporate Training and Technical Training units. The HR Consulting and Corporate Training unit continues to make a positive contribution to the Group. The Technical Training unit experienced challenges, mainly due to the lack of funding from SETAs for construction projects, resulting in over expenditure on its construction training centre in Roodepoort. These led to a realigned product focus strategy in the latter part of the period, which contributed to positive growth and profitability in the unit.

The division continues to provide important strategic value with the framework for the delivery of Primeserv's Int**HR**grate™ Model.

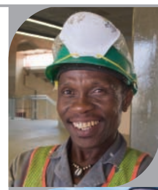
HR Consulting and Corporate Training

The Corporate Training unit, in association with Primeserv Colleges, focuses on providing learners with credits towards the following qualifications, expanded from the prior year, to include:

- Business Administration (NQF 3 and 4)
- Generic Management (NQF 4 and 5)
- ODETDP (NQF 5)
- Marketing (NQF 4)
- Project Management (NQF 4)

The unit is accredited with SSETA, ETDPSETA and has numerous MOUs in place. Umalusi/FET and CHE accreditations were also progressed.

REVIEW OF OPERATIONS
continued



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.
- **Customised in-house interventions**
- **Purchase the programmes/train the trainer and/or license agreements:** structures for clients that have built their own internal training and assessment capability.
- **Learnerships:** structured for clients who are able to offer a workplace site for practical training for employed or unemployed learners.

The unit delivers a full range of HR consulting and corporate training services, in line with Primeserv's Int**HR**grate™ Model. Key products and services include:

- **HR Strategy:** HR Strategy, structure and profiles, HR audits, and behavioural and technical assessments.
- **Training and Development:** learning and development strategy development, workplace skills plans (WSP) and annual training report (ATR) preparation and submission support. Business Administration, Generic Management, personal growth, sales/customer training.

  Performance Management: balanced scorecards, job profiles, performance agreements and performance management training.

  General Consulting Services: maintenance and support for organisational human resource capital, ie climate surveys, policy and procedure development, best operating practices.

During the period under review, the Corporate Training unit trained 3 763 learners, with most of the training focused on NQF levels 3 and 4.

Product spread: ODETDP suite 26%, Business Administration Suite 32%, General Management Suite 30%, Personal Growth Suite 11%, Customer/Sales Suite 1%.

Geographical spread: Gauteng/Inland 64%, Western Cape 13%, Eastern Cape 17%, Kwazulu-Natal 6%.

There has been a significant increase in the number of learners trained from the previous year. The learnership strategy produced results with many learners on Generic Management 4 learnerships.

The expanded national footprint strategy yielded an increase in all coastal regions, now comprising 36% of learners.

The product focus strategy delivered results with Business Administration and General Management comprising 62% of learners.

The revitalisation of the HR Consulting services continued throughout this review period, resulting in increased involvement with client organisations in supporting their business strategy.

Technical Training

The Technical Training unit is accredited with TETA, CETA, HWSETA and DOL, and has various MOUs in place.

Options for training include:

- project management of learnerships;
- design and development of customised course materials; and
- purchase the programme/train the trainer/and/or license agreements for those clients who have built their own internal training and assessment capability.

This unit delivers training focused on skills programmes and/or full qualifications in the following fields:

- **Transport-related training to include:** heavy plant and equipment, lifting machinery operations, transport and driver training, and the National Certificate in Professional Driving.
- **Construction-related training to include:** carpentry, community house building, masonry, painting, plumbing, plastering and tiling, multi-skill training, trade preparation, erecting and dismantling scaffolding and working at heights.
- **Health and safety-related training to include:** health and safety, first aid, fire fighting, risk analysis and evaluation, carbon monoxide, chain saw and felling, and brush cutter.

During the year under review the Technical Training unit trained 28 358 learners.

- **Product spread:** Heavy Plant and Equipment 56%, Lifting Machinery Operations 37%, Driver Training 1%, Health and Safety 5%, Construction Training 1%.
- **Geographical spread:** Gauteng/Inland 92%, Western Cape 3%, Eastern Cape 1%, KwaZulu-Natal 4%.

There has been a significant increase in the number of learners trained from the previous year. The expanded national footprint strategy generated results with an increase in all coastal regions, now comprising 8% of learners.

The product focus strategy rendered results with the focus on Heavy Plant and Equipment and Health and Safety, now comprising 61% of the learners.

The unit continues to work with Primeserv Outsourcing to provide an integrated value-added solution to client organisations in placing and training required outsourced temporary and permanent staff.

REVIEW OF OPERATIONS

continued

Primeserv Colleges

The division's core 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 which operates on a calendar year from January to December experienced an extremely poor year. This was directly attributable to the economic slowdown, resulting in a dramatic reduction in learner registrations. Coupled with this was a slowdown in learner fee collections and consequently a markedly increased bad debt profile. Given the nature of the business and the continuing obligation to provide services to existing learners, cost containment measures are of necessity effective only over a longer time span than is the case with other fields of business. In the result the 2010 calendar year saw the business realise an attributable loss.

Distance learning products are updated on an ongoing basis to attract new learners.

The Colleges and Outsourcing divisions implemented further initiatives to align their service offerings to enable them to provide an integrated solution to changing labour market requirements. This includes a more efficient listing of Colleges' graduates on the Group's Outsourcing division's database for placement. This provides the Outsourcing division with access to a new pool of skilled staff while simultaneously promoting study within the Colleges division as a means to improving learners' workplace opportunities.

The Colleges division continues to identify those skills in short supply in the country which it can develop within its own College network, particularly where skills overlap with needs specific to the Group's Outsourcing division's requirements.

Substantially improved learner registrations were experienced for the 2011 calendar year intake from January through to March 2011. Key to future trading performance will be improved learner fee collections and further growth in registration numbers.

Actions were implemented which have reduced costs without negatively impacting the division's capacity for service delivery. Initiatives were launched which have seen improved learner registrations for the 2011 calendar year. Nineteen colleges underwent an image and facilities upgrade. The Stanford brand was reinvigorated and substantial investment was made in new course material, computer training equipment and classrooms.

Several colleges performed solidly during the period and the Group invested in additional infrastructure for these learning centres. This was particularly the case at the division's Microsoft Academy Colleges. These colleges offer a range of training courses and programmes of varying duration. Course offerings include computer skills training for the recognised MCSE qualification. Accreditation as a Microsoft Academy has clearly enhanced Primeserv's reputation as a provider of quality computer skills learning and development.
In addition to numerous IT courses, the Colleges unit also offers business-related courses and secretarial and call centre training, many of which have been accredited by the London Chamber of Commerce and Industry as well as by South African accreditation authorities.

PRIMESERV HUMAN CAPITAL OUTSOURCING

Revenue for the Outsourcing division was flat, when measured on an annualised basis, improving by 1% from R478,1 million to R484,8 million. Operating profit decreased from R19,2 million to R14,5 million as the division bore the effects of margin squeeze at a number of larger clients. The operating profit decreased from 4% of sales to 3% of sales. Greater focus on working capital management resulted in debtors' days improving from 51 days to 34 days. The improved debtors days is reflected in stronger cash generation within the division and ultimately within the Group, with the overall level of borrowings decreasing by R3,0 million from R29,5 million to R26,5 million, an improvement of 10%. Net interest paid, on an annualised basis, has decreased by 42% from R5,5 million to R3,2 million. Trading in the associate company, Bathusi Staffing Services (Pty) Limited was disappointing albeit that revenue for the 15 months was R64,3 million compared with R55,7 million in the prior period. On an annualised basis the revenue was R51,4 million, a decrease of R4,3 million (8%) which was in large measure due to the loss on tender of a major client.

The erratic nature of the operating environment compounded by the incessant debate around the regulatory framework surrounding the TES industry, combined with the division's decision to maintain capability and capacity, led to a situation of high fixed cost infrastructure and less than optimal sales consistency resulting in depressed but nevertheless satisfactory results.

Trading in the "white collar" professional draughting and engineering units as well as in the division's mega-project wage bureaus was subdued following the completion, delays and/or cancellation of a number of major infrastructure projects nationwide. The "blue collar" flexible staffing units servicing the logistics, warehousing and distribution markets delivered a flat set of results. Reduced levels of manpower demand across all skills levels negatively affected performance in the division's units operating in the construction industry.

During the review period the Group implemented a substantial internal and external national learnership programme. It is anticipated that these learnerships in conjunction with the Group's extensive range of value-add skills development programmes will provide the division with a number of benefits, including up-skilling the workforce in key operational areas as well as providing learnership tax breaks. Of note is the announcement in the February 2011 budget that the current learnership tax scheme will be extended for a further five years to September 2016. As a consequence thereof and in light of the critical need to develop workplace skills as part of the urgent need to create employment opportunities for the unskilled and unemployed, the Outsourcing division together with the Group's skill development units, will continue to invest in developing products and solutions specifically aimed at this imperative.

Primeserv Outsourcing's capability and capacity are heightened by its vast operating experience. It has developed specialised industry expertise in more than 20 broad industry bands, across a multitude of job categories, with up to 20 000 contract staff in the field and a substantial, fully screened industry-relevant database of skilled, semi-skilled, unskilled, blue-collar, white-collar and professional personnel. Specialised management and information systems enable full implementation and monitoring against client centric performance objectives whilst internal HR and IR departments support the managed staffing process.

For the period under review the division pursued certain acquisitive opportunities. None were concluded as they tended to be negatively impacted by the prevailing economic conditions.

Vast operating experience aligned to client-centric performance objectives

Responsible corporate citizenship through commitment to transparency, integrity, responsibility and accountability

CORPORATE CITIZENSHIP

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 and is presented as a corporate citizenship report, including a detailed report on sustainability.

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
- 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, two non-executive and three executive directors and is chaired by JM Judin. The Group has not performed a formal assessment of the Chairman, but 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. No succession plan is in place albeit that the Board has sufficient depth to facilitate a transition, should the need arise. 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 Ill 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 3.

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 immaterial.

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 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 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 met five times during the period and has a formal schedule of matters reserved to it as recorded in the Board Charter. Attendance at these meetings is reflected in the table below.

	12 Mar 2010	2 Jul 2010	15 Sept 2010	30 Nov 2010	24 Mar 2011
M Abel	√	√	√	√	√
JM Judin	√	√	√	√	√
S Klein	√	×	√	√	√
LM Maisela	√	√	√	√	√
AT McMillan	√	√	√	√	√
DL Rose	√	√	√	√	√
R Sack	√	√	√	√	√
DC Seaton	√	√	√	√	√
C Shiceka	√	√	√	√	√

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
- Transformation Committee.

Company Secretary

The Board has access to a professional company secretarial service whose representative is not a director of the Board. A number of the usual responsibilities of the Company Secretary are attended to by the Financial Director and/or the Group Commercial 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 Audit, Governance and Risk Committee

The Report of the Audit, Governance and Risk Committee is set out on pages 64 and 65.

The Remuneration and Nomination Committee

The Remuneration and Nomination Committee ensures that the Group's remuneration structures adequately attract and retain talented 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 objectives and rewards employees for their contribution to the operating and financial performance of the organisation in relation to performance criteria.

The Report of the Remuneration and Nomination Committee, which contains a summary of the Group's remuneration policy, is set out on pages 66 to 70.

The Transformation Committee

The Group is committed to the spirit and principles of B-BBEE and to this end a Transformation Committee was established with its membership being LM Maisela (Chairman), CS Shiceka and M Abel.

Informal meetings were held during the review period to 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 cultural landscape that is prevalent in the country. Its role is not to redress the imbalances that exist in society per se, but to ensure that Primeserv is a leader in the implementation of HR and IR practices that recognise the equality of all individuals. Primeserv seeks to implement, through careful and considered processes, 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.

During the year ahead the terms of reference will be broadened in terms of legislative requirements and it will be renamed the Social and Ethics Committee.

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, with regard to matters relating to:

- Social and economic development, including the Company's standing in terms of the goals and purposes of:
  - The ten principles as set out in the United Nations Global Compact Principles;
  - The OECD (Organisation for Economic Co-operation and Development) recommendations regarding corruption;
  - The Employment Equity Act; and
  - The Broad-Based Black Economic Empowerment Act.
- Good corporate citizenship, including the Company's:
  - promotion of equality, prevention of unfair discrimination and reductions of corruption;
  - contribution to development of the communities in which its activities are predominantly conducted or within which its activities are predominantly marketed; and
  - record of sponsorship, donations and charitable giving.
- The environment, health and public safety, including the impact of the Company's activities and of its products and services.
- Consumer relationships, including the Company's advertising, public relations and compliance with consumer protection law.
- Labour and employment, including:
  - The Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions: and
  - The Company's employment relationships and its contribution towards the educational development of its employees.
- Drawing matters within its mandate to the attention of the Board, as the occasion requires; and
- Reporting, through one of its members, to the shareholders at the Company's annual general meeting on the matters within its mandate.

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 determines risk strategy based on the need to identify, assess, manage and monitor all known forms of risk across the Group, in liaison with the executive directors and senior management. 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 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.

THE GOVERNANCE OF RISK

The identification of risks and opportunities is robust, systematic and involves every level 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 comprehensive risk register is maintained and updated as a standing item on the Committee's agenda, with written submissions and presentations being done by management at least annually.

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 Annual 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 currently being developed, which provides 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, commencing in the 2012 financial year, which will 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; and
- annual IT assurance statement on key IT projects and performance metrics.

An IT Steering Committee will be established to assist the Board in its responsibility for IT governance, which in turn the Board will devolve to the Audit, Governance and Risk Committee.

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.

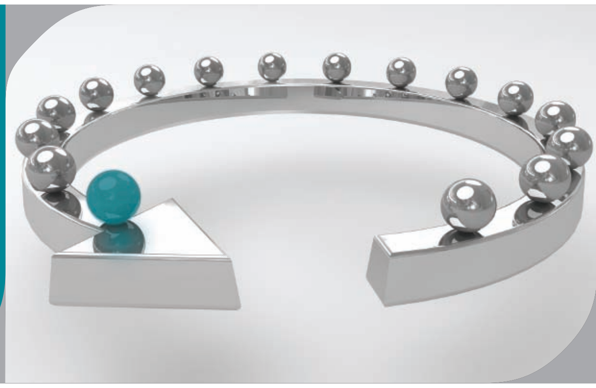
The Group has reviewed and taken advice in regard to the provisions of the Consumer Protection Act and the directors are of the view that in the Outsourcing, Corporate Training and HR Consulting divisions the Group in general deals only with consumers whose turnover and/or gross asset value, exceeds the threshold amount.

In those business areas where the Group deals with consumers who are not excluded by virtue of the above, the directors are satisfied that the goods and services of the Group are not advertised, marketed or sold in a manner which is discriminatory, unfair or inequitable, fraudulent or otherwise and do not contravene the provisions of the Act.

New Companies Act

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.

Reporting addresses material matters of significant interest and concern to all stakeholders



Legislation

Primeserv has focused on the Consumer Protection Act and the new Companies Act. 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.

The new labour legislation is still in draft form and current wisdom indicates that large sections will be referred back for redrafting.

Consumer Protection Act

This Act aims to promote a fair, accessible and sustainable marketplace for consumer products and services. The Act will entrench national norms and standards on consumer protection and provide for improved standards of consumer information. The Act prohibits certain unfair marketing and business practices and promotes responsible consumer behaviour.

Primeserv's Memorandum of Incorporation, as well as its specific reference to shareholders' agreements and the actual agreements, is currently being reviewed to align it with the requirements of the new Companies Act.

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.

INTERNAL AUDIT

Accountability and audit

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 remain profitable in the financial year to March 2012;
- 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 B-BBEE 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 dedicated internal audit function is not viewed by the Board as warranted.

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.

Primeserv is currently developing a 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; 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
  - Government and industry bodies

Details of the Group's engagement with these stakeholders are outlined in the Sustainability Report on page 47.

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 attends 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.

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 the inside front cover.

CORPORATE GOVERNANCE – GAP ANALYSIS

1. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

King III Principle 1.1 – The board should provide effective leadership based on an ethical foundation

Responsible leadership

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
	Ethical leaders should:	
1.1.1	direct the strategy and operations to build a sustainable business;	Applied.
1.1.2	consider the short- and long-term impacts of the strategy on the economy, society and the environment;	Applied.
1.1.3	do business ethically;	Applied.
1.1.4	not compromise the natural environment; and	Applied.
1.1.5	take account of the company's impact on internal and external stakeholders.	Applied.

The board's responsibilities

	The board should:	
1.1.6	be responsible for the strategic direction of the company and for the control of the company;	Applied.
1.1.7	set the values to which the company will adhere formulated in its code of conduct;	Applied.
1.1.8	ensure that its conduct and that of management aligns to the values and is adhered to in all aspects of its business; and	Applied.
1.1.9	promote the stakeholder-inclusive approach of governance.	Applied.

Ethical foundation

	The board should:	
1.1.10	ensure that all deliberations, decisions and actions are based on the four values underpinning good governance; and	Applied.
1.1.11	ensure that each director adheres to the duties of a director.	Applied.

King III Principle 1.2 – The board should ensure the company is and is seen to be a responsible corporate citizen

	The board should:	
1.2.1	consider not only on financial performance but also the impact of the company's operations on society and the environment;	The Group's operations do not pose a risk to the environment and therefore the impact of operations on the environment has not been measured, as it is considered to be immaterial.
1.2.2	protect, enhance and invest in the well being of the economy, society and the environment;	Primeserv is proud of the direct and indirect contributions it makes and especially the CSI initiatives.
1.2.3	ensure that the company's performance and interactions with stakeholders is guided by the Constitution and the Bill of Rights;	The Board is particular about corporate governance and compliance with legislation with these matters being part of the standing agenda.
1.2.4	ensure that collaborative efforts with stakeholders are embarked upon to promote ethical conduct and good corporate citizenship;	The Group has a documented Code of Ethics that defines the conduct expected.

King III Principle 1.2 – The board should ensure the company is and is seen to be a responsible corporate citizen (continued)

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
1.2.5	ensure that measurable corporate citizenship programmes are implemented; and	Corporate citizenship is addressed as part of the staff induction programmes conducted for all new employees.
1.2.6	ensure that management develops corporate citizenship policies.	As above.

King III Principle 1.3 – The board should ensure that the company's ethics are managed effectively

	The board should ensure that:	The Group has a documented Code of Ethics that defines the conduct expected.
1.3.1	it builds and sustains an ethical corporate and ethical culture in the company;	Applied.
1.3.2	it determines the ethical standards which should be clearly articulated and ensures that the company takes measures to achieve adherence to them in all aspects of the business;	Applied.
1.3.3	adherence to ethical standards is measured;	To be applied in 2012.
1.3.4	internal and external ethics performance is aligned around the same ethical standards;	To be applied in 2012.
1.3.5	ethical risks and opportunities are incorporated in the risk management process;	To be applied in 2012.
1.3.6	a code of conduct and ethics-related policies are implemented;	Applied.
1.3.7	compliance with the code of conduct is integrated in the operations of the company; and	Applied.
1.3.8	the company's ethics performance should be assessed, monitored, reported and disclosed.	To be applied in 2012.

2. BOARDS AND DIRECTORS

King III Principle 2.1 – The board should act as the focal point for and custodian of corporate governance

Roles and function of the board

	The board should:	The Board deals with corporate governance on a regular basis.
2.1.1	have a charter setting out its responsibilities;	The Board has a charter.
2.1.2	meet at least four times per year;	Applied.
2.1.3	monitor the relationship between management and the stakeholders of the company; and	Applied.
2.1.4	ensure that the company survives and thrives.	Applied.

