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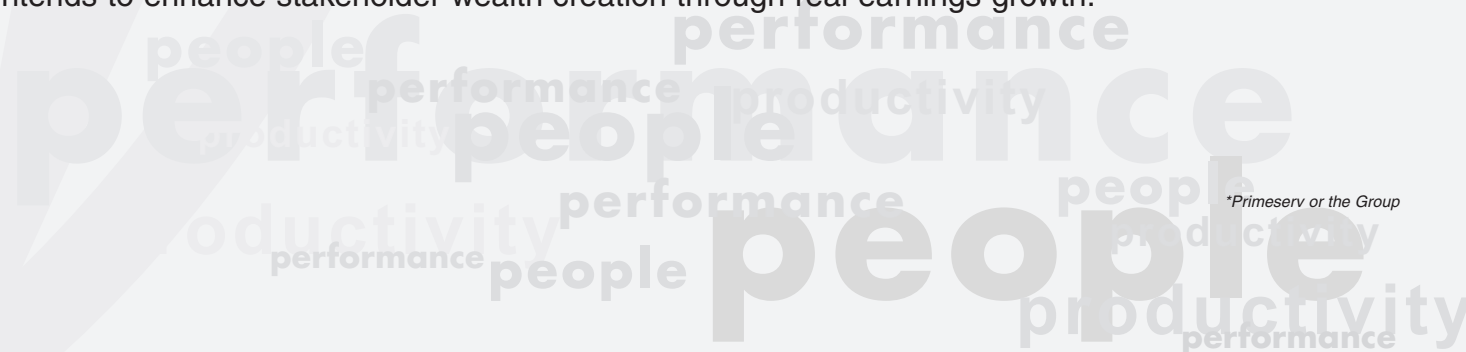
Primeserv Group Limited\* (previously Privest Group Limited) is listed in the Education, Business Training & Employment Agencies – Support Services sector on the JSE Securities Exchange South Africa.

Through people, productivity and performance, Primeserv liberates individual and organisational potential.

The Group's products and services are provided through its Solutions, Training, Recruitment and Outsourcing divisions. These house human resources (HR) solutions, skills training centres, corporate and vocational training programmes, recruitment and flexible staffing services as well as skills, labour, wage bureau and HR logistics outsourcing operations.

Primeserv serves people by building their skills-sets and assisting them to apply these competencies in the workplace so as to fully realise their potential, and serves organisations by devising and implementing integrated HR solutions that drive productivity and performance efficiencies.

Primeserv intends to enhance stakeholder wealth creation through real earnings growth.



\*Primeserv or the Group

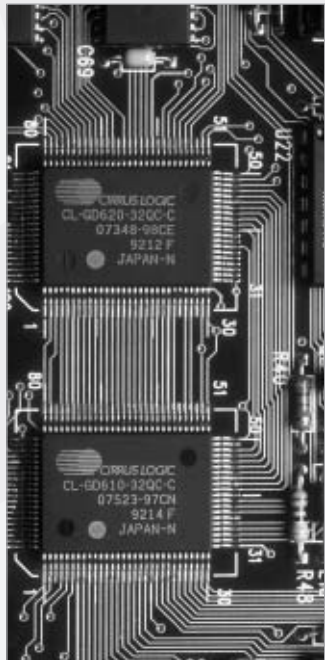
Primeserv focuses on leveraging the Group's HR services value chain to achieve improved margins, stronger cash flows and a sound return on investment.

The Group has three core strategies, namely: the building of a strong balance sheet enabling it to leverage organic and acquisitive growth opportunities; the investment in intellectual capital and a stable management team; and the securing and maintaining of day-to-day and long-term contractual business, which will deliver real earnings growth.