King III Principle 2.2 – The Board should appreciate that strategy, risk, performance and sustainability are inseparable

	The board should:	
2.2.1	inform and approve the strategy;	Applied.
2.2.2	ensure that strategy is aligned with the purpose of the company, the value drivers of its business and the legitimate interests and expectations of its stakeholders;	Applied.
2.2.3	satisfy itself that the strategy and business plans are not encumbered by risks that have not been thoroughly examined by management; and	Applied.
2.2.4	ensure that the strategy will result in sustainable outcomes taking account of people, planet and profit.	A dedicated meeting addressing the Group's strategy and budgets is held at least once every year.

King III Principle 2.3 – The board should provide effective leadership based on an ethical foundation
Refer to principle 1.1.

King III Principle 2.4 – The board should ensure that the company is and is seen to be a responsible corporate citizen
Refer to principle 1.2.

King III Principle 2.5 – The board should ensure that the company's ethics are managed effectively
Refer to principle 1.3.

King III Principle 2.6 – The board should ensure that the company has an effective and independent audit committee
Refer to chapter 3.

King III Principle 2.7 – The board should be responsible for the governance of risk
Refer to chapter 4.

King III Principle 2.8 – The board should be responsible for information technology (IT) governance
Refer to chapter 5.

King III Principle 2.9 – The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards
Refer to chapter 6.

King III Principle 2.10 – The board should ensure that there is an effective risk-based internal audit
Refer to chapter 7.

King III Principle 2.11 – The board should appreciate that stakeholders' perceptions affect the company's reputation
Refer to chapter 8.

King III Principle 2.12 – The board should ensure the integrity of the company's integrated report
Refer to chapter 9.

King III Principle 2.13 – The board should report on the effectiveness of the company's system of internal controls
Refer to chapters 7 and 9.

King III Principle 2.14 – The board and its directors should act in the best interest of the company

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
2.14.1	The board must act in the best interest of the company.	Applied.
2.14.2	Directors must adhere to the legal standards of conduct.	Applied.
2.14.3	Directors of the board should be permitted to take independent advice in connection with their duties following an agreed procedure.	Applied.
2.14.4	Real or perceived conflicts should be disclosed to the board and managed.	Applied.
2.14.5	Listed companies should have a policy regarding dealing in securities by directors, officers and selected employees.	Applied.

King III Principle 2.15 – The board should consider business rescue proceedings or other turnaround mechanism as soon as the company is financially distressed as defined in the Act

	The board should ensure that:	
2.15.1	the solvency and liquidity of the company is continuously monitored;	Applied.
2.15.2	its consideration is fair to save a financially distressed company either by way of workouts, sale, merger, amalgamation, compromise with creditors or business rescue;	Not applicable.
2.15.3	a suitable practitioner is appointed if business rescue is adopted; and	Not applicable.
2.15.4	the practitioner furnishes security for the value of the assets of the company.	Not applicable.

King III Principle 2.16 – The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of the chairman of the board

	The board should ensure that:	The roles of Chairman and CEO are split. The Chairman is an independent non-executive director.
2.16.1	The members of the board should elect a chairman on an annual basis.	Applied.
2.16.2	The chairman should be independent and free of conflict upon appointment.	Applied.

King III Principle 2.16 – The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of the chairman of the board (continued)

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
2.16.3	A lead independent director should be appointed in the case where an executive chairman is appointed or where the chairman is not independent or conflicted.	Not applicable.
2.16.4	The appointment of the chairman, who is not independent, should be justified in the integrated report.	Not applicable.
2.16.5	The role of the chairman should be formalised.	Applied.
2.16.6	The chairman's ability to add value, and his performance against what is expected of his role and function, should be assessed every year.	The Chairman is an honorary member of the Institute of Directors as well as being a lecturer on the JSE Alt[x] Directors' Induction Programme. This evidences his ability to add value to the Group, especially insofar as corporate governance is concerned.
2.16.7	The CEO should not become the chairman until three years have lapsed.	Not applicable.
2.16.8	The chairman together with the board should consider the number of outside chairmanships held.	Applied.
2.16.9	The board should ensure a succession plan for the role of the chairman.	No succession plan has been formalised albeit that there are other non-executives with sufficient skills and knowledge that could be appointed to the role should the need arise.

King III Principle 2.17 – The board should appoint the chief executive officer and establish a framework for the delegation of authority

	The board should:	
2.17.1	appoint the CEO;	Applied.
2.17.2	provide input regarding senior management appointments;	Applied.
2.17.3	define its own level of materiality and approve a delegation of authority framework;	Applied.
2.17.4	ensure that the role and function of the CEO is formalised and the performance is evaluated against the criteria specified; and	Applied.
2.17.5	ensure succession planning for the CEO and other senior executives and officers is in place.	As part of the continual risk review, succession matters are addressed.

King III Principle 2.18 – The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent

2.18.1	The majority of board members should be non-executive directors.	Applied.
2.18.2	The majority of the non-executive directors should be independent.	Applied.
2.18.3	When determining the number of directors serving on the board, the knowledge, skills and resources required for conducting the business of the board should be considered.	Applied.
2.18.4	Every board should consider whether its size, diversity and demographics make it effective.	Applied.
2.18.5	Every board should have a minimum of two executive directors of which one should be the CEO and the other the director responsible for finance.	Applied.
2.18.6	At least one third of the non-executive directors should rotate every year.	Applied.
2.18.7	The board, through its nomination committee, should recommend the eligibility of prospective directors.	Applied.

King III Principle 2.18 – The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent (continued)

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
2.18.8	Any independent non-executive directors serving more than 9 years should be subjected to a rigorous review of his independence and performance by the board.	Applied.
2.18.9	The board should include a statement in the integrated report regarding the assessment of the independence of the independent non-executive directors.	Applied.
2.18.10	The board should be permitted to remove any director without shareholder approval.	Applied.

King III Principle 2.19 – Directors should be appointed through a formal process

Board appointment process

2.19.1	A nomination committee should assist with the process of identifying suitable members of the board.	Applied.
2.19.2	Background and reference checks should be performed before the nomination and appointment of directors.	Applied.
2.19.3	The appointment of non-executives directors should be formalised through a letter of appointment.	To be applied in 2012.
2.19.4	The board should make full disclosure regarding individual directors to enable shareholders to make their own assessment of directors.	Applied.

King III Principle 2.20 – The induction of and ongoing training and development of directors should be conducted through formal processes

Director development

	The board should ensure that:	
2.20.1	a formal induction programme is established for new directors;	Applied.
2.20.2	inexperienced directors are developed through mentorship programmes;	Applied.
2.20.3	continuing professional development programmes are implemented; and	Applied.
2.20.4	directors receive regular briefings on changes in risks, laws and the environment.	Applied.

King III Principle 2.21 - The board should be assisted by a competent, suitably qualified and experienced company secretary

Company Secretary

2.21.1	The board should appoint and remove the company secretary.	This will be adhered to should a replacement be required.
2.21.2	The board should empower the individual to enable him to properly fulfil his duties.	An independent company secretarial service has been engaged.
	The company secretary should:	Many of the duties ordinarily performed by a Company Secretary have been assumed by the Group Commercial Director and the Group Financial Director. The Company Secretary does, however, attend all Board meetings and does provide guidance on matters relating to company law and corporate governance.
2.21.3	have an arm's length relationship with the board;	Applied.
2.21.4	not to be a director of the company;	Applied.
2.21.5	assist the nomination committee with the appointment of directors;	Nominations are dealt with by the Remuneration and Nomination Committee.

King III Principle 2.21 – The board should be assisted by a competent, suitably qualified and experienced company secretary (continued)

Company Secretary (continued)

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
2.21.6	assist with the director induction and training programmes;	The background, skills and past experience of any new appointees will be assessed in collaboration with the individual. Where it is found necessary, the appointee will be invited to attend a relevant induction programme.
2.21.7	provide guidance to the board on the duties of the directors and good governance;	Applied.
2.21.8	ensure board and committee charters are kept up to date;	The Group Commercial Director attends to these.
2.21.9	prepare and circulate board papers;	Applied.
2.21.10	elicit responses, input and feedback for board and board committee meetings;	The Group Commercial Director and/or the Group Financial Director attend to these.
2.21.11	assist in drafting yearly work plans;	Executive management attends to these.
2.21.12	ensure preparation and circulation of minutes of board and committee meetings; and	Applied.
2.21.13	assist with the evaluation of the board, committees and individual directors.	The Board uses a self-assessment programme by which effectiveness of the individuals and committees are assessed.

King III Principle 2.22 – The evaluation of the board, its committees and the individual directors should be performed every year

Performance assessment

2.22.1	The board should determine its own rule, functions, duties and performance criteria as well as that for directors on the board and board committees to serve as a benchmark for the performance appraisal.	Applied.
2.22.2	Yearly evaluations should be performed by the chairman or an independent provider.	The Board uses a self-assessment programme by which effectiveness of the individuals and committees are assessed.
2.22.3	The results of the performance evaluations should identify training needs for directors.	Applied.
2.22.4	An overview of the appraisal process, results and action plans should be disclosed in the integrated report.	To be applied in 2012.
2.22.5	The nomination for the re-appointment of a director should only occur after the evaluation of the performance and attendance of the director.	To be applied in 2012.

King III Principle 2.23 – The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities

Board committees

2.23.1	Formal terms of reference should be established and approved for each committee of the board.	The Board and its committees are governed in terms of documented and approved charters.
2.23.2	The committees' terms of reference should be reviewed yearly.	To be applied from 2012.
2.23.3	The committees should be appropriately constituted and the composition and the terms of reference should be disclosed in the integrated report.	Applied.

King III Principle 2.23 – The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities (continued)

Board committees (continued)

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
2.23.4	Public and state-owned companies must appoint an audit committee.	Applied.
2.23.5	All other companies should establish an audit committee and define its composition, purpose and duties in the memorandum of incorporation.	Applied.
2.23.6	Companies should establish risk, nomination and remuneration committees.	Applied.
2.23.7	Committees, other than the risk committee, should comprise a majority of non-executive directors of which the majority should be independent.	All committees have a majority of non-executive directors albeit that certain committees do not yet have a majority of directors being independent.
2.23.8	External advisers and executive directors should attend committee meetings by invitation.	Applied.
2.23.9	Committees should be free to take independent outside professional advice at the cost of the company subject to an approved process being followed.	Applied.

King III Principle 2.24 – A governance framework should be agreed between the group and its subsidiary boards

Group boards

2.24.1	Listed subsidiaries must comply with the rules of the relevant stock exchange in respect of insider trading.	Not applicable.
2.24.2	The holding company must respect the fiduciary duties of the director serving in a representative capacity on the board of the subsidiary.	Applied.
2.24.3	The implementation and adoption of policies, processes or procedures of the holding company should be considered and approved by the subsidiary company.	To be applied in 2012.
2.24.4	Disclosure should be made on the adoption of the holdings company's policies in the integrated report of the subsidiary company.	To be applied in 2012.

King III Principle 2.25 – Companies should remunerate directors and executives fairly and responsibly

Remuneration of directors and senior executives

2.25.1	Companies should adopt remuneration policies aligned with the strategy of the company and linked to individual performance.	Applied.
2.25.2	The remuneration committee should assist the board in setting and administering remuneration policies.	Applied.
2.25.3	The remuneration policy should address base pay and bonuses, employee contracts, severance and retirement benefits and share-based and other long-term incentive schemes.	Applied.
2.25.4	Non-executive fees should comprise a base fee as well as an attendance fee per meeting.	To be applied in 2012.

King III Principle 2.26 – Companies should disclose the remuneration of each individual director and certain senior executives

	The remuneration report, included in the integrated report, should include:	
2.26.1	all benefits paid to directors;	Applied.
2.26.2	the salaries of the three most highly paid employees who are not directors;	Applied.
2.26.3	the policy on base pay;	Applied.
2.26.4	participation in share incentive schemes;	Applied.
2.26.5	the use of benchmarks;	To be applied in 2012.
2.26.6	incentive schemes to encourage retention;	Applied.
2.26.7	justification of salaries above the median;	To be applied in 2012.
2.26.8	material payments that are ex-gratia in nature;	Applied.
2.26.9	policies regarding executive employment; and	To be applied in 2012.
2.26.10	the maximum expected potential dilution as a result of incentive awards.	Applied.

King III Principle 2.27 – Shareholders should approve the company's remuneration policy

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
2.27.1	Shareholders should pass a non-binding advisory vote on the company's yearly remuneration policy.	To be applied in 2012, although non-executive remuneration will be addressed at the forthcoming annual general meeting.
2.27.2	The board should determine the remuneration of the directors in accordance with the remuneration policy put to shareholder's vote.	As above.

3. AUDIT COMMITTEES

King III Principle 3.1 – The board should ensure that the company has an effective and independent audit committee

3.1.1	Listed and state-owned companies must establish an audit committee.	Applied.
3.1.2	All other companies should establish an audit committee and define its composition, purpose and duties in the memorandum of incorporation.	Applied.
3.1.3	The board should approve the terms of the reference of the audit committee.	Applied.
3.1.4	The audit committee should meet as often as is necessary to fulfil its function but at least twice a year.	Applied.
3.1.5	The audit committee should meet with internal and external auditors at least once a year without management being present.	Applied.

King III Principle 3.2 – Audit committee members should be suitably skilled and experienced independent non-executive directors

Membership and resources of the audit committee

3.2.1	All members of the audit committee should be independent non-executive directors.	Applied.
3.2.2	The audit committee should consist of at least three members.	Applied.
3.2.3	The chairman of the board should not be the chairman or member of the audit committee.	Applied.
3.2.4	The committee collectively should have sufficient qualifications and experience to fulfil its duties.	Applied.
3.2.5	The audit committee members should keep up-to-date with the developments affecting the required skill-set.	Applied.
3.2.6	The committee should be permitted to consult with specialists or consultants subject to a board-approved process.	Applied.
3.2.7	The board must fill any vacancies on the audit committee.	Applied.

King III Principle 3.3 – The audit committee should be chaired by an independent non-executive director

3.3.1	The board should elect the chairman of the audit committee.	Applied.
3.3.2	The chairman of the audit committee should participate in setting and agreeing the agenda of the committee.	Applied.
3.3.3	The chairman of the audit committee should be present at the annual general meeting.	Applied.

King III Principle 3.4 – The audit committee should oversee integrated reporting

Responsibilities of the audit committee

3.4.1	The audit committee should have regard to all factors and risks that may impact on the integrity of the integrated report.	Applied.
3.4.2	The audit committee should review and comment on the financial statements included in the integrated report.	The integrated report has been reviewed by the Audit, Governance and Risk Committee Chairman.
3.4.3	The audit committee should review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information.	As above.

King III Principle 3.4 – The audit committee should oversee integrated reporting (continued)

Responsibilities of the audit committee (continued)

3.4.4	The audit committee should recommend to the board to engage an external assurance provider on material sustainability issues.	This will be considered for the 2012 financial year.
3.4.5	The audit committee should consider the need to issue interim results.	Applied.
3.4.6	The audit committee should review the content of the summarised information.	Applied.
3.4.7	The audit committee should engage the external auditors to provide assurance on the summarised financial information.	Applied.

King III Principle 3.5 – The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities

3.5.1	The audit committee should ensure that the combined assurance received is appropriate to address all the significant risks facing the company.	Applied.
3.5.2	The relationship between the external assurance providers and the company should be monitored by the audit committee.	Applied.

King III Principle 3.6 – The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function

Internal assurance providers

3.6.1	Every year a review of the finance function should be performed by the audit committee.	Applied.
3.6.2	The results of the review should be disclosed in the integrated report.	The Group Financial Director is assessed each year by the Audit, Governance and Risk Committee.

King III Principle 3.7 – The audit committee should be responsible for overseeing of internal audit

3.7.1	The audit committee should be responsible for the appointment, performance assessment and/or dismissal of the CAE.	Applied.
3.7.2	The audit committee should approve the internal audit plan.	Applied.
3.7.3	The audit committee should ensure that the internal audit function is subject to an independent quality review as and when the committee determines it appropriate.	Applied.

King III Principle 3.8 – The audit committee should be an integral component of the risk management process

3.8.1	The charter of the audit committee should set out its responsibilities regarding risk management.	Applied.
3.8.2	The audit committee should specifically have oversight of:	
3.8.2.1	financial reporting risks;	Applied.
3.8.2.2	internal financial controls;	Applied.
3.8.2.3	fraud risks as it relates to financial reporting; and	Applied.
3.8.2.4	IT risks as it relates to financial reporting.	The Group uses a heat risk map that includes a component addressing IT.

King III Principle 3.9 – The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process

External assurance providers

	The audit committee:	
3.9.1	must nominate the external auditor for appointment;	Applied.
3.9.2	must approve the terms of engagement and remuneration for the external audit engagement;	Applied.

King III Principle 3.9 – The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process (continued)

External assurance providers (continued)

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
3.9.3	must monitor and report on the independence of the external auditor;	Applied.
3.9.4	must define a policy for non-audit services provided by the external auditor and must approve the contracts for non-audit services;	Applied.
3.9.5	should be informed of any Reportable Irregularities identified and reported by the external auditor; and	Applied.
3.9.6	should review the quality and effectiveness of the external audit process	Applied.

King III Principle 3.10 – The audit committee should report to the board and shareholders on how it has discharged its duties

Reporting

3.10.1	The audit committee should report internally to the board on it statutory duties and duties assigned to it by the board.	Applied.
3.10.2	The audit committee must report to the shareholders on its statutory duties:	
3.10.2.1	how its duties were carried out;	Applied.
3.10.2.2	if the committee is satisfied with the independence of the external auditor;	Applied.
3.10.2.3	the committee's view on the financial statements and the accounting practices; and	Applied.
3.10.2.4	whether the internal financial control are effective.	Applied.
3.10.3	The audit committee should provide a summary of its role and details of its composition, number of meetings and activities, in the integrated report.	Applied.
3.10.4	The audit committee should recommend the integrated report for approval by the board.	Applied.

4. THE GOVERNANCE OF RISK

King III Principle 4.1 – The board should be responsible for the governance of risk

The board's responsibility for risk governance

4.1.1	A policy and plan for a system and process of risk management should be developed.	The Board has established an Audit, Governance and Risk Committee.
4.1.2	The board should comment in the integrated report on the effectiveness of the system and process of risk management.	To be applied in 2012.
4.1.3	The board's responsibility for risk governance should be expressed in the board charter.	Incorporated in the Audit, Governance and Risk Committee charter.
4.1.4	The induction and ongoing training programmes of the board should incorporate risk governance.	The background, skills and past experience of any new appointees will be assessed in collaboration with the individual. Where it is found necessary, the appointee will be invited to attend a relevant induction programme.
4.1.5	The board's responsibility for risk governance should manifest in a documented risk management policy and plan.	To be applied in 2012.

King III Principle 4.1 – The board should be responsible for the governance of risk (continued)

The board's responsibility for risk governance (continued)

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
4.1.6	The board should approve the risk management policy and plan.	To be applied in 2012.
4.1.7	The risk management policy should be widely distributed throughout the company.	To be applied in 2012.
4.1.8	The board should review the implementation of the risk management plan at least once a year.	To be applied in 2012.
4.1.9	The board should ensure that the implementation of the risk management plan is monitored continually.	To be applied in 2012.

King III Principle 4.2 – The board should determine the level of risk tolerance

4.2.1	The board should set the levels of risks tolerance once a year.	To be applied in 2012.
4.2.2	The board may set limits for the risk appetite.	To be applied in 2012.
4.2.3	The board should monitor that risks taken are within the tolerance levels.	To be applied in 2012.

King III Principle 4.3 – The risk committee or audit committee should assist the board in carrying out its risks responsibilities

4.3.1	The board should appoint a committee responsible for risk.	Applied.
4.3.2	The risk committee should:	
4.3.2.1	consider the risk management policy and plan and monitor the risk management process;	Applied.
4.3.2.2	have as its members executive and non-executive directors, members of senior management and independent risk management and experts to be invited, if necessary;	The Audit, Governance and Risk Committee comprises only of non-executive directors. Executive directors attend by invitation.
4.3.2.3	have a minimum of three members; and	Applied.
4.3.2.4	convene at least twice per year.	Applied.
4.3.3	The performance of the committee should be evaluated once a year by the board.	The Board uses a self-assessment programme by which effectiveness of the individuals and committees are assessed.

King III Principle 4.4 – The board should delegate to management the responsibility to design, implemented and monitor the risk management plan

Management's responsibility for risk management

4.4.1	The board's risk strategy should be executed by management by means of risk management systems and processes.	Applied.
4.4.2	Management is accountable for integrating risk in the day-to-day activities of the company.	Applied.
4.4.3	The CRO should be a suitably experienced person who should have access and interact regularly on strategic matters with the board and/or appropriate board committees and executive management.	The responsibilities of a CRO are incorporated into the duties of the Group Financial Director and the Group Commercial Director.

King III Principle 4.5 – The board should ensure that risk assessments are performed on a continual basis

Risk assessment

4.5.1	The board should ensure effective and ongoing risk assessments are performed.	Applied.
4.5.2	A systematic, documented, formal risk assessment should be conducted at least once a year.	Applied.
4.5.3	Risks should be prioritised and ranked to focus responses and interventions.	Applied.
4.5.4	The risk assessment process should involve the risks affecting various income streams of the company, the critical dependencies of the business, the sustainability and the legitimate interests and expectations of stakeholders.	Applied.
4.5.5	Risk assessments should adopt a top-down approach.	Applied.

King III Principle 4.5 – The board should ensure that risk assessments are performed on a continual basis (continued)

Risk assessment (continued)

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
4.5.6	The board should regularly receive and review a register of the company's key risks.	Applied.
4.5.7	The board should ensure that key risks are quantified where practicable.	Applied.

King III Principle 4.6 – The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks

4.6.1	The board should ensure that a framework and processes are in place to anticipate unpredictable risks.	A framework will be developed and established for the 2012 financial year.

King III Principle 4.7 – The board should ensure that management considers and implements appropriate risk responses

4.7.1	Management should identify and note in the risk register the risk responses decided upon.	Applied.
4.7.2	Management should demonstrate to the board that the risk response provides for the identification and exploitation of opportunities to improve the performance of the company.	Applied.

King III Principle 4.8 – The board should ensure continual risk monitoring by management

4.8.1	The board should ensure that effective and continual monitoring of risk management takes place.	A heat risk map is included in the Audit, Governance and Risk Committee packs together with specific reports on risk from both the Group Commercial Director and Financial Director.
4.8.2	The responsibility for monitoring should be defined in the risk management plan.	The risk management plan will be developed in conjunction with the risk framework.

King III Principle 4.9 – The board should receive assurance regarding the effectiveness of the risk management process

4.9.1	Management should provide assurance to the board that the risk management plan is integrated in the daily activities of the company.	As per above.
4.9.2	Internal audit should provide a written assessment of the effectiveness of the system of internal controls and risk management to the board.	A specific internal audit function will be introduced in the 2012 financial year.

King III Principle 4.10 – The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders

4.10.1	Undue, unexpected or unusual risks should be disclosed in the integrated report.	Risks have been explained in the Integrated Annual Report including industry-specific risk as well as contingent liabilities.
4.10.2	The board should disclose its view on the effectiveness of the risk management process in the integrated report.	A framework will be developed and established for the 2012 financial year.

5. THE GOVERNANCE OF INFORMATION TECHNOLOGY

King III Principle 5.1 – The board should be responsible for information technology (IT) governance

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
5.1.1	The board should assume the responsibility for the governance of IT and place it on the board agenda.	Matters pertaining to IT risk have been delegated to the Audit, Governance and Risk Committee. IT risk will be dealt with specifically in the risk framework that will be developed and implemented for the 2012 financial year.

King III Principle 5.1 – The board should be responsible for information technology (IT) governance (continued)

5.1.2	The board should ensure that an IT charter and policies are established and implemented.	As above.
5.1.3	The board should ensure promotion of an ethical IT governance culture and awareness and of a common IT language.	As above.
5.1.4	The board should ensure that an IT internal control framework is adopted and implemented.	As above.
5.1.5	The board should receive independent assurance on the effectiveness of the IT internal controls.	As above.

King III Principle 5.2 – IT should be aligned with the performance and sustainability objectives of the company

5.2.1	The board should ensure that the IT strategy is integrated with the company's strategic and business processes.	As above.
5.2.2	The board should ensure that there is a process in place to identify and exploit opportunities to improve the performance and sustainability of the company through the use of IT.	As above.

King III Principle 5.3 – The board should delegate to management the responsibility for the implementation of an IT governance framework

5.3.1	Management should be responsible for the implementation of the structure, processes and mechanism for the IT governance framework.	Applied.
5.3.2	The board may appoint an IT steering committee of similar function to assist with its governance of IT.	As above.
5.3.3	The CEO should appoint a Chief Information Officer (CIO) responsible for the management of IT.	The duties of a CIO have been assigned to the Group Financial Director and Group Commercial Director assisted by the Group Information Systems Manager.
5.3.4	The CIO should be a suitably qualified and experienced person who should have access and interact regularly on strategic IT matters with the board and/or appropriate board committee and executive management.	As above.

King III Principle 5.4 – The board should monitor and evaluate significant IT investments and expenditure

5.4.1	The board should oversee the value delivery of IT and monitor the return on investment from significant IT projects	All significant capital expenditure items are approved by the Board within the terms of the levels of authority matrix.
5.4.2	The board should ensure that intellectual properties contained in information systems are protected.	A framework will be developed and established for the 2012 financial year which will incorporate this aspect.
5.4.3	The board should obtain independent assurance on the IT governance and controls supporting outsourced IT services.	A framework will be developed and established for the 2012 financial year which will incorporate this aspect.

King III Principle 5.5 – IT should form an integral part of the company's risk management

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
5.5.1	Management should regularly demonstrate to the board that the company has adequate business resilience arrangements in place for disaster recovery.	Applied.
5.5.2	The board should ensure that the company complies with IT laws and that IT-related rules, codes and standards are considered.	A framework will be developed and established for the 2012 financial year which will incorporate this aspect.

King III Principle 5.6 – The board should ensure that information assets are managed effectively

5.6.1	The board should ensure that there are systems in place for the management of information which should include information security, information management and information privacy.	Applied.
5.6.2	The board should ensure that all personal information is treated by the company as an important business asset and is identified.	Applied.
5.6.3	The board should ensure that an Information Security Management System is developed and implemented.	A framework will be developed and established for the 2012 financial year which will incorporate this aspect.
5.6.4	The board should approve the information security strategy and delegate and empower management to implement the strategy.	A framework will be developed and established for the 2012 financial year which will incorporate this aspect.

King III Principle 5.7 – A risk committee and audit committee should assist the board in carrying out its IT responsibility

5.7.1	The risk committee should ensure that IT risks are adequately addressed.	Applied.
5.7.2	The risk committee should obtain appropriate assurance that controls are in place and effective in addressing IT risks.	IT risk is a significant component of the Group's existing, and documented, internal controls.
5.7.3	The audit committee should consider IT as it relates to financial reporting and the going concern of the company.	Applied.
5.7.4	The audit committee should consider the use of technology to improve audit coverage and efficiency.	Applied.

6. COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

King III Principle 6.1 – The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards

6.1.1	Companies must comply with all applicable laws.	Applied.
6.1.2	Exceptions permitted in law, shortcomings and proposed changes expected should be handled ethically.	Applied.
6.1.3	Compliance should be an ethical imperative.	Applied.
6.1.4	Compliance with applicable laws should be understood not only in terms of the obligation that they create, but also for the rights and protection that they afford.	Applied.
6.1.5	The board should understand the context of the law, and how other applicable laws interact with it.	Applied.
6.1.6	The board should monitor the company's compliance with applicable laws, rules, codes and standards.	Applied.
6.1.7	Compliance should be a regular item on the agenda of the board.	Applied.
6.1.8	The board should disclose details in the integrated report on how it discharged its responsibility to establish an effective compliance framework and processes.	Applied.

King III Principle 6.2 –The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
6.2.1	The induction and ongoing training programmes of directors should incorporate an overview of and any changes to applicable laws, rules, codes and standards.	Applied.
6.2.2	Directors should sufficiently familiarise themselves with the general content of applicable laws, rules, codes and standards to discharge their legal duties.	Applied.

King III Principle 6.3 – Applied. risk should form an integral part of the company's risk management process

6.3.1	The risk of non-compliance should be identified, assessed and responded to through the risk management processes.	A heat risk map is included in the Audit, Governance and Risk Committee packs together with specific reports on risk from both the Group Commercial Director and Group Financial Director.
6.3.2	Companies should consider establishing a compliance function.	Compliance matters are incorporated into the role of the Audit, Governance and Risk Committee.

King III Principle 6.4 – The board should delegate to management the implementation of an effective compliance framework and processes

6.4.1	The board should ensure that a legal compliance policy, approved by the board, has been implemented by management.	There is a Group Commercial Director who attends to matters of legal and other compliance.
6.4.2	The board should receive assurance on the effectiveness of the controls around compliance with laws, rules, codes and standards.	Partially applied.
6.4.3	Compliance with laws, rules, codes and standards should be incorporated in the code of the conduct of the company.	To be applied from 2012.
6.4.4	Management should establish the appropriate structures, educate and train, and communicate and measure key performance indicators relevant to compliance.	Partially applied.
6.4.5	The integrated report should include details of material or often repeated instances of non-compliance by either the company or its directors in their capacity as such.	To be assessed and reported, if any, from 2012.
6.4.6	An independent, suitably skilled compliance officer may be appointed.	Due to the size of the Group, a compliance officer will not be appointed and the compliance function will be attended to by the Group Financial Director supported by the Group Commercial Director.
6.4.7	The compliance officer should be suitably skilled and experienced person who should access and interact regularly on strategic compliance matters with the board and/or appropriate board committee and executive management.	Refer 6.4.6.
6.4.8	The structuring of the compliance function, its role and its position in terms of reporting lines should be a reflection of the company's decision on how compliance is to be integrated with its ethics and risk management.	Refer 6.4.6.
6.4.9	The compliance function should have adequate resources to fulfil its function.	Refer 6.4.6.

7. INTERNAL AUDIT

King III Principle 7.1 – The board should ensure that there is an effective risk-based internal audit

The need for and role of internal audit

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
7.1.1	Companies should establish an internal audit function.	The Group does not currently have an internal audit function, but this matter will be addressed and will be reported on in the 2012 Integrated Annual Report.
7.1.2	Internal audit should perform the following functions:	
7.1.2.1	evaluate the company's governance processes;	To be applied in 2012.
7.1.2.2	perform an objective assessment of the effectiveness of risk management and the internal control framework;	To be applied in 2012.
7.1.2.3	systematically analyse and evaluate business processes and associated controls; and	To be applied in 2012.
7.1.2.4	provide a source of information as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.	To be applied in 2012.
7.1.3	An internal audit charter should be defined and approved by the board.	To be applied in 2012.
7.1.4	The internal audit function should adhere to the IIA Standards and code of ethics.	To be applied in 2012.

King III Principle 7.2 – Internal audit should follow a risk-based approach to its plan

Internal audit's approach and plan

7.2.1	The internal audit plan and approach should be informed by the strategy and risks of the company.	To be applied in 2012.
7.2.2	Internal audit should be an objective provider of assurance that considers:	
7.2.3.1	the risks that may prevent or slow down the realisation of strategic goals;	To be applied in 2012.
7.2.3.2	whether controls are in place and functioning effectively to mitigate this; and	To be applied in 2012.
7.2.3.3	the opportunities that will promote the realisation of strategic goals that are identified, assessed and effectively managed by the company's management team.	To be applied in 2012.

King III Principle 7.3 – Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management

7.3.1	Internal audit should form an integral part of the combined assurance model as internal assurance provider.	To be applied in 2012.
7.3.2	Internal controls should be established not only over financial matters, but also operational, compliance and sustainability issues.	To be applied in 2012.
7.3.3	Companies should maintain an effective governance, risk management and internal control framework.	To be applied in 2012.
7.3.4	Management should specify the elements of the control framework.	To be applied in 2012.
7.3.5	Internal audit should provide a written assessment of the system of internal controls and risk management to the board.	To be applied in 2012.
7.3.6	Internal audit should provide a written assessment of the system of internal controls and risk management to the audit committee.	To be applied in 2012.

King III Principle 7.4 – The audit committee should be responsible for overseeing internal audit

7.4.1	The internal audit plan should be agreed and approved by the audit committee.	To be applied in 2012.
7.4.2	The audit committee should evaluate the performance of the internal audit function.	To be applied in 2012.
7.4.3	The audit committee should ensure that the internal audit function is subjected to an independent quality review.	To be applied in 2012.
7.4.4	The CAE should report functionally to the audit committee chairman.	To be applied in 2012.
7.4.5	The audit committee should be responsible for the appointment, performance assessment and dismissal of the CAE.	To be applied in 2012.

King III Principle 7.4 – The audit committee should be responsible for overseeing internal audit (continued)

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
7.4.6	The audit committee should ensure that the internal audit function is appropriately resourced and has appropriate budget allocated to the function.	To be applied in 2012.
7.4.7	Internal audit should report at all audit committee meetings.	To be applied in 2012.

King III Principle 7.5 – Internal audit should be strategically positioned to achieve its objectives

Internal audit's status in the company

7.5.1	The internal audit function should be independent and objective.	To be applied in 2012.
7.5.2	The internal audit function should report functionally to the audit committee.	To be applied in 2012.
7.5.3	The CAE should have a standing invitation to attend executive committee meetings.	To be applied in 2012.
7.5.4	The internal audit function should be skilled and resourced as is appropriate for the complexity and volume of risk and assurance needs.	To be applied in 2012.
7.5.5	The CAE should develop and maintain a quality assurance and improvement programme.	To be applied in 2012.

8. GOVERNING STAKEHOLDER RELATIONSHIPS

King III Principle 8.1 – The board should appreciate that stakeholders' perceptions affect a company's reputation

8.1.1	The gap between stakeholders' perceptions and the performance of the company should be managed and measured to enhance or protect the company's reputation.	Stakeholder communications are addressed in the Sustainability Report.
8.1.2	The company's reputation and its linkage with stakeholders' relationship should be a regular board agenda.	The Primeserv Pledge as well as the Code of Ethics address this aspect.
8.1.3	The board should identify important stakeholder groupings.	Stakeholders have been identified in the Sustainability Report which is incorporated into the Integrated Annual Report and approved for publication by the Board.

King III Principle 8.2 – The board should delegate to management to proactively deal with stakeholder relationships

8.2.1	Management should develop a strategy and formulate policies for the management of relationships with each stakeholder grouping.	Refer the Sustainability Report.
8.2.2	The board should consider whether it is appropriate to publish its stakeholder policies.	To be considered in the 2012 financial year.
8.2.3	The board should oversee the establishment of mechanisms and processes that support stakeholders in constructive engagement with the company.	To be considered in the 2012 financial year.
8.2.4	The board should encourage shareholders to attend annual general meetings.	The notice of annual general meeting is included in the Integrated Annual Report as well as being publicised on SENS.
8.2.5	The board should consider not only formal, but also informal, processes for interaction with the company's stakeholders.	Refer Sustainability Report.
8.2.6	The board should disclose in its integrated report the nature of the company's dealings with stakeholders and the outcomes of these dealings.	Refer Sustainability Report.

King III Principle 8.3 – The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
8.3.1	The board should take account of the legitimate interest and expectations of its stakeholders in its decision-making in the best interests of the company.	Refer to the Corporate Governance section of the Integrated Annual Report.

King III Principle 8.4 – Companies should ensure the equitable treatment of shareholders

8.4.1	There must be equitable treatment of all holders of the same class of shares issued.	There is only one class of shareholder at Group level.
8.4.2	The board should ensure that minority shareholders are protected.	The Company is required to comply with legislation as well as the JSE Listings Requirements, both of which address protection of minorities.

King III Principle 8.5 – Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence

8.5.1	Complete, timely, relevant, accurate, honest and accessible information should be provided by the company to its stakeholders whilst having regard to legal and strategic considerations.	Refer to the Sustainability Report.
8.5.2	Communication with stakeholders should be in clear and understandable language.	Refer to the Sustainability Report.
8.5.3	The board should adopt communication guidelines that support a responsible communication programme.	Refer to the Sustainability Report.
8.5.4	The board should consider disclosing in the integrated report the number and reasons for refusal of requests of information that were lodged with the company in terms of the Promotion of Access to Information Act, 2000.	No requests were received therefore there are none to be reported.

King III Principle 8.6 – The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible

Dispute resolution

8.6.1	The board should adopt formal dispute resolution processes for internal and external disputes.	Contracts drawn up by the company include specific provisions dealing with disputes.
8.6.2	The board should select the appropriate individuals to represent the company in ADR.	The Group Commercial Director will be briefed and will attend.

9. INTEGRATED REPORTING AND DISCLOSURE

King III Principle 9.1 – The board should ensure the integrity of the company's integrated report

Transparency and accountability

9.1.1	A company should have controls to enable it to verify and safeguard the integrity of its integrated report.	External assurance has been received for the financial statements.
9.1.2.	The board should delegate to the audit committee to evaluate sustainability disclosures.	This will be incorporated into the Audit, Governance and Risk Committee's responsibilities.
	The integrated report should:	
9.1.3	be prepared every year;	Commenced partially from 2011.
9.1.4	convey adequate information regarding the company's financial and sustainability performance; and	As above.
9.1.5	focus on substance over form.	As above.

King III Principle 9.2 – Sustainability reporting and disclosure should be integrated with the company's financial reporting

	RECOMMENDED PRACTICE	APPLY OR EXPLAIN
9.2.1	The board should include commentary on the company's financial results.	Applied.
9.2.2	The board must disclose if the company is a going concern.	Refer the Directors' Report.
9.2.3	The integrated report should describe how the company has made its money.	Applied.
9.2.4	The board should ensure that the positive and negative impacts of the company's operations and plans to improve the positives and eradicate or ameliorate the negatives in the financial year ahead are conveyed in the integrated report	Refer to the Sustainability Report.

King III Principle 9.3 – Sustainability reporting and disclosure should be independently assured

9.3.1	General oversight and reporting of sustainability should be delegated by the board to the audit committee.	To be applied in 2012.
9.3.2	The audit committee assists the board by reviewing the integrated report to ensure that the information contained in it is reliable and that it does not contradict the financial aspects of the report.	To be applied in 2012.
9.3.3	The audit committee should oversee the provision of assurance over sustainability issues.	To be applied in 2012.

CORPORATE CITIZENSHIP

Non-financial elements of sustainable business and financial performance are inextricably intertwined

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 is 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 and financial performance are inextricably intertwined.

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. Whilst it seems increasingly unlikely that there will be an outright banning of the outsourcing industry, there is still no clear definition of the regulatory framework in which Primeserv and its competitors might be expected to operate. These matters need to be clarified 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 industries that Primeserv Outsourcing services, the Group believes that it is able to deliver its product offering in a way that supports not only its own business segment, but also those of its clients, be they in the logistics, manufacturing, construction or services industries.

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

The Human Capital Development units are well-positioned to provide the training and skills that are an objective of a multitude of government policies. As part of this imperative, the Group has embarked on an accelerated 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 recruitment initiatives.