**Accordingly, the Group is committed to:**

- continued understanding of our clients' changing needs;
- improved knowledge of market dynamics;
- sustained, focused investment in HR products and services;
- developing increased product and services usage within our existing customer base;
- growing the existing customer base, whilst acquiring new clients and entering new markets;
- effective resources allocation and cost containment supported by strong values and a performance-led organisational culture;
- improving our presence in southern Africa in order to continue to meet clients' requirements as they expand their geographical reach;
- delivering economically measurable value to our customers and clients;
- building internal capability as a key competitive advantage within a nurturing working environment;
- building the Group's leadership position in the areas of skills development and flexible staffing services, whilst evolving our integrated HR business model; and
- becoming the integrated HR provider of choice.





REGIONAL REPRESENTATION

productivity  
performance people productivity  
people  
productivity  
performance



**MERRICK ABEL**  
Executive Chairman (44)  
*BA (Hons), MBA*

Appointed: August 1997  
Merrick has served as CEO since founding the Group in 1997 and as Executive Chairman since 2001. He has over sixteen years of local and international commercial experience, particularly in the industrial and services industries.



**PAUL L GRAY**  
Chief Operating Officer (50)  
*BA, LLB*

Appointed: June 2000  
Paul has over twenty years' experience in the fields of corporate banking and international multi-level sales and marketing.



**JACKIE A SPARKE\*\***  
Chief Financial Officer (42)  
*BCompt (Hons), CA(SA)*

Appointed: February 2002  
Jackie has over twelve years' experience in the finance arena having worked for various large companies, including British American Tobacco Company, Colgate Palmolive and Vodacom.



**J MICHAEL JUDIN†**  
Non-Executive Director (57)  
*Dip Law*

Appointed: August 1997  
Michael is a director of Johannesburg-based law firm Goldman Judin Maisels Inc. He is legal advisor to and director of The American Chamber of Commerce in South Africa. He is Non-Executive Chairman of Lyons Financial Solutions Holdings Limited and a director of other listed companies – Set Point Technology Holdings and Nu-World Holdings.



**SAUL KLEIN\*†**  
Non-Executive Director (45)  
*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.



**GABY MAGOMOLA†**  
Non-Executive Director (60)  
*BCom, MBA*

Appointed: May 2000  
Gaby is a director of Kgorong Investment Holdings and various other companies. He is also Chairman of the SA Business Coalition on HIV/AIDS. He has extensive experience in the banking environment as former CEO of African Bank and has worked for FNB and Citibank.



**CHRIS S SEABROOKE†**  
Non-Executive Director (50)  
*BCom, BAcc, MBA, FCMA*

Appointed: February 2000  
Chris is Chief Executive of Sabvest Limited – a JSE listed investment group. He is Non-Executive Chairman of Massmart and of MGX, and a director of other JSE listed companies – Datatec, Primedia and Set Point Technology Holdings. Internationally he chairs a financial services group in London and sits on a number of UK and US boards.



**DESMOND C SEATON**  
Non-Executive Director (43)  
*BCom, LLB, Dip Tax*

Appointed: August 2003  
Des is a founder member of TWS Consulting, a tax and legal consultancy. He specialises in corporate tax and legal advice as well as the drafting of agreements related to corporate transactions. He has been responsible for advising on regulatory matters with regards to a number of listings over the last six years.

**COMMITTEES** (as at the date of this report)

**Audit and Governance Committee:** CS Seabrooke (Chairman), S Klein, DC Seaton and G Magomola

**Risk Committee:** JM Judin (Chairman) and DC Seaton

**Remuneration and Nomination Committee:** S Klein (Chairman) and JM Judin

\*American

† Independent

\*\* Resigned August 2003

## INTEGRATED, STRATEGIC SOLUTIONS

### PRIMESERV SOLUTIONS

#### HR Solutions

##### **Performance Management**

- Policies, procedures and guidelines
- Balanced / performance scorecards
- Job / team profiling and performance contracts
- Internal management / supervisory capacity building

##### **Skills Development**

- Workplace scoping and competency identification
- Workplace assessor training and assessment
- Evidence guides for recognition of prior learning
- Customised learning solutions