In order to address some of the risks that are inherent to the industries in which the Group operates, the Group has opted to seek acquisitive opportunities outside of its traditional spheres of activities. The process of diversification is not an instantaneous panacea but rather a programme intended to take the Group to a different level 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 negative effects on the stakeholders. This imperative is communicated to all staff and is embodied in the Primeserv Pledge.

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 20 to 45.

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 B-BBEE, 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
- Metal Engineering Bargaining Council
- National Bargaining Council for the Road Freight and Logistics Industry
- Steel and Engineering Industries Federation of South Africa
- Institute of Certified Bookkeepers
- Institute for Personnel Management
- SA Board for Personnel Practice

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 global warming and 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.

STAKEHOLDER ENGAGEMENT

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

Stakeholder Group	Description 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.
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 the customers and the industry as a whole. Information is also made available via the Company's internet sites.
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). 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.
Communities	Primeserv has engaged with a number of community organisations in the areas in which the people reside. The Company also makes contributions to various customer initiatives which are also intended to uplift communities.
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.

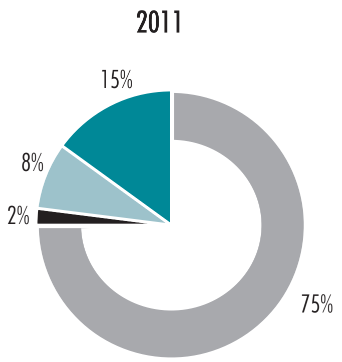
ECONOMIC INDICATORS

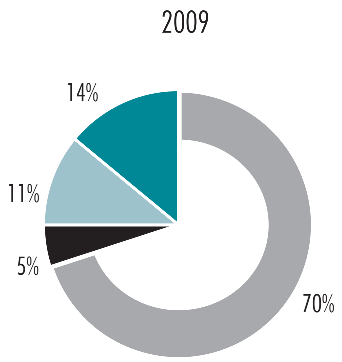
The Group's financial performance and position are detailed in the annual financial statements which are disclosed on pages 74 to 107.

Value added statement

The value added statements presented below measure how the wealth created by the Group was distributed and what was retained in the business.

	15 months ended 31 March 2011 R'000	%	12 months ended 31 December 2009 R'000	%
WEALTH CREATED				
Income from goods and services	**665 281**		523 501	
Less: Costs of goods and services	**574 869**		450 173	
Value added from operations	**90 412**		73 328	
Add: Interest received on investments	**4 720**		4 533	
Total value added	**95 132**	**100**	77 861	100
Utilised as follows:				
Employees				
Salaries and benefits	**71 805**	**75**	54 409	70
Providers of capital	**7 352**	**8**	9 000	11
Dividends paid	**2 596**	**3**	2 741	3
Interest on borrowings	**4 756**	**5**	6 259	8
Government – Company taxation	**1 659**	**2**	3 745	5
Current	**2 128**	**3**	3 268	4
Deferred	**(901)**	**(1)**	147	–
Secondary tax on companies	**432**	**–**	330	1
Retained for reinvestment	**14 316**	**15**	10 707	14
Depreciation	**8 444**	**9**	1 660	2
Income retained in the business	**5 872**	**6**	9 047	12
Total utilisation of value added	**95 132**	**100**	77 861	100





Employees · Government · Providers of capital · Retained for reinvestment

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 R3 million with approximately 64% of employees belonging to the fund. There is no obligation to fund post-retirement medical benefits.

SOCIAL

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 Issues

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 increased its spend on staff training by 75%, which averaged out at a spend of R923 per employee compared to R680 in the prior period, an increase of 36% per employee. In addition, the Group has increased the number of registered learnerships offered to both permanent employees and contractors.

Equity and Practices

Careful consideration has been given to analyse 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 Disadvantaged 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.
- 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 (Period ending March 2011)

Report on total number of permanent employees (including employees with disabilities) in each of the following occupational levels:

	MALE				FEMALE				FOREIGN NATIONALS		
Occupation levels	**A**	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Male**	**Female**	**Total**
Top management	1	0	0	9	1	0	0	3	0	0	14
Senior management	0	0	1	5	0	0	0	4	0	0	10
Professionally qualified and experienced specialists and mid-management	18	1	1	13	2	2	3	12	0	0	52
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	51	10	11	22	24	8	3	17	0	0	146
Semi-skilled and discretionary decision-making	20	1	1	3	53	10	9	32	0	0	129
Unskilled and defined decision-making	0	0	0	0	27	1	0	0	0	0	28
TOTAL PERMANENT	90	12	14	52	107	21	15	68	0	0	379
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	90	12	14	52	107	21	15	68	0	0	379

Note: A – Africans, C – Coloureds, I – Indians and W – Whites

EMPLOYMENT EQUITY PROFILE

The Group's employment equity profile in respect of all permanent staff for the period ending 31 March 2011 is presented below.

	2011	2009
Total workforce	**379**	325
Total employees with disabilities	**2**	2
WORKFORCE PROFILE		
Race and gender profile	**327**	253
White females	**68**	58
Black males	**116**	82
Black females	**143**	113
Occupational level profile	**379**	325
Management (top, senior, middle and junior)	**222**	227
Non-management	**157**	98
Management profile by gender (top management, senior management, middle management, junior management)	**222**	227
Females	**79**	124
Males	**143**	103
Management profile by race	**222**	227
Black	**137**	135
White (includes foreign nationals)	**85**	92
Non-management profile by gender	**157**	98
Females	**132**	75
Males	**25**	23
Non-management profile by race	**58**	95
Black	**22**	60
White (includes foreign nationals)	**36**	35
Disability profile	**2**	2
Management	**1**	1
Non-management	**1**	1
People with disabilities by gender	**2**	2
Females	**1**	1
Males	**1**	1
Employee movement		
Recruits (non-executive directors)	**1**	0
Resignations (includes absconsions and desertions)	**31**	48
Non-renewal of contracts	**0**	11
Dismissals (misconduct and incapacity)	**3**	3
Other (including retirements)	**0**	7
Retrenchments	**9**	4

B-BBEE PROCUREMENT

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

CORPORATE SOCIAL INVESTMENT

The 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 review period, Primeserv again sponsored the NOAH (Nurturing Orphans of AIDS for Humanity) Kingsway Ark with a Christmas party and improved playground and learning facilities for the over 300 children under the Ark's care. NOAH has 101 Arks, which care for about 30 000 orphans and vulnerable children across KwaZulu-Natal and Gauteng. 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 excellent 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. Relevant NGOs have been identified and numerous programmes have been developed and are currently being 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
- 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.

SUSTAINABILITY AT PRIMESERV

	2011	2009
Revenue (R'000)	**665 281**	523 501
Operating profit (R'000)	**10 365**	17 484
Trading margin (%)	**18**	19
Number of employees – (Permanent)	**379**	325
Total training spend (R'000)	**350**	200
Training spend per employee (R)	**923**	680
Percentage of employees attending HIV/Aids training	**None**	None
Lost time injury frequency rate	**0,88**	0,87
Work-related fatalities	**0**	0
B-BBEE procurement (R'000)	**59 900**	46 600
B-BBEE procurement as a percentage of discretionary spend (%)	**48,13**	67,01
Corporate social investment including bursaries (R'000) *	**8 400**	18 600
Total water usage (litres '000)	**~**	~
Total electricity usage (KWh '000)	**~**	~
Petrol (litres)	**~**	~
Diesel (litres)	**~**	~

** 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.*
- *Where information is not available, this has been marked with a "~".*

INDUSTRY REGULATION

There have continued to be calls by organised labour, in particular, for increased regulation, if not the outright banning of the contract labour industry in South Africa. This is a topic that receives much attention in the media and poses a particular concern to Primeserv given our significant investment in the outsourcing industry. The Outsourcing Division's HR director is an active participant in a number of industry bodies that have been tasked with attending to this issue. Industries other than the TES industry have also expressed serious concerns relating to the consequences of the Labour Law Bills which were published in December 2010. Some of the concerns raised are that they will:

- discourage foreign direct investment;
- increase national unemployment;
- increase the cost of doing business;
- reduce national economic competitiveness;
- limit youth first-time entry into the labour market; and
- reduce labour market flexibility.

Whilst not everything contained in the Bills is problematic, there remain too many obvious flaws to allow for them to progress in their current format. Consequently, it is highly doubtful that the deadlines imposed for publication this year will be achieved. In terms of the Bills, as they currently stand, there are certain transitional provisions that would see the TES industry continuing to exist for a further three years. In addition, a Regulatory Impact Assessment ("RIA") commissioned by the Department of Labour recommended that the TES Industry be regulated, but not banned. The RIA also emphasised that over-regulation or a ban will negatively impact upon employment growth and have several other unintended consequences. Ultimately it is likely that the Bills will be subject to a Constitutional Court challenge which would further delay any implementation.

Comments from the Minister of Labour, as well as an official acknowledgement from COSATU that the negotiations at NEDLAC cannot progress effectively without all the parties reaching agreement on the "processes" to be engaged, before the details of the Bills can be considered for redrafting, also indicate that that there has been a softening in the stance adopted.

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 January 2010 to 31 March 2011, which coincides with Primeserv's financial reporting cycle.

Every effort has been made to ensure data accuracy and completeness. There is, however, the possibility of small inconsistencies due to human error in recording and collating, and differences in interpretation of definitions. Where the analysis refers to racial categories, "Black" in that context includes black, Indian and coloured. Employee-related data includes non-permanent, contract employees. Data is only reported where it is considered to be of sufficient accuracy and is reported according to the G3.1 GRI guidelines. Ongoing efforts are being made to improve the data quality and to broaden the range of indicators.

Health and safety indicators

- Definitions relating to occupational health and safety are in line with the GRI's G3.1 guidelines. This data is reported as 'lost-time injury frequency rate' and 'work-related fatalities'.
- A 'lost time injury' defined as a work-related injury occurring while on duty and is reported if an employee is not able to return to their normal duties the day following the day on which the injury occurred. The 'lost time injury rate' expresses the frequency of injuries relative to the total time worked by the total workforce for the reporting period.

Where information is not available, this has been marked with a "~".

	2011	2009
ECONOMIC		
Broad-based black economic empowerment procurement		
B-BBEE procurement (R'000)	**59 900**	46 600
B-BBEE procurement (% of discretionary spend)	**48,13**	67,01
Corporate social investment		
CSI (R'000)	**8 400**	18 600
Enterprise development spend (R'000)	**20 400**	19 200
EMPLOYEES AND THEIR COMPOSITION		
Total number of employees		
Number of full-time employees	**379**	325
Employment by gender profile – (%)		
Male	**44,4**	41,3
Female	**55,6**	58,7
Female employment (Group)		
Directors	**4**	4
Management	**23**	28
Other employees	**184**	159
Employment equity profile by race – (%)		
Black	**51,0**	51,0
White	**32,7**	32,6
Indian	**7,6**	7,0
Coloured	**8,7**	9,4
Employment equity by race and gender – (%)		
Black male	**30,7**	28,6
White male	**13,7**	12,6
Black female	**37,7**	38,8
White female	**17,9**	20,0

	2011	2009
Management representation – (%)		
Primeserv Group representation		
Black male	**5,8**	5,8
White male	**7,1**	5,5
Black female	**2,1**	2,8
White female	**5,0**	7,0
Primeserv divisional board representation		
Black male	**1**	1
White male	**3**	3
Black female	**1**	1
White female	**3**	3
Top management		
Black male	**4,5**	0
White male	**33,3**	38,8
Black female	**12,5**	11,1
White female	**15,8**	13,0
Senior management		
Black male	**4,5**	5,2
White male	**18,5**	11,1
Black female	**0**	11,1
White female	**21,0**	21,7
LABOUR PRACTICES		
Staff turnover rate	**11,0**	38,4
Number of disabled employees	**2**	2
Trade unionisation – (%)	**Nil**	Nil
TRAINING		
SDL spend (R'000)	**4 537**	3 685
Total training investment as % of payroll	**1,8**	1,6
Training spend (R'000)	**1 217**	786
Training spend per employee (R)	**950**	700
Total training hours	**4 600**	3,000
Training hours per employee	**12,1**	10,2
HEALTH AND SAFETY		
Lost time injury frequency rate	**0,88**	0,87
Work-related fatalities	**Nil**	Nil
HIV/AIDS		
HIV/AIDS training spend (R'000)	**240**	157
Number of employees who received HIV/Aids training	**~**	~
HIV/AIDS training spend per employee (R')	**633**	483
HIV/AIDS training hours	**~**	~
HIV/AIDS training hours per employee	**~**	~
Number of employees that participated in HIV/AIDS related training and awareness programmes	**193**	290

~ Not recorded.

GRI INDEX

The content of the report is per the index below:

Profile Disclosure	Description	Reference/Section	Page No/s
1.	**STRATEGY AND ANALYSIS**		
1.1	Statement from the most senior decision-maker of the organisation.	Independent Non-Executive Chairman's statement Chief Executive Officer's Review	6 7 – 13
1.2	Description of key impacts, risks and opportunities.	Integrated Annual Report	8; 18; 19; 53; 95; 101
2.	**ORGANISATIONAL PROFILE**		
2.1	Name of the organisation.	Profile	1
2.2	Primary brands, products, and/or services.	Profile Group Structure	1 14
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Profile Group Structure Details of subsidiary companies and associate	1 14 106
2.4	Location of organisation's headquarters.	Administration	116
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Not reported	
2.6	Nature of ownership and legal form.	Profile	1
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Profile Regional Representation	1
2.8	Scale of the reporting organisation.	Sustainability Report Financial statements for the 15 months ended 31 March 2011	46 – 63 74 – 107
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	None – refer Directors' Report	76 – 77
2.10	Awards received in the reporting period.	None	
3.	**REPORT PARAMETERS**		
3.1	Reporting period (eg fiscal/calendar year) for information provided.	Financial Statements for the 15 months ended 31 March 2011	74 – 107
3.2	Date of most recent previous report.	This is Primeserv's first Sustainability Report in accordance with GRI guidelines.	
3.3	Reporting cycle.	Annual	
3.4	Contact point for questions regarding the report or its contents.	Administration	116
3.5	Process for defining report content.	Sustainability Report	46 – 63
3.6	Boundary of the report (eg countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Report content and boundary	47
3.7	State any specific limitations on the scope or boundary of the report.	None	

Profile Disclosure	Description	Reference/Section	Page No/s
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Accounting policies	83 – 87
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Financial data is extracted from the accounting records. Details of estimates and judgements made by management are explained in the Accounting Policies. Employee information is collected and reported on by the Group's HR departments.	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (eg mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	The Group changed its financial year-end from the end of December to the end of March. See note 31	102
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	None	
3.12	Table identifying the location of the Standard Disclosures in the report.	Contents	IFC
3.13	Policy and current practice with regard to seeking external assurance for the report.	The financial statements have been audited by the independent audit firm of Charles Orbach & Company, a JSE accredited firm.	75
4.	GOVERNANCE, COMMITMENTS AND ENGAGEMENT		
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Corporate Governance	20 – 45
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	The Board is chaired by an independent non-executive director.	20
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Directorate Corporate Governance	3; 20 – 45
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	There is an annual general meeting of shareholders.	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	Remuneration and Nomination Committee	66 – 70
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Directors' interests in contracts are required to be disclosed at all Board meetings.	

Profile Disclosure	Description	Reference/Section	Page No/s
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	Remuneration and Nomination Committee	66 – 70
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation.	Corporate Governance – Code of Ethics and Corporate Conduct	20 – 45
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Audit, Governance and Risk Committee	64 – 65
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Not reported.	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Not reported.	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Not reported.	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic.	CAPES CEA MEIBC NBCRFI SEIFSA ICB IPM SABPP	
4.14	List of stakeholder groups engaged by the organisation.	Sustainability Report	46 – 63
4.15	Basis for identification and selection of stakeholders with whom to engage.	Sustainability Report	46 – 63
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Major shareholders	107
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Sustainability Report	46 – 63

Profile Disclosure	Description	Reference/Section	Page No/s
	ECONOMIC		
	Economic Performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Value added statement	48
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Not reported.	
EC3	Coverage of the organisation's defined benefit plan obligations.	The Group operates a defined contribution plan. Note 28	101
EC4	Significant financial assistance received from government.	None – the Group does receive funds from government in the form of Skills Development Levy grants and Learnership allowances.	
	Market Presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Not reported.	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Not reported.	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Sustainability Report	46 – 63
	Indirect Economic Impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Not reported.	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Not reported.	
	SOCIAL: LABOUR PRACTICES AND DECENT WORK		
	Employment		
LA1	Total workforce by employment type, employment contract, and region.	Sustainability Report	46 – 63
LA2	Total number and rate of employee turnover by age group, gender, and region.	Not reported.	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Medical aid and pension fund.	

Profile Disclosure	Description	Reference/Section	Page No/s
	Labour/Management Relations		
LA4	Percentage of employees covered by collective bargaining agreements.	None.	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Notice periods take into account the length of the employee's service.	
	Occupational Health and Safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not reported.	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Sustainability Report	46 – 63
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Sustainability Report	46 – 63
LA9	Health and safety topics covered in formal agreements with trade unions.	Not reported.	
	Training and Education		
LA10	Average hours of training per year per employee by employee category.	Employee categories not reported.	
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	All staff are assessed at least twice per annum and training, including learnerships, is provided where requested or where deemed necessary.	
LA12	Percentage of employees receiving regular performance and career development reviews.	All permanent employees are measured at least twice per annum.	
	Diversity and Equal Opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Sustainability Report	46 – 63
LA14	Ratio of basic salary of men to women by employee category.	Not reported.	

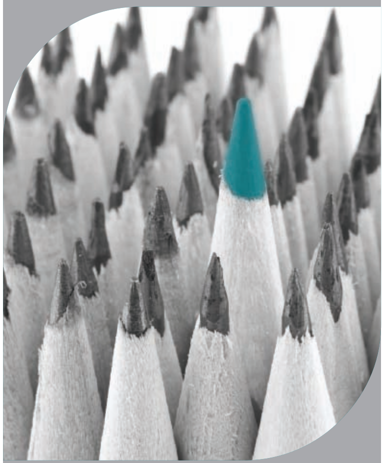
Profile Disclosure	Description	Reference/Section	Page No/s
	SOCIAL: HUMAN RIGHTS		
	Investment and Procurement Practices		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not reported.	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Not reported.	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Sustainability Report	46 – 63
	Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken.	No incidents reported.	
	Freedom of Association and Collective Bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	No significant risks identified.	
	Child Labour		
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	No operations have significant risk. Operations are subject to review by the HR departments.	
	Forced and Compulsory Labour		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	No operations have significant risk. Operations are subject to review by the HR departments.	
	Security Practices		
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Sustainability Report Security is outsourced.	46 – 63
	Indigenous Rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	None reported.	

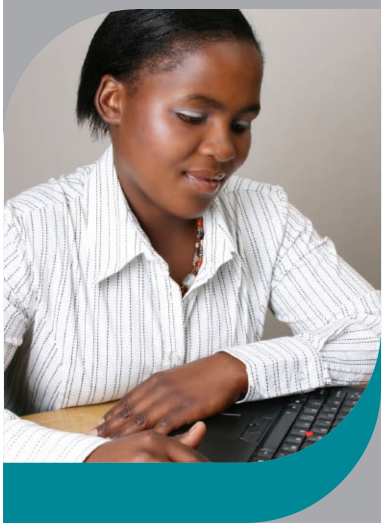
Profile Disclosure	Description	Reference/Section	Page No/s
	SOCIAL: SOCIETY		
	Local communities		
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	NOAH and Siyakhula Trust	52
	Corruption		
S02	Percentage and total number of business units analysed for risks related to corruption.	Not reported.	
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures.	All new employees are required to attend a formal induction programme.	
S04	Actions taken in response to incidents of corruption.	None reported.	
	Public Policy		
S05	Public policy positions and participation in public policy development and lobbying.	None reported.	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	None reported.	
	Anti-Competitive Behaviour		
S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	None reported.	
	Compliance		
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	None reported.	
	SOCIAL: PRODUCT RESPONSIBILITY		
	Customer Health and Safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not applicable.	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not applicable.	

Profile Disclosure	Description	Reference/Section	Page No/s
	Product and Service Labelling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	None reported.	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	None reported.	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	None reported.	
	Marketing Communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Professional and reputable agencies are contracted.	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	None identified.	
	Customer Privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	None reported.	
	Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	None reported.	

REPORT OF THE

AUDIT, GOVERNANCE AND RISK COMMITTEE





Risk management and the ongoing improvement in corresponding control structures remain a key focus

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 Audit, Governance and Risk Committee was appointed by shareholders on 2 July 2010 and for the 15 months ended 31 March 2011, the Committee was chaired by an independent non-executive director, Mr DL Rose, with its other members being Prof S Klein (independent non-executive director) and 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 Audit, Governance and Risk Committee will be sought at the annual general meeting to be held on Wednesday, 23 November 2011. The members proposed for the Audit, Governance and Risk Committee are Mr DL Rose, Prof S Klein and 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.

Attendance at meetings during the period was as follows:

	10 Mar 2010	18 Aug 2010	26 Nov 2010	23 Mar 2011
DL Rose	√	√	√	√
S Klein	√	√	√	√
CS Shiceka	n/a	√	√	√
M Abel *	√	√	√	√
AT McMillan *	√	√	√	√
R Sack *	√	√	√	√
DC Seaton *	√	√	√	√

** By invitation*

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

EXTERNAL AUDIT

In terms of section 90(1) of the Companies Act, the Committee nominated PKF (Jhb) Inc as the independent auditor and Ben Frey, a registered independent auditor, as the designated partner, for appointment for the 2010/11 audit. This appointment was approved by shareholders at the annual general meeting on 2 July 2010. The Committee has satisfied itself through enquiry of the independence of the auditor as required by the Companies Act, as amended or replaced, and as per the standards stipulated by the auditing profession. Subsequently, there was a change in the auditors with the firm of Charles Orbach & Company being appointed. 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 2011 financial period. The budgeted fee is considered appropriate for the work that could reasonably have been foreseen at that time. The final adjusted fee was agreed on completion of the audit. Audit fees are disclosed in note 1 on page 88.

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 period 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 annual general meeting, Charles Orbach & Company, as the external auditor and Lennard Vroom as the designated auditor for the 2012 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 Audit, Governance and Risk 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 Audit Committee on any areas of concern identified. The Audit 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.

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 Audit, Governance and Risk 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 PRACTICES

The Audit, Governance and Risk 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 with International Financial Reporting Standards.

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 Audit, Governance and Risk Committee fulfilled its mandate and recommended the Integrated Annual Report for the 15 months ended 31 March 2011 for approval to the Board. The Board approved the financial statements on 21 September 2011 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, 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
Chairman of the Audit, Governance and Risk Committee

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 of the business.

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 sought between employee and shareholder interests.

The Board remains ultimately responsible for the remuneration policy.

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 accepted the recommendations made by the Committee during the period.

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 2011 reporting period. The Chief Executive Officer attends the Committee meetings by invitation and assists the Committee in its deliberations, except when issues relating to his own compensation are discussed. No director is involved in deciding his or her own remuneration.

The Group's auditors, Charles Orbach & Company, have not provided advice to the Committee. However, in their capacity as Group auditors, they perform normal audit procedures on remuneration of directors.

The Remuneration and Nomination Committee meets at least twice annually and the attendance at meetings held was as follows:

	16 Mar 2010	23 Mar 2011
JM Judin	√	√
LM Maisela	√	√
M Abel *	√	√

** By invitation*

SUMMARY OF REMUNERATION POLICY

Executive remuneration

Remuneration of executive directors is determined through a process of benchmarking, utilising current market information relating to remuneration and reward practices. This is 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.

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.

Packages are constituted of the following:

- Basic salary – determined by market value and role played
- Short-term incentives – determined by fulfilment of performance targets
- Long-term incentives – determined by creation of sustainable shareholder value and behaviour consistent with this goal

The extent of managerial responsibility, together with actual workplace location, determines basic remuneration of executive directors. Details of directors' fees are listed on page 99.

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 100.

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.

Fees

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

The annual fees payable to non-executive directors are based on a fee for membership and, where applicable, for assignment to sub-committees. An additional fee is paid to the Chairmen of the Board, the Audit, Governance and Risk Committee, the Remuneration and Nomination Committee and the Transformation Committee. Shareholders will be requested to consider a special resolution approving the non-executive directors' fees 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' fees are listed on page 99.

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 service contracts and restraint agreements, where applicable, 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 to enhance organisational decision-making.

The Transformation 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 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 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 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 is in the process of formulating an induction programme for all new directors that takes into consideration their individual experience, skills and requirements.

DIRECTORS' REMUNERATION AND INTEREST

Directors' and prescribed officers' emoluments paid by the subsidiaries for the 15 months ended 31 March 2011 are outlined as follows:

Non-executive directors' remuneration

			COMMITTEES			
	Fees R	Chairman's fees R	Audit, Governance and Risk R	Remuneration and Nomination R	Transformation R	Total R
2011						
JM Judin	143 750	218 750	–	–	–	362 500
S Klein	143 750	–	75 000	–	–	218 750
LM Maisela	143 750	50 000	–	25 000	–	218 750
DL Rose	143 750	156 250	–	–	–	300 000
DC Seaton	143 750	–	75 000	–	–	218 750
CS Shiceka	143 750	–	–	–	18 750	162 500
31 March 2011	862 500	425 000	150 000	25 000	18 750	1 481 250

Non-executive directors' remuneration (continued)

	Fees R	Chairman's fees R	Other R	COMMITTEES: Audit, Governance and Risk R	COMMITTEES: Remuneration and Nomination R	COMMITTEES: Transformation R	Total R
2009							
JM Judin	100 000	85 000	–	–	20 000	–	205 000
S Klein	100 000	40 000	140 035	50 000	–	–	330 035
LM Maisela	100 000	40 000	–	–	–	–	140 000
DL Rose	100 000	70 000	–	–	–	–	170 000
DC Seaton	100 000	–	–	50 000	–	20 000	170 000
CS Shiceka	50 000	–	–	–	–	–	50 000
31 December 2009	550 000	235 000	140 035	100 000	20 000	20 000	1 065 035

There are no short- or long-term incentive schemes for non-executive directors. There are no pension benefits for non-executive directors.

Shareholders will be requested to approve the non-executive directors' remuneration for the 2012 financial year at the annual general meeting to be held on 23 November 2011. The remuneration proposed for non-executive directors for the 2012 financial year is:

		R
Chairman		140 000
Non-executive directors		122 000
Chairman of Audit, Governance and Risk Committee		134 000
Chairman of Remuneration and Nomination Committee		48 000
Chairman of Transformation Committee		44 000
Committee members	– Audit, Governance and Risk	65 000
	– Remuneration and Nomination	21 000
	– Transformation	17 000

Executive remuneration

	Salary R'000	Bonus R'000	Retirement and medical contribution R'000	Other R'000	Total R'000
Executive directors					
2011 (15 months)					
M Abel	**3 865**	**670**	**392**	**225**	**5 152**
AT McMillan	**2 088**	**400**	**296**	**255**	**3 039**
R Sack	**1 257**	**100**	**129**	**85**	**1 571**
31 March 2011	**7 210**	**1 170**	**817**	**565**	**9 762**
2009					
M Abel	2 813	750	313	120	3 996
AT McMillan	1 476	450	180	204	2 310
R Sack	792	113	118	48	1 071
31 December 2009	5 081	1 313	611	372	7 377

Executive remuneration (continued)

	Salary R'000	Bonus R'000	Retirement and medical contribution R'000	Other R'000	Total R'000
Prescribed officers					
2011 (15 months)					
Prescribed officer	**1 053**	**200**	**136**	**156**	**1 545**
Prescribed officer	**1 211**	**80**	**182**	**–**	**1 473**
Prescribed officer	**956**	**50**	**91**	**143**	**1 240**
31 March 2011	**3 220**	**330**	**409**	**299**	**4 258**
2009					
Prescribed officer	810	8	116	128	1 062
Prescribed officer	726	–	70	132	928
Prescribed officer	677	–	100	144	921
31 December 2009	2 213	8	286	404	2 911

Executive directors' and prescribed officers' participation in incentive shares and share options

	Number of options as at 31 March 2011 R'000	Number of options as at 31 December 2009 R'000
Executive directors		
2011		
M Abel	**3 407 909**	3 407 909
AT McMillan	**700 000**	700 000
R Sack	**–**	–
31 March 2011	**4 107 909**	4 107 909
Prescribed officers		
2011		
Prescribed officer	**1 000 000**	1 000 000
Prescribed officer	**–**	400 000
Prescribed officer	**–**	250 000
31 March 2011	**1 000 000**	1 650 000

All executive directors and senior management are eligible for an annual performance-related bonus linked to Group and business sector targets. The structure of the individual annual bonus plans and awards are decided by the Group Remuneration and Nomination Committee.

The directors and prescribed officers were issued shares under a deferred delivery scheme, for future delivery and payment in prior years. Formal contracts have been concluded with the participants in terms of the rules of the Primeserv Group Limited Share Trust.

INTEREST OF DIRECTORS AND PRESCRIBED OFFICERS IN SHARE CAPITAL

	31 March 2011		31 December 2009	
	Number of ordinary shares		Number of ordinary shares	
	Beneficial		Beneficial	
	Direct	Indirect	Direct	Indirect
Executive directors				
M Abel	19 194 502	–	18 736 169	–
AT McMillan	3 424 836	–	3 174 836	–
R Sack	317 857	–	192 857	–
Non-executive directors				
JM Judin	900 000	–	900 000	–
S Klein	729 887	–	729 887	–
LM Maisela	–	–	–	–
DL Rose	–	–	–	–
DC Seaton	750 000	–	750 000	–
CS Shiceka	–	–	–	–
Prescribed officers				
JW Fulton	1 145 395	–	1 062 062	–
J van Greunen	116 521	–	116 521	–
CJW Pedlar	78 997	–	78 997	–

INTEREST OF DIRECTORS IN CONTRACTS

The directors have certified that they had no material interest in any transaction of any significance with the Company or any of its subsidiaries.

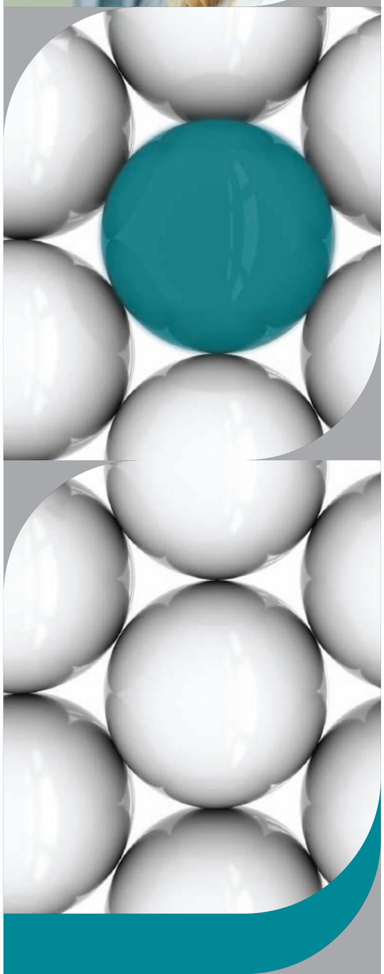
APPROVAL

This Remuneration and Nomination Committee Report has been approved by the Board of Directors of Primeserv.

Signed on behalf of the Remuneration and Nomination Committee

JM JUDIN
Chairman of the Remuneration and Nomination Committee

REPORT OF THE
TRANSFORMATION COMMITTEE



Primeserv's Transformation Committee is chaired by Mr LM Maisela (Independent Non-Executive Director), with its other members being CS Shiceka (Independent Non-Executive Director) and M Abel (Executive Director). The primary role of the Transformation Committee is to assist the Board in ensuring that it discharges its fiduciary duties and obligations in respect of the Group's businesses' transformation in accordance with an approved policy as well as in compliance with B-BBEE and employment equity legislation.

The development and empowerment of previously disadvantaged South Africans is essential to the economic and social sustainability of the country. Primeserv acknowledges its role in the corporate environment and has taken progressive steps towards ensuring compliance with the B-BBEE Act, the B-BBEE Codes and the Employment Equity Act.

The Committee's terms of reference govern the Committee's responsibilities and objectives.

The Committee's transformation responsibilities include:

- making recommendations to the Board on the overall target empowerment rating and strategies in the Group;
- approving in advance the verification agency to be appointed to validate Primeserv's and its subsidiary companies' empowerment ratings;
- monitoring the implementation of the transformation policy and objectives in the Group;
- monitoring Primeserv's adherence to and performance under the B-BBEE Codes; and
- monitoring compliance with the requirements of the Department of Labour in respect of employment equity.

The Group and its subsidiaries have been measured against the generic scorecard indicator and have achieved ratings of between a level 2 and level 6, with four of the entities receiving scores of level 3 or better, two with scores of level 4 and three entities with level 6. These ratings included "Value Added Supplier Procurement Recognition" for all of the units that were assessed.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Ownership

The Group has the following B-BBEE initiatives:

- An investment in Bathusi Staffing Services (Pty) Limited, a black-owned company, in which the Group holds an interest of 45%. The Company operates as a temporary employment services provider, largely in the Secunda and Rustenburg areas. This initiative has been running since 2005. In addition to the investment, the Group provides management and support services to the company. The major B-BBEE shareholder is Tsabatsaba Holdings (Pty) Limited, a black-owned company.
- An investment in Empvest Outsourcing (Pty) Limited, a black-owned company, in which the Group holds a fully diluted interest of 35,8%. The company trades as a wage bureau service provider, principally in the field of large scale capital development projects, including the Gautrain project in Gauteng and the Coega Industrial Development project in Mossel Bay. The B-BBEE majority shareholder in this company is South Cape Empowerment Network (Pty) Limited, a black-owned company and a new entrant. This initiative has operated since 2002. In addition to the investment, the Group also provides management and administrative support services to the company.

- Investments by black shareholders in Primeserv Employee Solutions (Pty) Limited, Primeserv ABC Recruitment (Pty) Limited and Primeserv Corporate Solutions (Pty) Limited. These investors collectively hold 25,8% of the ordinary shares in each of the companies. The investors include Tsabatsaba Holdings (Pty) Limited, Lidonga Group Holdings (Pty) Limited (a women's group and new entrant) and Siyakhula Trust (an NGO and new entrant). These initiatives have operated since 2002. Through these investments, the B-BBEE investors indirectly also hold interests in Empvest Outsourcing (Pty) Limited and Primeserv Staff Dynamix (Pty) Limited.

Board representation

Primeserv's current Board includes two black directors translating into 22% black representation.

Employment equity

Primeserv prioritises the advancement of historically disadvantaged groups and promotes the achievement of employment equity objectives in its recruitment and employee development policies. The status of employment equity targets are reported to the Department of Labour on an annual basis. Career advancement and skills development programmes are aligned with each business' employment equity targets.

As verified by Harvard Empowerment Solutions (Pty) Limited, black employees constitute 86% of Primeserv's total employee base with black female representation constituting 38%.

Functional employment equity committees represent operational and support staff at business cluster. Informal meetings were held during the review period to address transformation in the Group.

The Department of Labour concluded an audit of employment equity practices applied in the Group during November and December 2010. Primeserv's compliance in this regard was considered to be satisfactory. Corrective action is being taken in response to recommendations arising from the audit.

Skills development

Refer to the skills development section in the Sustainability Report on page 49.

Preferential procurement

Primeserv's commitment to increasing procurement of goods and services from black-owned and/or black female-owned businesses was reaffirmed during the period and concerted endeavours to grow the supplier base will continue, despite the obstacles which prevent foreseeable achievement of the Department of Trade and Industry's target.

All the Group's businesses' ratings include "Value Added Supplier Procurement Recognition".

Approved suppliers are categorised in accordance with the B-BBEE Codes and their status is monitored on a continuous basis.

The Group continues to conduct supplier awareness sessions in an attempt to encourage its suppliers to seek accreditation and further their B-BBEE compliance levels.

Enterprise development

Enterprise development seeks to promote the development of black-owned and small, medium and micro businesses in support of expanding the pool of entrepreneurial skills in the country and increase the base of qualified suppliers in South Africa. The Transformation Committee pledged its commitment towards such initiatives and active plans are in place to structure and implement enterprise development objectives with identified suppliers and service providers. Senior executives have taken responsibility to accelerate enterprise development with selected partners.

Corporate Social Investment

Refer to the CSI section in the Sustainability Report on page 52.

ETHICS

In the year ahead, the Transformation Committee's terms of reference will be expanded to include matters pertaining to ethics and the Committee will be reconstituted and renamed the Social and Ethics Committee.

SUSTAINABILITY

The Group embarked on a formalised sustainability data gathering process in accordance with the Global Reporting Initiative Guidelines and the results are shown and reported on in the Sustainability Report on pages 46 to 63 of the Integrated Annual Report.

Signed on behalf of the Transformation Committee

LM MAISELA
Chairman of the Transformation Committee

ANNUAL FINANCIAL STATEMENTS

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Page

LEVEL OF ASSURANCE

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

AUDITORS

Charles Orbach & Company
Registered Auditors

PREPARER

Raphael Sack
Financial Director

PUBLISHED

27 September 2011

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, Charles Orbach & Company, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and Committees of the Board. 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 21 September 2011 and signed on its behalf by:

M. Abel

JM JUDIN
Non-Executive Chairman

M ABEL
Chief Executive Officer

Johannesburg

DECLARATION BY COMPANY SECRETARY

For the period ended 31 March 2011 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
21 September 2011

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRIMESERV GROUP LIMITED

We have audited the Group annual financial statements and annual financial statements of Primeserv Group Limited, which comprise the consolidated and separate statements of financial position as at 31 March 2011, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate cash flows for the fifteen month period then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 76 to 106.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Primeserv Group Limited at 31 March 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the fifteen month period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Other Matter

The financial statements of Primeserv Group Limited for the year ended 31 December 2009 were audited by another auditor who expressed an unmodified opinion on those statements on 12 March 2010.

Charles Orbach & Company

CHARLES ORBACH & COMPANY

Partner: L Vroom
Registered Auditor

Johannesburg
27 September 2011

DIRECTORS' REPORT

for the fifteen months ended 31 March 2011

NATURE OF BUSINESS

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

FINANCIAL RESULTS

The financial results of the Company and of the Group are set out on pages 78 to 107 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 7 to 13 and in the Review of Operations on pages 16 to 19.

SHARE CAPITAL

No changes in the authorised or issued share capital of the Company took place during the period 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 Friday, 2 July 2010, and registered by the Registrar of Companies ("general authority"). During the financial period under review, the Company acquired 1 761 800 (2009: nil) 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 2011, 24 424 263 (2009: 15 962 247) shares were held by the Primeserv Group Limited Share Trust for distribution to employees in terms of the scheme. At the same date, 5 107 909 (2009: 6 103 189) options have been granted to employees in terms of the rules of the share incentive scheme, leaving a surplus of 19 316 354 (2009: 9 859 058) shares.

The unallocated shares, together with the purchased shares, will be allocated in the 2012 financial year. The impact of IFRS 2 – Share-Based Payments, and section 8C of the Income Tax Act No 58 of 1962 has been evaluated in order to determine the optimum use of the shares held as an incentive mechanism. The directors use the scheme to retain key personnel and for the purpose of providing opportunities to employees to participate in the Group's growth and success.