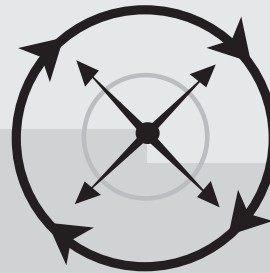
##### **Behavioural Dynamics**

- Process audits and consulting
- Competency profiles and potential assessments
- Individual and team coaching and counselling

#### Corporate Solutions

- HR outsourced services
- Industrial relations solutions
- Reward, remuneration and employee benefits

### CORPORATE AND ORGANISATIONAL SERVICES



### STAFFING SERVICES

### PRIMESERV OUTSOURCING

#### Flexible Staffing Solutions

Supplying supervised and flexible contract staffing across the following industry bands:

- Building and construction · design and draughting · drivers and transportation · engineering · hospital, nursing and medical · information technology and data capture · maritime and harbour support · mechanical and automotive · mining · office support and secretarial · paper and pulp · petro-chemical · retail services and sales · telemarketing and call centres · tourism, hospitality and gaming · warehousing and distribution · waste management

#### Project Solutions

- Labour-force planning and procurement · training needs identification and implementation · supplying professional white-collar and blue-collar personnel across industry bands

#### Systems and Logistics Solutions

- Labour management · payroll management · wage bureaus · transportation and accommodation logistics – to support management of contract staff

### PRIMESERV TRAINING

Customised, outcomes-based training solutions through:

#### Corporate Training

Integrated, multi-tiered training:

- Adult Basic Education and Training · accelerated development · business skills · community capacity building · entrepreneurship · financial life skills · leadership · management · marketing and sales development · mentorship · motivational · secretarial, office practice and support · supervisory as well as employment equity consulting and implementation

#### Technical Training

Delivered at training centres and on site. Basic and advanced skills training across the following industry bands:

- Building and construction · driving skills · electrical · engineering · hazardous materials handling · heavy plant and equipment · lifting machinery · mechanical · occupational safety and health · petro-chemical · regulation-led training · security · small business skills and customised learnerships

#### Colleges

Vocational and computer literacy courseware delivered through the national network of Stanford Business Colleges and Working World Colleges and at client sites as well as through distance learning channels. Aimed at private individuals and corporate employees.

### PRIMESERV RECRUITMENT

- Career counselling and guidance
- Client needs assessments
- Competency assessments
- Corporate cultural fit assessment of candidates
- Job profiling and matching

*All of the above are offered in conjunction with the Primeserv Solutions division*

- Motor vehicle manufacturing staffing
- Call centre staffing
- Executive search and recruitment
- Financial staffing
- Information technology staffing
- Interactive search and recruitment database
- Interim management solutions
- Outplacement of specialised teams of staff across specialised industry niches
- Specialised permanent placement services
- Technical staffing
- Temporary office-support placements

IMPLEMENTATION AND DELIVERY

GROUP INTEGRATED ACTIVITIES

ANALYSIS OF CLIENT NEEDS AND OBJECTIVES





## INTRODUCTION

Primeserv's specialisation in HR products and services and our understanding of market dynamics enable us to provide integrated or modular HR solutions, which position the Group and our clients to successfully manage the challenges of unpredictable and varying economic cycles.

The Group has now been listed for five and a half years and displays a business capable of sustaining a sound balance sheet. The flotation on the JSE Securities Exchange South Africa ("JSE") was a catalyst for the Group's evolution into the strategic HR services organisation that Primeserv is today. From our listing in 1998, as a Group comprising small fragmented vendor-managed business units, Primeserv has developed into a sustainable services organisation benchmarking our products and services against industry-specific best practices. Our young Group continues to strive for improvement, whilst evolving our HR services business model.