DIVIDENDS

The Company declared dividend number 10 of 2,5 cents per ordinary share on 12 March 2010 for the year ended 31 December 2009 and declared interim dividend number 11 of 0,5 cent per share on 19 August 2010 for the six months ended 30 June 2010. A final dividend number 12 of 2,5 cents per share for the 15 months ended 31 March 2011 was proposed after the end of the reporting period.

DIRECTORATE AND SECRETARY

M Abel, JM Judin, S Klein, LM Maisela, AT McMillan, DL Rose, R Sack, DC Seaton and CS Shiceka were directors of the Company throughout the financial period under review and at the date of this report.

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, 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 106. The contribution to the Group's after-tax profit was R6,9 million in profits (2009: R13,6 million in profits) for the period under review.

DIRECTORS' INTERESTS

As at 31 March 2011, the aggregate direct and indirect beneficial interests of directors in the fully paid issued share capital of the Company were:

	15 months ended 31 March 2011 Beneficial	12 months ended 31 December 2009 Beneficial
EXECUTIVE		
M Abel	**19 194 502**	18 736 169
AT McMillan	**3 424 836**	3 174 836
R Sack	**317 857**	192 857
NON-EXECUTIVE		
JM Judin	**900 000**	900 000
S Klein	**729 887**	729 887
LM Maisela	**–**	–
DL Rose	**–**	–
DC Seaton	**750 000**	750 000
CS Shiceka	**–**	–
	25 317 082	24 483 749

At the date of this report, M Abel has been granted 3 407 909 (2009: 3 407 909) share options. AT McMillan has been granted 700 000 (2009: 700 000) share options and DC Seaton has been granted 1 000 000 (2009: 1 000 000) share options.

There has been no change in the directors' interest in the issued share capital between 31 March 2011 and the date of this report.

PROPERTY, PLANT AND EQUIPMENT

The Group acquired equipment and vehicles at a cost of R4,3 million (2009: R1,4 million) during the financial period under review. No major changes in the nature of the equipment and vehicles occurred during this period.

SHARE-BASED PAYMENT RESERVE

A share-based payment reserve of R319 000 (2009: R205 000) is carried in respect of the fair value of share options that are likely to be exercised.

GOING CONCERN ASSESSMENT

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

- The Group's combined operations are expected to continue being profitable in the financial year to March 2012;
- Working capital remains well controlled and receivables are of sound quality;
- The Group has sufficient borrowing capacity in terms of its existing facilities as detailed in the liquidity report;
- 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 being 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 BEE initiatives.

SUBSEQUENT EVENTS

There have been no events between the end of the reporting period and the date of this report that necessitate adjustment to the statements of financial position or statements of comprehensive income or are disclosable events.

STATEMENTS OF COMPREHENSIVE INCOME

for the fifteen months ended 31 March 2011

		Group		Company	
	Notes	**15 months ended 31 March 2011 R'000**	12 months ended 31 December 2009 R'000	**15 months ended 31 March 2011 R'000**	12 months ended 31 December 2009 R'000
Revenue *		**665 281**	523 501	**–**	–
Cost of sales		**542 947**	424 847	**–**	–
Gross profit		**122 334**	98 654	**–**	–
Operating profit/(loss)	1	**10 365**	17 484	**(1 725)**	(6 043)
Interest paid	2	**(4 756)**	(6 259)	**–**	(1)
Dividend received		**–**	–	**8 362**	6 425
Interest received	3	**4 720**	4 533	**4 573**	4 338
Share of loss from associate	11	**(202)**	(225)	**–**	–
Profit before taxation		**10 127**	15 533	**11 210**	4 719
Taxation	4	**(1 659)**	(3 745)	**(1 309)**	(124)
Total comprehensive income for the period		**8 468**	11 788	**9 901**	4 595
Total comprehensive income attributable to:					
Ordinary shareholders of the Company		**9 281**	11 451		
Non-controlling shareholders' interest		**(813)**	337		
Total comprehensive income		**8 468**	11 788		
Weighted average number of shares ('000)	5	**102 174**	108 980		
Diluted weighted average number of shares ('000)	5	**103 166**	108 980		
Earnings per share (cents)	5	**9,08**	10,51		
Diluted earnings per share (cents)	5	**9,00**	10,51		
Headline earnings per share (cents)	5	**9,08**	10,51		
Diluted headline earnings per share (cents)	5	**9,00**	10,51		

* *Excludes revenue of R64,3 million (2009: R55,7 million) from Bathusi Staffing Services (Proprietary) Limited which was deconsolidated as a result of a B-BBEE transaction on 29 January 2005 and has since been accounted for as an associate.*

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2011

		Group		Company	
	Notes	31 March 2011 R'000	31 December 2009 R'000	31 March 2011 R'000	31 December 2009 R'000
ASSETS					
Non-current assets		**28 171**	24 064	**138 553**	61 220
Equipment and vehicles	6	**6 072**	4 229	**683**	556
Goodwill	7	**12 012**	10 135	**–**	–
Intangible assets	8	**601**	642	**–**	–
Investment in subsidiaries	9	**–**	–	**61 441**	53 055
Long-term receivable	10	**1 214**	4 227	**–**	–
Investment in and loan to associate	11	**2 874**	334	**–**	–
Loans to subsidiaries	16	**–**	–	**67 735**	–
Deferred tax asset	12	**5 398**	4 497	**248**	670
Advance to share trust	13	**–**	–	**8 446**	6 939
Current assets		**97 655**	110 973	**23 624**	104 504
Inventories	14	**1 017**	965	**10**	10
Trade receivables	15	**64 922**	78 871	**–**	4
Other receivables	15	**6 466**	3 362	**503**	2 536
Loans to subsidiaries	16	**–**	–	**–**	75 294
Cash and cash equivalents		**25 250**	27 775	**23 111**	26 660
Total assets		**125 826**	135 037	**162 177**	165 724
EQUITY AND LIABILITIES					
Capital and reserves		**78 056**	74 722	**94 423**	85 030
Ordinary share capital	17	**1 321**	1 321	**1 321**	1 321
Share premium		**1 351**	1 351	**1 351**	1 351
Distributable reserves		**87 678**	80 993	**22 926**	16 326
Non-distributable reserve	18	**–**	–	**69 152**	65 827
Treasury shares	19	**(2 861)**	(2 215)	**(646)**	–
Share trust shares	20	**(9 684)**	(7 678)	**–**	–
Share-based payment reserve		**319**	205	**319**	205
Total equity attributable to equity holders of the Company		**78 124**	73 977	**94 423**	85 030
Non-controlling interest		**(68)**	745	**–**	–
Non-current liabilities		**632**	184	**63 249**	–
Financial liabilities	21	**632**	184	**–**	–
Loans from subsidiaries	16	**–**	–	**63 249**	–
Current liabilities		**47 138**	60 131	**4 505**	80 694
Trade and other payables	22	**17 914**	28 930	**3 258**	5 176
Current portion of financial liabilities	21	**967**	181	**–**	–
Loans from subsidiaries	16	**–**	–	**–**	75 090
Taxation payable		**1 702**	1 473	**1 247**	428
Bank borrowings	23	**26 555**	29 547	**–**	–
Total equity and liabilities		**125 826**	135 037	**162 177**	165 724
Number of shares in issue at period-end ('000) (net of treasury and share trust shares)	17	**95 231**	105 455		
Net asset value per share (cents) (capital and reserves divided by number of shares in issue at period-end)		**82**	71		

STATEMENTS OF CHANGES IN EQUITY

for the fifteen months ended 31 March 2011

	Share capital R'000	Share premium R'000	Distri-butable reserves R'000	Treasury shares R'000	Share trust shares R'000	Non--distribu-table reserve 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 January 2009	1 321	1 351	72 283	(2 215)	(5 360)	–	305	67 685	408	68 093
Attributable earnings for the year	–	–	11 451	–	–	–	–	11 451	337	11 788
Dividend paid	–	–	(2 741)	–	–	–	–	(2 741)	–	(2 741)
Acquisitions by share trust	–	–	–	–	(2 318)	–	–	(2 318)	–	(2 318)
Share-based payment charge	–	–	–	–	–	–	(100)	(100)	–	(100)
Balances at 1 January 2010	**1 321**	**1 351**	**80 993**	**(2 215)**	**(7 678)**	**–**	**205**	**73 977**	**745**	**74 722**
Attributable earnings for the period	**–**	**–**	**9 281**	**–**	**–**	**–**	**–**	**9 281**	**(813)**	**8 468**
Dividend paid	**–**	**–**	**(2 596)**	**–**	**–**	**–**	**–**	**(2 596)**	**–**	**(2 596)**
Acquisitions of treasury shares	**–**	**–**	**–**	**(646)**	**(2 006)**	**–**	**–**	**(2 652)**	**–**	**(2 652)**
Share-based payment charge	**–**	**–**	**–**	**–**	**–**	**–**	**114**	**114**	**–**	**114**
Closing balances at 31 March 2011	**1 321**	**1 351**	**87 678**	**(2 861)**	**(9 684)**	**–**	**319**	**78 124**	**(68)**	**78 056**
COMPANY										
Opening balances at 1 January 2009	1 321	1 351	15 033	–	–	69 250	305	87 260	–	87 260
Attributable earnings for the year	–	–	4 595	–	–	–	–	4 595	–	4 595
Dividend paid	–	–	(3 302)	–	–	–	–	(3 302)	–	(3 302)
Share-based payment charge	–	–	–	–	–	–	(100)	(100)	–	(100)
Impairment adjustment	–	–	–	–	–	(3 423)	–	(3 423)	–	(3 423)
Balances at 1 January 2010	**1 321**	**1 351**	**16 326**	**–**	**–**	**65 827**	**205**	**85 030**	**–**	**85 030**
Attributable earnings for the period	**–**	**–**	**9 901**	**–**	**–**	**–**	**–**	**9 901**	**–**	**9 901**
Dividend paid	**–**	**–**	**(3 301)**	**–**	**–**	**–**	**–**	**(3 301)**	**–**	**(3 301)**
Share-based payment charge	**–**	**–**	**–**	**–**	**–**	**–**	**114**	**114**	**–**	**114**
Acquisition of treasury shares	**–**	**–**	**–**	**(646)**	**–**	**–**	**–**	**(646)**	**–**	**(646)**
Impairment adjustment	**–**	**–**	**–**	**–**	**–**	**3 325**	**–**	**3 325**	**–**	**3 325**
Closing balances at 31 March 2011	**1 321**	**1 351**	**22 926**	**(646)**	**–**	**69 152**	**319**	**94 423**	**–**	**94 423**

STATEMENTS OF CASH FLOWS

for the fifteen months ended 31 March 2011

	Notes	Group 15 months ended 31 March 2011 R'000	Group 12 months ended 31 December 2009 R'000	Company 15 months ended 31 March 2011 R'000	Company 12 months ended 31 December 2009 R'000
Cash flows from/(utilised in) operating activities		**7 704**	20 455	**8 084**	(4 497)
Profit before taxation		**10 127**	15 533	**11 210**	4 719
Adjustments		**2 763**	3 020	**(4 449)**	(4 201)
– interest received		**(4 720)**	(4 533)	**(4 573)**	(4 338)
– interest paid		**4 756**	6 259	**–**	1
– non-cash flow items		**113**	(366)	**(68)**	–
– depreciation		**2 614**	1 660	**192**	136
Operating cash flow before working capital changes		**12 890**	18 553	**6 761**	518
Working capital changes		**(223)**	8 230	**119**	(5 512)
– increase in inventories		**(52)**	(102)	**–**	–
– decrease/(increase) in trade and other receivables		**10 845**	13 356	**2 037**	(2 428)
– decrease in trade and other payables		**(11 016)**	(5 024)	**(1 918)**	(3 084)
Cash generated from/(utilised in) operations		**12 667**	26 783	**6 880**	(4 994)
Interest received		**4 720**	4 533	**4 573**	4 338
Interest paid		**(4 756)**	(6 259)	**–**	(1)
Dividend paid		**(2 596)**	(2 741)	**(3 301)**	(3 302)
Taxation paid	A	**(2 331)**	(1 861)	**(68)**	(538)
Cash flows (utilised in)/generated from investing activities		**(7 029)**	(3 101)	**(11 633)**	17 230
Purchase of equipment and vehicles to maintain operations		**(4 263)**	(1 473)	**(319)**	(114)
Purchase of intangible assets		**–**	(530)	**–**	–
Proceeds on disposal of equipment and vehicles		**–**	6	**–**	–
Acquisition of business	B	**(587)**	–	**–**	–
Repurchase of securities/advance to share trust		**(2 652)**	(2 318)	**(1 971)**	–
Movement in loan to associate		**(2 540)**	2 339	**–**	–
Repayment/(increase) of long-term receivable		**3 013**	(625)	**–**	(101)
Decrease in vendor liability		**–**	(500)	**–**	–
Movement in subsidiary company investment and loans		**–**	–	**(9 343)**	17 445
Cash flows utilised in financing activities		**(208)**	(174)	**–**	–
Decrease in non-current financial liabilities		**(143)**	(179)	**–**	–
(Decrease)/increase in current portion of financial liabilities		**(65)**	5	**–**	–
Net increase/(decrease) in cash and cash equivalents		**467**	17 180	**(3 549)**	12 733
Cash and cash equivalents at beginning of period		**(1 772)**	(18 952)	**26 660**	13 927
Cash and cash equivalents at end of period	C	**(1 305)**	(1 772)	**23 111**	26 660

NOTES TO THE STATEMENTS OF CASH FLOWS

for the fifteen months ended 31 March 2011

		Group		Company	
		15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000
A.	TAXATION PAID				
	Amount (unpaid)/refundable at beginning of the period	(1 473)	264	(428)	(259)
	Amount charged to the income statement	(2 560)	(3 598)	(887)	(707)
	Amount payable at end of the period	1 702	1 473	1 247	428
		(2 331)	(1 861)	(68)	(538)
B.	ACQUISITION OF BUSINESS				
	Tangible assets purchased	(152)	–	–	–
	Goodwill	(1 877)	–	–	–
	Total consideration	(2 029)	–	–	–
	Vendor liability	1 442	–	–	–
		(587)	–	–	–
C.	CASH AT BANK AND BORROWINGS AT PERIOD-END				
	Cash at bank	25 250	27 775	23 111	26 660
	Bank borrowings	(26 555)	(29 547)	–	–
		(1 305)	(1 772)	23 111	26 660

SUMMARY OF ACCOUNTING POLICIES

for the fifteen months ended 31 March 2011

PRINCIPAL ACCOUNTING POLICIES

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

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 1973. 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 judgment in the process of applying the Group's accounting policies. Certain areas involve a high degree of judgment 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 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 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, investment 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 goodwill and trademarks. Trademarks are recorded at cost less accumulated amortisation and impairments. Goodwill is not amortised, but is tested for impairment annually.

Trademarks are considered to have indefinite useful lives. The residual value is re-assessed annually. Where the residual value equals or exceeds the carrying amount of an asset no depreciation is recognised.

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

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

EQUIPMENT AND VEHICLES

Equipment and vehicles are stated at cost less the related 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	33,3%
Motor vehicles	20,0%
Furniture, fittings and equipment	10,0% to 33,3%

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

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

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 statement 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 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.

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 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.
- tests goodwill acquired in a business combination for impairment annually.

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

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

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

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

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

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:
- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

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

SHARE CAPITAL

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

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

EMPLOYEE BENEFITS

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 expenses 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.

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.

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.

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 periods 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.

Long-term receivable

Included as a long-term receivable is an amount of R3 602 000 recoverable from the vendor and shareholders of the Staff Dynamix business, arising out of advances in respect of expenses, debtors taken over, payments by customers and liabilities settled in regard to the business The net receivable due is secured by the personal suretyship of the shareholder and is considered by management to be fully recoverable.

Asset lives and residual values

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

Recoverability of deferred tax assets

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

Recoverability of trade receivables

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

IFRS 2 – Share-Based Payments

Management has applied the policy as listed under employee benefits.

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

IAS 1 – Presentation of Financial Statements: Clarification of statement of changes in equity (effective 1 January 2011).

IAS 24 – Related Party Disclosures: Clarification of the definition of a related party (effective 1 January 2011).

IAS 27R – Consolidated and Separate Financial Statement: Transition requirements for previous amendments arising from changes to IAS 27 (effective 1 July 2010).

IAS 28 – Investments in Associates: Consequential amendments from changes to IAS 27 (effective 1 July 2010).

IAS 31 – Investments in Joint Ventures: Consequential amendments from changes to IAS 27 (effective 1 July 2010).

IAS 32 – Financial Instruments: Presentation: Accounting for rights issues that are detonated in a currency other than the functional currency of the issuer (effective 1 February 2010).

IFRS 7 – Financial Instruments: Disclosures: Amendment clarifies the intended interaction between qualitative and quantative disclosures (effective 1 January 2011).

IFRS 9 – Financial Instruments (effective 1 January 2013).

IFRIC 13 – Customer Loyalty Programmes: Clarification on the intended meaning of the term "fair value" in respect of award credits (effective 1 January 2011).

	Group		Company	
	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000
1. OPERATING PROFIT/(LOSS)				
Operating profit/(loss) is stated after taking into account the following:				
Income				
Management fees	3 675	3 840	6 906	4 104
Reversal of impairment of advance to Share Trust	–	–	182	–
Expenses				
Auditors' remuneration	1 277	1 153	–	600
Depreciation	2 572	1 660	192	136
– computer equipment	972	803	122	78
– motor vehicles	195	172	–	–
– furniture, fittings and equipment	1 405	685	70	58
Impairment of advance to Share Trust	–	–	–	182
Operating lease rentals	13 883	10 894	138	162
– equipment and vehicles	3 018	2 588	–	–
– premises	10 865	8 306	138	162
Employee costs and benefits	70 222	53 144	8 761	6 757
Staff costs (includes executive directors' remuneration – refer to note 24)	57 986	43 983	7 974	6 069
Key management remuneration (excluding executive directors)	9 246	6 358	–	331
Share-based payment	114	(100)	114	(100)
Retirement costs	2 876	2 903	673	457
Directors' fees (non-executive directors)	1 583	1 065	1 583	1 065
2. INTEREST PAID				
Bank borrowings	4 734	6 206	–	1
Finance leases	22	27	–	–
IAS 39 – Financial Instrument Charge – fair value	–	26	–	–
	4 756	6 259	–	1
3. INTEREST RECEIVED				
Interest received – cash and cash equivalents	4 720	4 533	4 573	4 338
	4 720	4 533	4 573	4 338

		Group		Company	
		15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000
4.	**TAXATION**				
	SA normal taxation	**2 128**	3 268	**852**	707
	– current	**2 128**	1 798	**852**	595
	– prior period adjustment	**–**	1 470	**–**	112
	Secondary tax on companies (STC)	**432**	330	**35**	–
	Deferred tax				
	– current	**(901)**	147	**422**	(583)
		1 659	3 745	**1 309**	124
		%	%	**%**	%
	Tax rate reconciliation				
	Statutory tax rate	**28,0**	28,0	**28,0**	28,0
	Non-deductible items	**–**	0,2	**–**	0,4
	Non-taxable items	**(4,4)**	(12,1)	**(16,6)**	(25,8)
	Share of associate loss	**(0,8)**	0,1	**–**	–
	Trademark allowances	**–**	(2,7)	**–**	–
	Learnership allowances	**(8,3)**	–	**–**	–
	(Creation)/utilisation of tax losses and other	**(2,4)**	8,5	**–**	–
	Secondary tax on companies (STC)	**4,3**	2,1	**0,3**	–
	Effective tax rate	**16,4**	24,1	**11,7**	2,6
	The estimated tax losses available for set-off against future taxable income are R37 637 000 (2009: R63 419 000).				
5.	**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 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 period	**132 063**	132 063	**–**	–
	Less: Adjustments to shares in issue				
	Treasury shares at the end of the period	**(12 408)**	(10 646)	**–**	–
	Share trust shares at the end of the period	**(24 424)**	(15 962)	**–**	–
	Weighting for movement during period	**6 943**	3 525	**–**	–
	Weighted average number of shares in issue ('000)	**102 174**	108 980	**–**	–
	Add: Adjustment for options granted by share trust	**992**	–	**–**	–
	Weighted average shares for dilutive earnings per share ('000)	**103 166**	108 980	**–**	–

	Group		Company	
	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000
5. EARNINGS PER SHARE (continued)				
Attributable earnings per share (cents)	**9,08**	10,51	**–**	–
Attributable earnings	**9 281**	11 451	**–**	–
Weighted average number of shares in issue ('000)	**102 174**	108 980	**–**	–
Fully diluted earnings per share (cents)	**9,00**	10,51	**–**	–
Attributable earnings	**9 281**	11 451	**–**	–
Diluted weighted average number of shares in issue ('000)	**103 166**	108 980	**–**	–
Headline earnings				
Attributable earnings	**9 281**	11 451	**–**	–
Headline earnings adjusting items				
Gross profit on disposal of equipment and vehicles (IAS 16)	**–**	6	**–**	–
Tax	**–**	(2)	**–**	–
Net profit on disposal of equipment and vehicles (IAS 16)	**–**	4	**–**	–
	9 281	11 455	**–**	–
Headline earnings per share (cents)	**9,08**	10,51	**–**	–
Headline earnings	**9 281**	11 455	**–**	–
Weighted average number of shares in issue ('000)	**102 174**	108 980	**–**	–
Diluted headline earnings per share (cents)	**9,00**	10,51	**–**	–
Headline earnings	**9 281**	11 455	**–**	–
Diluted weighted average number of shares in issue ('000)	**103 166**	108 980	**–**	–
6. EQUIPMENT AND VEHICLES				
Cost				
Computer equipment	**9 904**	8 093	**924**	611
Motor vehicles	**978**	1 361	**–**	–
Furniture, fittings and equipment	**12 231**	10 052	**1 096**	1 090
	23 113	19 506	**2 020**	1 701
Accumulated depreciation				
Computer equipment	**8 103**	7 157	**629**	507
Motor vehicles	**635**	891	**–**	–
Furniture, fittings and equipment	**8 303**	7 229	**708**	638
	17 041	15 277	**1 337**	1 145
Net book value at end of period				
Computer equipment	**1 801**	936	**295**	104
Motor vehicles	**343**	470	**–**	–
Furniture, fittings and equipment	**3 928**	2 823	**388**	452
	6 072	4 229	**683**	556

	Group		Company	
	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000
6. EQUIPMENT AND VEHICLES (continued)				
Movement for the period				
Cost at beginning of period	**19 506**	18 093	**1 701**	1 586
Accumulated depreciation at beginning of period	**(15 277)**	(13 677)	**(1 145)**	(1 008)
Net book value at beginning of period	**4 229**	4 416	**556**	578
Additions				
Computer equipment	**1 837**	731	**313**	75
Motor vehicles	**68**	–	**–**	–
Furniture, fittings and equipment	**2 510**	742	**6**	39
	4 415	1 473	**319**	114
Depreciation				
Computer equipment	**(972)**	(803)	**(122)**	(78)
Motor vehicles	**(195)**	(172)	**–**	–
Furniture fittings and equipment	**(1 405)**	(685)	**(70)**	(58)
	(2 572)	(1 660)	**(192)**	(136)
Net book value at end of period	**6 072**	4 229	**683**	556
Motor vehicles with a book value of R170 000 (2009: R412 000) are encumbered as per note 21.				
7. GOODWILL				
Goodwill has been allocated for impairment testing purposes to the Group's operating divisions, which represents the lowest level of asset for which there are separate cash flows, which are not larger than the Group's operating segments reported in note 33, as follows:				
Human Capital Outsourcing	**10 135**	10 135	**–**	–
Human Capital Development	**1 877**	–	**–**	–
Total goodwill excluding impairment	**12 012**	10 135	**–**	–

Current period addition to goodwill relates to the acquisition of the business of Sincedisa Consulting CC, purchased with effect from 1 March 2010.

	Group		Company	
	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000
7. GOODWILL (continued)				
Goodwill is attributable to the following cash-generating units:				
Primeserv Corporate Solutions Proprietary Limited	**1 877**	–	–	–
Primeserv Denverdraft Proprietary Limited	**2 730**	2 730	–	–
Primeserv Staff Dynamix Proprietary Limited	**7 405**	7 405	–	–
	12 012	10 135	–	–

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 will not cause the carrying amount of goodwill to exceed the recoverable amount.

	Group		Company	
8. INTANGIBLE ASSETS				
Trademarks	**810**	810	–	–
Premium arising on acquisition of contract	**100**	100	–	–
At cost	**910**	910	–	–
Accumulated amortisation and impairments	**(309)**	(268)	–	–
Carrying value at end of period	**601**	642	–	–

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

In accordance with the Group's accounting policy, an impairment test was performed on the carrying values of intangible assests with indefinite useful lives at period-end. The recoverable amount for trademarks has been determined based on a value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management and a discount rate of 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.

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 R25 000 (2009 : R66 000). The remaining amortisation period is nine months.

	Group		Company	
	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	**15 months ended 31 March 2011 R'000**	12 months ended 31 December 2009 R'000
9. INVESTMENT IN SUBSIDIARIES				
Ordinary shares at cost	–	–	**2**	2
Class A preference shares				
Cost	–	–	**79 800**	79 800
Impairment	–	–	**(34 340)**	(34 340)
Net book value	–	–	**45 460**	45 460
Class B preference shares				
Cost	–	–	**83 312**	83 312
Impairment	–	–	**(83 312)**	(83 312)
Net book value	–	–	–	–
Preference dividend accrued	–	–	**30 314**	25 253
Impairment	–	–	**(14 335)**	(17 660)
Sub-total	–	–	**15 979**	7 593
Net investment in subsidiaries	–	–	**61 441**	53 055
Further information on the subsidiary companies is contained on page 106 of the financial statements.				
10. LONG-TERM RECEIVABLES				
Receivables to be collected in excess of one year and no interest has been charged	**1 214**	4 227	–	–
The effects of discounting were calculated and considered to be immaterial and the carrying amount approximates the instrument's fair value.				
The loan is classified as an available-for-sale financial asset.				
11. INVESTMENT IN AND LOAN TO ASSOCIATE				
Balance at beginning of period	**334**	2 673	–	1 738
Movement in loans to associate company	**2 742**	(2 114)	–	(1 738)
Share of loss from associate	**(202)**	(225)	–	–
Balance at end of period	**2 874**	334	–	–
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	**64 262**	55 698	–	–
Net operating costs	**(64 885)**	(56 393)	–	–
Loss before taxation	**(623)**	(695)	–	–
Taxation	**(146)**	697	–	–
(Loss)/profit after taxation	**(769)**	2	–	–

	Group		Company	
	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	**15 months ended 31 March 2011 R'000**	12 months ended 31 December 2009 R'000
11. INVESTMENT IN AND LOAN TO ASSOCIATE (continued)				
Statement of financial position				
Equipment and vehicles	**62**	56	**–**	–
Goodwill	**4 877**	4 877	**–**	–
Deferred tax	**986**	1 044	**–**	–
Inventories	**45**	358	**–**	–
Trade and other receivables	**7 049**	7 351	**–**	–
Cash	**350**	327	**–**	–
Total assets	**13 369**	14 013	**–**	–
Trade, other payables and loans	**(16 543)**	(16 457)	**–**	–
Total shareholders' funds	**(3 174)**	(2 444)	**–**	–
The loan is unsecured, bears interest at the greater of 18% per annum and the prime bank overdraft rate plus 5% per annum, and has no fixed terms of repayment.				
The Group has signed an unlimited cross-suretyship in respect of its associate company, Bathusi Staffing Services Proprietary Limited. The probability of this liability being called on is considered to be remote.				
12. DEFERRED TAX ASSET				
Assessable losses*	**3 148**	2 798	**–**	–
Provisions	**1 676**	1 552	**272**	689
Prepayments	**(230)**	(156)	**(24)**	(19)
Capital Gains Tax	**(286)**	(286)	**–**	–
Other	**1 374**	883	**–**	–
Work-in-progress	**(284)**	(294)	**–**	–
	5 398	4 497	**248**	670
Reconciliation between deferred tax opening and closing balances				
Deferred tax opening balance	**4 497**	4 350	**670**	87
Assessable losses	**1 724**	(83)	**–**	65
Provisions	**124**	(297)	**(417)**	508
Capital Gains Tax	**–**	(286)	**–**	–
Other	**(883)**	883	**–**	–
Prepayments	**(74)**	(31)	**(5)**	10
Deferred income	**–**	(83)	**–**	–
Work-in-progress	**10**	51	**–**	–
IAS 39 – fair value adjustment	**–**	(7)	**–**	–
Deferred tax closing balance	**5 398**	4 497	**248**	670

* *Tax losses amounting to R26 393 000(2009: R46 553 000) have not been recognised. Tax losses amounting to R11 244 000 (2009: R16 866 000) have been recognised on the basis of future sustainable profits that have been estimated for in the next three financial years.*

		Group		Company	
		15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000
13.	ADVANCE TO THE SHARE TRUST				
	Loan	–	–	8 264	7 121
	Reversal of impairment/(impairment)	–	–	182	(182)
		–	–	8 446	6 939
	The loan was advanced to the Primeserv Group Limited Share Incentive Scheme for the acquisition of 24 424 263 (2009: 15 962 247) shares.				
	Primeserv Group Limited ordinary shares at fair value at the end of the reporting period date.	–	–	10 747	6 939
14.	INVENTORIES				
	Inventories comprise consumable goods including personal protective equipment, books, manuals and other course material and is carried at net realisable value at period-end	1 017	965	10	10
15.	TRADE AND OTHER RECEIVABLES				
	Trade receivables	64 922	78 871	–	4
		6 466	3 362	503	2 536
	Other receivables	5 646	2 805	417	2 469
	Prepayments	820	557	86	67
		71 388	82 233	503	2 540
	Trade receivables are encumbered as per note 23.				
	Based on the historic level of customer defaults the credit quality of period-end trade receivables which are not past due is considered to be high. In line with management judgement, trade receivables that are less than three months overdue have not been impaired. As at 31 March 2011, trade receivables of R15 191 000 (2009: R15 200 000) 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:				
	1 month overdue	2 900	3 053	–	–
	2 months overdue	1 285	1 899	–	–
	3 months and more overdue	11 006	10 248	–	–
		15 191	15 200	–	–
	Allowance for impairment (bad debt provision)				
	Balance at beginning of period	5 841	5 099	–	–
	Impairments recognised in income statement	2 764	3 059	–	–
	Reversal of impairments recognised in income statement	–	(2 317)	–	–
	Balance at end of period	8 605	5 841	–	–

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

Credit risk exposure

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

Trade and other receivables are classified as loans and receivables.

The Group does not hold any collateral as security.

	Group		Company	
	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000
16. LOANS TO AND FROM SUBSIDIARIES				
Loans to subsidiaries	–	–	67 735	75 294
Loans from subsidiaries	–	–	(63 249)	(75 090)
Balance at end of period	–	–	4 486	204
Net movement for the period	–	–	4 282	(21 446)
The loans are unsecured and the lender has the unconditional right not to repay the loan within 12 months from year-end. The balances will be settled in cash. No guarantees have been given or received. Loans receivable from subsidiaries of R49 993 000 (2009: R50 731 000) have been subordinated in favour of the remaining creditors of the subsidiaries until their assets, fairly valued, exceed their liabilities.				
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.				
17. 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 (2009: 132 062 743) ordinary shares of 1 cent each	1 321	1 321	1 321	1 321
There are nil (2009: nil) shares to be issued in respect of shares outstanding in terms of the Primeserv Group Limited Share Incentive Scheme.				
Unissued shares				
The unissued shares totalling 367 937 257 (2009: 367 937 257) shares of 1 cent each are under the control of the directors subject to the provisions of Sections 221 and 222 of the Companies Act and the Listings Requirements of the JSE Limited.				
The authority is valid until the next annual general meeting.				
Reconciliation of shares in issue:				
Shares in issue	95 231 191	105 455 007	–	–
Treasury shares	12 407 289	10 645 489	–	–
Share Trust shares	24 424 263	15 962 247	–	–
Issued share capital	132 062 743	132 062 743	–	–
18. NON-DISTRIBUTABLE RESERVE				
Excess arising from intangible asset write-down in the Group	–	–	69 152	65 827

	Group		Company	
	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	**15 months ended 31 March 2011 R'000**	12 months ended 31 December 2009 R'000
19. TREASURY SHARES				
Comprises 10 645 489 (2009: 10 645 489) Primeserv Group Limited ordinary shares purchased in terms of shareholder approval obtained	**2 215**	2 215	**–**	–
Shares acquired by Primeserv Group Limited and to be cancelled 1 761 800 (2009: nil)	**646**	–	**646**	–
	2 861	2 215	**646**	–
20. SHARE TRUST SHARES				
Comprises 24 424 263 (2009: 15 962 247) Primeserv Group Limited ordinary shares. The Share Trust has been consolidated into the Group in terms of a directive issued by the JSE Limited in February 2004	**9 684**	7 678	**–**	–
21. FINANCIAL LIABILITIES				
At amortised cost				
Finance agreements				
Total owing	**157**	365	**–**	–
Current portion included with short-term loans	**(116)**	(181)	**–**	–
	41	184	**–**	–
The loans are repayable in monthly instalments, inclusive of interest, at rates varying from 7,0% to 8,5% (2009: 8,5% to 13,5%) and are secured over relevant equipment and vehicles, with a book value of R170 000 (2009: R412 000).				
Interest-bearing borrowings				
Short-term portion	**116**	181	**–**	–
Long-term portion	**41**	184	**–**	–
Total	**157**	365	**–**	–

	Finance lease commitments	Prepaid finance charges	Capital amount
Finance lease commitments			
2011			
Payable within one year – vehicles	**124**	**(8)**	**116**
Payable two to five years – vehicles	**42**	**(1)**	**41**
	166	**(9)**	**157**
2009			
Payable within one year – vehicles	204	(23)	181
Payable two to five years – vehicles	224	(40)	184
	428	(63)	365

	Group		Company	
	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000
21. FINANCIAL LIABILITIES (continued)				
Vendor liability				
Current portion	851	–	–	–
Non-current portion	591	–	–	–
	1 442	–	–	–

The liability is unsecured and interest-free. It is payable in instalments with a final payment in April 2012.

	Current	Non-current	Total
Finance lease commitments	116	41	157
Vendor liability	851	591	1 442
	967	632	1 599

Borrowing powers

In terms of the Company's Articles of Association, the borrowing powers of the Company are unlimited.

	Group		Company	
	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000
22. TRADE AND OTHER PAYABLES				
Trade payables	4 330	2 708	379	17
Payroll payables	8 293	7 694	2 878	465
Other accruals and sundry creditors	5 291	18 528	1	4 694
	17 914	28 930	3 258	5 176
Trade and other payables are measured at amortised cost.				
23. BANK BORROWINGS				
Invoice finance	26 555	29 547	–	–
The finance is secured over the book debts of Primeserv ABC Recruitment Proprietary Limited, Primeserv Denverdraft Proprietary Limited, Primeserv Employee Solutions Proprietary Limited, Primeserv Staff Dynamix Proprietary Limited and Bathusi Staffing Services Proprietary Limited to the value of R50 million and bears interest at 0,5% below the prime bank overdraft rate per annum. It is repayable on collection of the book debts, less a 25% retention margin of total debt financed in this manner.				
	26 555	29 547	–	–

	Company							Company
	15 months ended 31 March 2011							12 months ended 31 Dec 2009
	Directors' fees R'000	Remune-ration R'000	Benefits R'000	Allowances R'000	Bonuses** R'000	Share options exer-cised R'000	Total R'000	R'000
24. DIRECTORS' REMUNERATION								
The remuneration paid to directors of the Company, whilst in office during the period ended 31 March 2011, can be analysed as follows:								
Executive Directors	–	7 210	817	565	1 170	–	9 762	7 377
M Abel	–	3 865	392	225	670	–	5 152	3 996
AT McMillan	–	2 088	296	255	400	–	3 039	2 310
R Sack	–	1 257	129	85	100	–	1 571	1 071
Non-Executive Directors	1 483	–	–	–	100	–	1 583	1 065
JM Judin	363	–	–	–	–	–	363	205
S Klein	219	–	–	–	–	–	219	330
LM Maisela	219	–	–	–	–	–	219	140
DL Rose	300	–	–	–	–	–	300	170
DC Seaton *	219	–	–	–	100	–	319	170
CS Shiceka	163	–	–	–	–	–	163	50
	1 483	7 210	817	565	1 270	–	11 345	8 442

	Company							Company
	12 months annualised							12 months ended 31 Dec 2009
To facilitate a proper comparison with the prior year, the remuneration disclosure has been annualised below:								
Executive Directors	–	5 768	654	452	646	–	7 520	7 377
M Abel	–	3 092	314	180	386	–	3 972	3 996
AT McMillan	–	1 670	237	204	180	–	2 291	2 310
R Sack	–	1 006	103	68	80	–	1 257	1 071
Non-Executive Directors	1 185	–	–	–	80	–	1 265	1 065
JM Judin	290	–	–	–	–	–	290	205
S Klein	175	–	–	–	–	–	175	330
LM Maisela	175	–	–	–	–	–	175	140
DL Rose	240	–	–	–	–	–	240	170
DC Seaton *	175	–	–	–	80	–	255	170
CS Shiceka	130	–	–	–	–	–	130	50
	1 185	5 768	654	452	726	–	8 785	8 442

* *Consulting services provided by DC Seaton are fully recorded under note 29.*
** *A portion of the bonus has been deferred.*
There are no directors where the remaining period of the service contract exceeds three years and the notice period exceeds three months.

	No of options as at 31 Dec 2009	No of options exercised during the period	No of options (lapsed)/issued during the period	No of options as at 31 Mar 2011	Option price (cents)	Date from which exercisable	Expiry date
25. SHARE-BASED PAYMENTS							
2011 – GROUP							
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**
Employees	**5 280**	**(5 280)**	**–**	**–**	**16**	**01/06/2000**	**31/05/2010**
Employees	**470 000**	**–**	**(470 000)**	**–**	**22**	**08/01/2007**	**07/01/2010**
Employees	**520 000**	**–**	**(520 000)**	**–**	**50**	**12/03/2007**	**11/03/2010**
	6 103 189	**(5 280)**	**(990 000)**	**5 107 909**			
Weighted average strike price at 31 March 2011					**41,67**		

	No of options as at 31 Dec 2008	No of options exercised during the year	No of options (lapsed)/issued during the year	No of options as at 31 Dec 2009	Option price cents	Date from which exercisable	Expiry date
2009 – GROUP							
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	2 000 000	–	(2 000 000)	–	65	10/12/2007	31/12/2009
M Abel	1 555 000	–	–	1 555 000	56	07/11/2008	30/06/2011
AT McMillan	1 850 000	–	(1 850 000)	–	65	10/12/2007	31/12/2009
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
Employees	6 000	–	(6 000)	–	6	18/10/1999	17/10/2009
Employees	3 000	–	(3 000)	–	6	05/01/1999	04/01/2009
Employees	500	–	(500)	–	6	05/05/1999	04/05/2009
Employees	5 280	–	–	5 280	16	01/06/2000	31/05/2010
Employees	450 000	–	(450 000)	–	20	08/01/2007	07/01/2009
Employees	470 000	–	–	470 000	22	08/01/2007	07/01/2010
Employees	720 000	–	(200 000)	520 000	50	12/03/2007	11/03/2010
	10 612 689	–	(4 509 500)	6 103 189			
Weighted average strike price at 31 December 2009					40,85		

Share options are granted to selected directors and selected employees. The exercise price of the granted options is the cost of the unissued shares in the share trust at the date the options are granted or 90% of the ruling market price as at the grant date. The options vest and are exercisable over periods of time up to 10 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The weighted average fair value of options granted during the year 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 period an amount of R115 000 (2009: R100 000) was charged against income in respect of options granted.