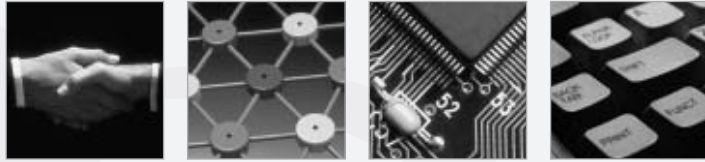
The Group's recent profitability is below expectations, with certain of this strain resulting from strategic imperatives. At some expense to short-term profits, we have maintained our strategy of continued investment in the research and development of HR products and services specifically aimed at meeting our clients' needs. Furthermore, the Group invested extensively in building the Primeserv brand, successfully launched in July 2002, and in further advancing an organisational infrastructure capable of facilitating future capacity.

Operationally, the results for the year were negatively impacted by the poor performances of the Solutions division, the Corporate Training and Vocational Colleges operations of the Training division, as well as the Recruitment division. The Technical Training unit, and particularly its large projects arm, delivered successfully against budgeted profits. The Group's largest operation, the Flexible Staffing Services business units of the Outsourcing division, produced strong results exceeding budget. The Group's Central Services provided the necessary support to the organisation's operations enabling them to focus on their core activities and implemented interventions resulting in the Group's strong cash generation.

On a macro level, world output growth remained weak at a rate of 3% in 2002, with the advanced economies recording a real economic growth rate of less than 2%. This lacklustre performance of the world economy continued into 2003 leaving its mark on product and services demand and, with relatively tight monetary conditions, the South African economy could not escape out of



**MERRICK ABEL**  
*Executive Chairman*



its slow growth path. This low growth rate continued to impact harshly on the permanent recruitment industry and negatively affected HR management consulting and training expenditure, resulting in these areas of the Group's business returning below budget results.

With the South African economy continuing to struggle, we need to ensure that we are able to perform sustainably during tough trading conditions. We are therefore continually adapting our business to meet these challenges so that we can profitably generate cash in such an environment.

With the constant investment in our organisational infrastructure and the Primeserv brand, we have entered the last phase of our current three-year plan and are positioned as a premium integrated HR specialist services provider. This evolution, whilst slow and costly, is creating a more stable and focused organisation.

#### FINANCIAL REVIEW

The Group's main focus on the continued strengthening of the balance sheet and improved working capital management resulted in strongly improved cash generation for the year under review. The R17,6 million cash generated translated into cash flow per share increasing by 90% to 13,9 cents from 7,3 cents per share for the preceding year.

Net borrowings consequently improved to R7,4 million compared to R25,0 million in the previous year. This had the effect of reducing the Group's gearing from 34,2% at the end of the previous financial year to its current year-end level of 18,4%.

As part of the Group's strategic management of sales and margins, overall revenue was 12,9% lower at R464,0 million (2002: R532,9 million), while gross margins improved by 10,6% to 21,9% (2002: 19,8%).

Notwithstanding higher interest rates during the year under review, interest paid was reduced by 24,5% to R5,8 million (2002: R7,7 million). Net finance costs were reduced by R4,6 million, after the inclusion of R3,3 million of interest received through the adoption of AC133: Financial Instruments: Recognition and Measurement.

The impairment of the loan to the Group's share trust resulted in an exceptional item to the income statement of R0,7 million.



*Primeserv is positioned as a premium integrated HR specialist services provider.*





The deferred tax asset of R34,5 million in the 2002 balance sheet was written down by R26,9 million to R7,6 million in the current year's balance sheet so as to more accurately reflect the utilisation of the asset against future taxable profits.

Headline earnings were down 34,8% from R5,9 million to R3,8 million. This resulted in headline earnings per share being down by 29% from 4,4 cents in 2002 to 3,01 cents for the current year.

The Group's strong cash flows have enabled it to return to a dividend paying position. A dividend of 0,5 cents per share (2002: Nil) will be declared.

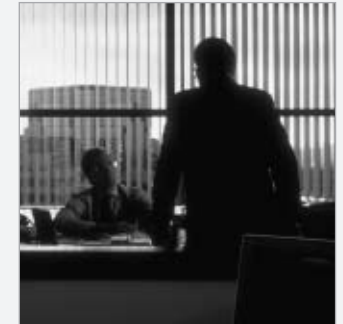
### STRATEGIC REVIEW

We continue to remain intently focused on our original objective of becoming the complete, integrated HR services company of choice, providing our clients with an economically measurable benefit, whilst delivering above average returns on investment for our shareholders in the long-term.

Primeserv has a clear focus and commitment to accelerating our evolution into a market-driven, customer-centric, services organisation. We are developing our proprietary HR services model to be introduced to the market in 2004 to create competitive advantage through our specialisation and measurable services value chain. This is to be driven by an improved talent pool of expert HR specialists, whose emphasis will be on developing and maintaining long-term contracts through cherished client relationships. We have narrowed our target market to concentrate our product and service offerings primarily toward higher margin clients.

The Primeserv business model and our allocation of resources will continue to be reviewed to ensure appropriate and sustainable returns. This process will be led by the Group's Central Services, which provide strategic direction, tactical business planning, investment and financial control of resources, risk management and the proactive management of the operating divisions.

The Group's strategy and operational performance are built around the Primeserv brand. The year ended 30 June 2003 saw the successful renaming of Primeserv Group Limited (previously Privest Group Limited), as well as the launch of the Primeserv "complete HR services" brand to our client base.





As stated last year, it is imperative that the Group concludes a meaningful black economic empowerment (“BEE”) transaction in the short-term. Primeserv is actively pursuing the introduction of a BEE partner, who will play a key role in ensuring long-term sustainability of our business and who will, through their combined efforts with the Group, seek to deliver optimal shareholder value in the South African market. The Group continues to utilise and develop existing joint venture BEE business partnerships.

Strategically and tactically we are driven by our intention to be a profitable, cash generating leader in our specialised markets. To this end we aim to achieve our goals through a culture of uncompromising ethical performance.

#### OPERATIONAL REVIEW

Primeserv houses substantial intellectual capital in the HR field and aims to offer the capability of a world-class industry specialist. In an era of globalisation and multinational corporations, we need to be market leaders in HR services specific to southern Africa, as well be globally competitive. Consequently, large investment continues to be made in the research and development of our products, services and talent pool to ensure that the Group provides the solutions that will address the next evolution in HR services. Our sophisticated solutions positively translate into operational and financial performance for our clients.

Primeserv is strategically positioned into two client-centric categories that focus on delivering an integrated HR service:

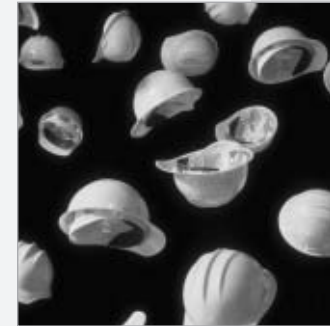
- Corporate and Organisational Services – operationally driven by the Group’s Solutions and Training divisions; and
- Staffing Services – operated through the Recruitment and Outsourcing divisions.

These two categories of business delivery have been used to present segmental performance.

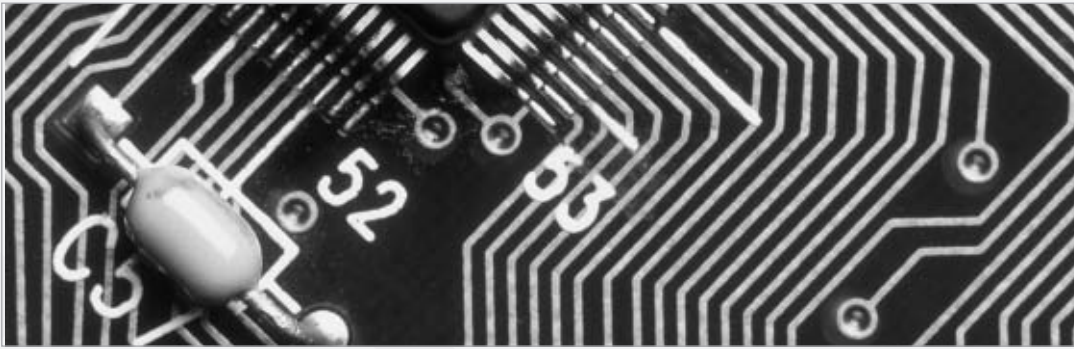
#### CORPORATE AND ORGANISATIONAL SERVICES