26. 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 period-end is R31 659 000 (2009: R38 032 000).

27. RISK MANAGEMENT

The nature of key risks to which the Group is exposed are categorised as follows:

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 variances 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 R574 000 (2009: R672 000), while the effect of a decrease in the rate is calculated to increase earnings by R585 000 (2009: R685 000).

Liquidity risk

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

The Company 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.

Credit risk

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

Credit risk with respect to trade receivables is dispersed due to the large number of customers and the diversity of industries serviced. The Group performs credit evaluations of its customers and, where available and cost effective, utilises credit insurance.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return 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 21 and 23, 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.

28. 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 costs for the period amounted to R2,9 million (2009: R2,9 million) with 64% 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	
	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000
29. RELATED PARTY TRANSACTIONS				
Arm's length 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 subsidiary and associated companies relate to fees and interest and these are reflected as income in the Company's statement of comprehensive income				
Transactions with subsidiary companies				
– Management fees from subsidiaries	–	–	6 906	4 104
– Preference dividends from subsidiaries	–	–	8 362	6 425
– Interest received on treasury transactions with subsidiaries	–	–	4 400	–
Transactions with associate company (note 11)				
– Interest received	957	1 122	–	–
– Management fees received	3 675	3 840	–	–

As part of the ongoing maintenance and retention of key personnel programme, fixed term employment contracts, not longer than three years, have been entered into with the executive directors M Abel and AT McMillan. Refer to note 1 for disclosure of key management remuneration. 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.

M Abel, AT McMillan and DC Seaton are party to share-based incentives made available through the Share Trust.

Refer to note 16 for intercompany loan balances.

During the period, the Company paid R50 000 (2009: Rnil) to Village Management Consulting Proprietary Limited, being a related party to LM Maisela, for consulting services rendered.

During the period, the Company paid R1 247 000 (2009: R463 000) to DC Seaton, for consulting services rendered.

30. CAPITAL COMMITMENTS

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

31. CHANGE IN FINANCIAL YEAR-END

The Group has changed its financial year-end from 31 December to 31 March to better align its reporting with its business cycle and operational requirements and accordingly these results are for a fifteen-month period and are therefore not comparable with the prior period.

	Group		Company	
	15 months ended 31 March 2011 R'000	12 months ended 31 December 2009 R'000	**15 months ended 31 March 2011 R'000**	12 months ended 31 December 2009 R'000
32. OPERATING LEASE COMMITMENTS				
Operating lease commitments				
Future operating lease charges for property, plant and equipment				
Payable within one year				
– premises	**2 490**	777	**–**	586
– vehicles and equipment	**1 783**	3 509	**–**	–
	4 273	4 286	**–**	586
Payable two to five years				
– premises	**2 228**	717	**–**	154
– vehicles and equipment	**3 522**	2 166	**–**	–
	5 750	2 883	**–**	154

There are no lease commitments beyond the five-year period. Leases on some premises are subject to escalation with renewal options at the Group's discretion. No contingent rent is payable.

	Human Capital Outsourcing R'000	Human Capital Development R'000	Central Services R'000	Group Consolidated R'000
33. SEGMENTAL ANALYSIS – OPERATING SEGMENTS				
2011				
Revenue: sales to external customers	**606 007**	**59 274**	**–**	**665 281**
Revenue: inter-segment revenue	**–**	**109**	**–**	**109**
Share of loss from associate	**–**	**–**	**(202)**	**(202)**
Operating profit/(loss)	**18 084**	**(2 766)**	**(4 953)**	**10 365**
Net profit/(loss) before taxation	**7 243**	**(5 888)**	**8 772**	**10 127**
Capital additions	**442**	**3 654**	**319**	**4 415**
Depreciation	**1 024**	**1 356**	**192**	**2 572**
Interest received	**125**	**22**	**4 573**	**4 720**
Interest paid	**(4 119)**	**(637)**	**–**	**(4 756)**
Taxation	**339**	**(179)**	**1 499**	**1 659**
Assets	**83 594**	**23 048**	**19 466**	**126 108**
Liabilities	**(6 023)**	**66 225**	**(12 151)**	**48 051**
2009				
Revenue: sales to external customers	478 101	45 400	–	523 501
Revenue: inter-segment revenue	–	822	–	822
Share of profit from associate	–	–	(225)	(225)
Operating profit/(loss)	19 214	2 036	(3 766)	17 484
Net profit/(loss) before taxation	3 914	5 088	6 531	15 533
Capital additions	314	1 045	114	1 473
Depreciation	919	605	136	1 660
Interest received	189	1	4 343	4 533
Interest paid	(5 660)	(598)	(1)	(6 259)
Taxation	(61)	3 779	27	3 745
Assets	90 365	22 139	22 533	135 037
Liabilities	2 733	63 374	(5 792)	60 315

All segments traded in South Africa during the current period.

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

The Human Capital Outsourcing segment provides flexible staffing solutions.

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

33. SEGMENTAL ANALYSIS – OPERATING SEGMENTS (continued)

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 liabilities as disclosed in the segment analysis agree to the corresponding amounts as disclosed in the annual financial statements. 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 determined per the Group's transfer pricing policy.

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

34. BUSINESS COMBINATIONS

Sincedisa Consulting

Primeserv Corporate Solutions Proprietary Limited, a subsidiary of Primeserv Group Limited, acquired the business of Sincedisa Consulting CC with effect from 1 March 2010. The results from date of acquisition have been consolidated into the Group results for the 15 months ended 31 March 2011.

The total cost of the acquisition is estimated to be an amount of R2,1 million, subject to certain profit warranties. The transaction is expected to be finalised in May 2012.

Goodwill representing the difference between the cost of acquisition of the business acquired and the fair value of equipment acquired of R152 000, amounted to R1 877 000.

The directors are of the view that the business combinations will give rise to synergies and operational efficiencies between the business acquired and the Group's existing similar businesses.

(Refer to Accounting Policies – Judgements made by Management: Goodwill and Carrying Value of Goodwill.)

	Sincedisa Consulting		Group	
	Figures for 13 months R'000	Figures for 15 months R'000	As consolidated R'000	Adjusted for 15-month figures R'000
Effects of the acquisition on the results of 2011				
Profit before tax	838	967	8 469	8 598

35. FINANCIAL LIABILITIES – MATURITY ANALYSIS

Contractual undiscounted cash flows from: *	1 month #	2 to 3 months	4 to 6 months	7 to 12 months	More than a year	Carrying amount
GROUP – 2011						
Finance lease obligations	**10**	**21**	**31**	**62**	**41**	**157**
Trade and other payables	**9 810**	**1 777**	**583**	**5 744**	**–**	**17 914**
Vendor obligation	**–**	**–**	**851**	**–**	**591**	**1 442**
Bank borrowings	**26 555**	**–**	**–**	**–**	**–**	**26 555**
	36 375	**1 798**	**1 465**	**5 806**	**632**	**46 068**
GROUP – 2009						
Finance lease obligations	19	37	56	69	184	365
Trade and other payables	25 954	233	167	408	2 168	28 930
Bank borrowings **	29 547	–	–	–	–	29 547
	55 520	270	223	477	2 352	58 842
COMPANY – 2011						
Loans payable	**–**	**–**	**–**	**–**	**63 249**	**63 249**
Trade and other payables	**3 258**	**–**	**–**	**–**	**–**	**3 258**
	3 258	**–**	**–**	**–**	**63 249**	**66 507**
COMPANY – 2009						
Loans from subsidiaries	75 090	–	–	–	–	75 090
Trade and other payables	5 176	–	–	–	–	5 176
	80 266	–	–	–	–	80 266

** Cash flow amounts are not discounted whereas the carrying amount values are discounted.*

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

 # 1 Month – includes amounts payable on demand.

DETAILS OF SUBSIDIARY COMPANIES AND ASSOCIATE COMPANY

for the fifteen months ended 31 March 2011

Country share	by holding of incor- poration	Ordinary shares capital R	Portion held directly or indirectly share Company %	Book value of by holding at cost R	Class A pre- ference share capital R	Portion held directly or indirectly by holding Company %	Class B pre- ference 31 Mar capital R	Portion held directly or indirectly 31 Dec Company %	Amount owing by/(to) subsidiaries 31 Mar 2011 R'000	Amount owing by/(to) subsidiaries 31 Dec 2009 R'000
African Recruitment Manpower Proprietary Limited	South Africa	160	100,0	160					**(841)**	(841)
Bathusi Recruitment Proprietary Limited*	South Africa	100	49,0	49					**–**	–
Empvest Outsourcing Proprietary Limited*	South Africa	1 000	35,8	482					**991**	991
Ibiza Trading 7 Proprietary Limited	South Africa	100	100,0	–					**(255)**	(255)
Primeserv ABC Recruitment Proprietary Limited	South Africa	100	74,2	74	370	100	448	74,2	**18 573**	15 763
Primeserv Corporate Solutions Proprietary Limited	South Africa	100	74,2	74	37	100	618	74,2	**629**	–
Primeserv Denverdraft Proprietary Limited	South Africa	100	100,0	100					**2 495**	2 349
Primeserv Employee Solutions Proprietary Limited	South Africa	100	74,2	74	392	100	276	74,2	**(58 366)**	(57 698)
Primeserv Productivity Services Proprietary Limited	South Africa	100	100,0	100					**1 115**	1 434
Primeserv Recruitment Proprietary Limited	South Africa	100	100,0	100					**(3 456)**	(3 164)
Primeserv Staff Dynamix Proprietary Limited	South Africa	100	74,2	100					**790**	794
Primeserv Technical Training Proprietary Limited	South Africa	100	74,2	100					**–**	–
Primeserv Training Proprietary Limited	South Africa	100	100,0	100					**43 104**	41 124
Thuso Outsourcing Proprietary Limited	South Africa	100	70,0	70					**(331)**	(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					**–**	–
				1 983					**4 486**	204
								Amounts owing to subsidiaries	**(63 249)**	(75 090)
								Amounts owing by subsidiaries	**67 735**	75 294
									4 486	204

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% (2009: 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 Colleges businesses operate through Primeserv Training Proprietary Limited and Ibiza Trading 7 Proprietary Limited.

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

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

Primeserv Properties 1 Proprietary Limited, Primeserv Properties 2 Proprietary Limited, Primeserv Properties 3 Proprietary Limited and Primeserv Properties 4 Proprietary Limited are the subsidiaries nominated to hold properties.

African Recruitment Manpower Proprietary Limited, Bathusi Recruitment Proprietary Limited, Ibiza Trading 7 Proprietary Limited, Primeserv Properties 1 Proprietary Limited, Primeserv Properties 2 Proprietary Limited, Primeserv Properties 3 Proprietary Limited, Primeserv Properties 4 Proprietary Limited, Primeserv Technical Training Proprietary Limited and Thuso Outsourcing Proprietary Limited are dormant.

** 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.*

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

ANALYSIS OF SHAREHOLDING

as at 31 March 2011

	Number of shareholders	Number of shares held	% shareholding
PORTFOLIO SIZE			
1 – 50 000 shares	455	3 166 186	2,4
50 001 – 500 000 shares	70	11 217 228	8,5
500 001 – 5 000 000 shares	22	34 951 660	26,5
over 5 000 000 shares	6	82 727 669	62,6
	553	132 062 743	100,0
CATEGORY			
Directors (beneficial, direct and indirect) and management *	11	59 911 315	45,4
Nominee companies and schemes	2	9 200	–
Individual and other corporate bodies	540	72 142 228	54,6
	553	132 062 743	100,0
INTERESTS OF 5% OR GREATER			
Primeserv Group Limited Share Trust		24 424 263	18,5
M Abel		19 194 502	14,5
Trade-Off 3029 CC		16 158 745	12,2
Primeserv Productivity Services Proprietary Limited (treasury shares)		10 645 489	8,1
The Boles Family Trust		9 516 000	7,2
		79 938 999	60,5
SHAREHOLDER SPREAD			
Total non-public shareholders *	11	59 911 315	45,4
Public shareholders	542	72 151 428	54,6
	553	132 062 743	100,0

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

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 financial report.

MARKET STATISTICS

as at 31 March 2011

	31 March 2011 R'000	31 December 2009 R'0000
JSE LIMITED PERFORMANCE PER SHARE		
Period-end closing market price of ordinary shares (cents)	**44**	40
High closing market price of ordinary shares (cents)	**50**	66
Low closing market price of ordinary shares (cents)	**25**	25
Volume of shares traded (million)	**25**	12
Value of shares traded (R'000)	**8 883**	4 985
NUMBER OF SHARES IN ISSUE		
Opening balances (including treasury and Share Trust shares)	**132 062 743**	132 062 743
Closing balances (including treasury and Share Trust shares)	**132 062 743**	132 062 743
Market capitalisation at period-end (R'000)	**58 108**	52 825
Market capitalisation at period-end excluding treasury and Share Trust shares (R'000)	**41 902**	42 182

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 that the eleventh annual general meeting of the shareholders of Primeserv Group Limited ("Primeserv") will be held at The Boundary Room, Wanderers Club, 21 North Street, Illovo at 9:00 on Wednesday, 23 November 2011, for the following:

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.

1. To receive and consider the Company annual financial statements and Group annual financial statements for the period ended 31 March 2011, together with the reports of the directors, external auditor and the Group Audit, Governance and Risk Committee.

2. 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, Charles Orbach & Company, 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 2012.

3. 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

3.1 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 (64)
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) Limited and Nu-World Holdings Limited.

3.2 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.

Lelepe M Maisela (56)
BA Soc Sc

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 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.

3.3 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 (69)
BCom, BA, CA(SA), F.Inst.D

David is an independent consultant. He spent 41 years with Fisher Hofman, 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 of Super Group Limited.

4. 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.

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

David L Rose (69)
BCom, BA, CA(SA), F.Inst.D

David is an independent consultant. He spent 41 years with Fisher Hofman, 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 of Super Group Limited.

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

Saul Klein (52)
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 Lansdowne Professor of International Business at the 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.

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

Cleopatra Shiceka (46)
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.

5. To approve the Remuneration Report of the Remuneration and Nomination Committee set out on pages 66 to 70 of the Integrated Annual Report of which this notice forms a part.

6. 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:

6.1 Acquisition issues;

6.2 Issues of shares for cash as set out in Resolution Number 7;

6.3 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.

7. Subject to the passing of Ordinary Resolution number 6, 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, 5% (five percent) of the Company's issued ordinary share capital. 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;

– 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 7 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.

8. To authorise the Remuneration and Nomination Committee to confirm the remuneration of the directors for the period ended 31 March 2011, as outlined in note 24 on page 99, and to determine the remuneration of the directors for the year ending 31 March 2012.

9. 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 RESOLUTION

10. 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 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.

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 3)
– Major shareholders of Primeserv (page 107)
– Directors' interests in securities (page 77)
– Share capital of Primeserv (page 96)

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 3 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 3 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.

11. SPECIAL RESOLUTION NUMBER 2

To confirm the remuneration payable to the non-executive directors of the Company for the 2012 financial year as follows:

Chairman	R140 000
Non-Executive Directors	R122 000
Chairman of the Audit, Governance and Risk Committee	R134 000
Audit, Governance and Risk Committee member	R65 000
Chairman of the Remuneration and Nomination Committee	R48 000
Remuneration and Nomination Committee member	R21 000
Chairman of the Transformation Committee	R44 000
Transformation Committee member	R17 000

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.

12. SPECIAL RESOLUTION NUMBER 3

"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.

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.

VOTING AND PROXIES

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 special resolution number 1 and ordinary resolutions numbers 5 and 6.

The voting record date, being the date to be recorded in the register to be eligible to speak and vote at the annual general meeting, is Friday, 18 November 2011.

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, 21 November 2011.

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

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

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

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
   (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;

(b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and

(c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

(4) Irrespective of the form of instrument used to appoint a proxy –

(a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;

(b) the appointment is revocable unless the proxy appointment expressly states otherwise; and

(c) if the appointment is revocable, a shareholder may revoke the proxy appointment by –

(i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and

(ii) delivering a copy of the revocation instrument to the proxy, and to the Company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –

(a) the date stated in the revocation instrument, if any; or

(b) the date on which the revocation instrument was delivered as required in sub-section (4)(c)(ii).

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

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

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 Monday, 26 September 2011. The last day to trade in order to be eligible to vote at the annual general meeting is Friday, 11 November 2011.

By order of the Board

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

Johannesburg

21 September 2011

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
http://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 PERIOD-END	31 March 2011
REPORTS ON PROFIT STATEMENTS AND MEETINGS	
Reviewed results published	29 June 2011
Annual report published	27 September 2011
Annual general meeting	23 November 2011
NEXT FINANCIAL YEAR-END	31 March 2012
REPORTS ON PROFIT STATEMENTS AND MEETINGS *	
Half-year interim report to be published	November 2012
Audited results to be published	May 2012
Annual report to be published	June 2012
Annual general meeting	September 2012

* *These dates are subject to change*

ADMINISTRATION

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

http://www.primeserv.co.za
email: productivity@primeserv.co.za

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

LEGAL ADVISORS
Cliffe Dekker Inc.

DM Kisch Inc.

Peter W Wentzel

SPONSOR
Deloitte & Touche Sponsor Services (Pty) 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
Charles Orbach & Company
Third Floor
3 Melrose Boulevard
Melrose Arch
2076

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Limited
Registration number 2004/003647/07
70 Marshall Street, Marshalltown, 2001

PO Box 61051, Marshalltown, 2107

CORPORATE COMMUNICATIONS
Graphiculture (Pty) Limited

GLOSSARY

ADR	Alternate Dispute Resolution
AIDS	Acquired Immune Deficiency Syndrome
ASGISA	Accelerated Shared Growth Initiative for South Africa
B-BBEE	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
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 IIA 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 Engineering Industry 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
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 eleventh annual general meeting of Primeserv Group Limited to be held at The Boundary Room, Wanderers Club, 21 North Street, Illovo at 9:00 on Wednesday, 23 November 2011 ("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, twelve 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	– Adoption of financial statements			
Resolution number 2	– To confirm the reappointment of Charles Orbach & Company as independent auditors of the Company and L Vroom as the designated auditor for the following year			
Resolution number 3	– To confirm the re-appointment as directors of:			
	3.1 JM Judin			
	3.2 LM Maisela			
	3.3 DL Rose			
Resolution number 4	– To elect the members of the Audit, Governance and Risk Committee			
	4.1 DL Rose			
	4.2 S Klein			
	4.3 CS Shiceka			
Resolution number 5	– Approval of the Remuneration Report			
Resolution number 6	– Directors' control over authorised but unissued share capital			
Resolution number 7	– General authority on issue of shares			
Resolution number 8	– To authorise the Remuneration and Nomination Committee to determine the remuneration of the directors for services other than as directors			
Resolution number 9	– 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 ______________________ 2011

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 9:00 on Monday, 21 November 2011.

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 • Stanford Business and Computer College • Thami • VE Training • Working World College

360º Integrated or modular HR products, services and solutions.

360° hr services

GRAPHICULTURE MAJAA5

www.primeserv.co.za

people ▸ productivity ▸ performance™