##### Primeserv Solutions

The Solutions division, which operates in southern Africa and consults internationally, offers a comprehensive range of HR solutions, which are clustered under the performance management, skills development and behavioural dynamics banners.



*Primeserv is strategically positioned into two client-centric categories that focus on delivering an integrated HR service.*



Proprietary, leading edge, web-enabled analytical tools and processes ensure the ability to analyse, structure and impact on the full spectrum of an organisation's workforce to deliver HR solutions customised to meet measurable strategic and performance objectives.

Primeserv Solutions enhances individual, team and organisational performance through the development of operational, leadership and behavioural competence, as well as through effective industrial relations and remuneration consulting services.

The division generated insufficient revenue in the year under review to meet its high fixed cost infrastructure. Sales progress was slow and too much emphasis was placed on operational processes at the expense of sales generation. Consequently, the division delivered a very disappointing performance, but remains strategically important to the Group as the primary gateway for clients into Primeserv's integrated HR model.

Corrective action has been taken, and the impact of these initiatives should manifest in the second half of the year ahead. Stringent cost containment has also been effected to limit further operational losses.

#### **Primeserv Training**

Primeserv Training's customised and generic programmes meet best practice standards, are accredited where applicable by industry and government legislative bodies and are implemented through the Corporate and Technical Training business units. Primeserv's Colleges provide distance learning and college-based computer literacy and vocational skills training through a network of separately branded Stanford Business and Computer Colleges and Working World Colleges.

The division undertakes research and development of relevant courses and programmes capable of meeting clients' and learners' changing needs, and is geared to maintaining the highest standards for course material, equipment, facilities, service delivery and implementation.

Primeserv Training is accredited by and aligned to the National Qualifications Framework, the Education and Training Quality Assurance bodies, the Sector Education and Training Authorities ("SETA") and industry-wide learnerships.

The Training division produced mixed results for the year under review. Satisfactory performance by the Projects and Regulatory Training components of the Technical Training operation was offset by weak results from the Engineering Training component.

The Corporate Training business remained under pressure and the Vocational Colleges delivered poor results.





More specifically, Corporate Training's revenue generation was disappointingly below budget due to weak economic conditions, poor implementation of sales plans and delays and cancellations in expected contract start dates.

The Technical Training operation benefited from an investment in large project product customisation and specialised on-site delivery capability. This resulted in the successful delivery of a mega-project training programme being completed ahead of schedule and in line with budget. The Engineering Training unit struggled due to depressed industry demand. The Regulatory Training component performed reasonably and secured learnerships and SETA contracts due to efforts initiated last year.

The Colleges operation failed to deliver expected student numbers throughout its college network. Tactical errors in course pricing and changes to course durations resulted in reduced student intake numbers. The errors have since been addressed. Student uncertainty arising from continuing lack of clarity, concerning the Education Department's finalisation of the Further Education and Training accreditation process, also depressed revenue. This uncertainty is expected to be resolved in the year ahead. The national contract for computer skills training referred to in last year's report was beset by substantial delays. The viability of this contract is under review.

The Training division's strong investment in market-leading best practice training products and solutions, supported by improved regional implementation capability, position it to benefit from improved economic conditions.

## STAFFING SERVICES

### Primeserv Recruitment

The Recruitment division plays a supporting role to the Outsourcing division's comprehensive range of staffing services. It specialises in permanent and temporary resourcing capability in the areas of financial, office support and technical staffing. The operation, albeit a small component of the Group's Staffing Services business, suffered a substantial setback during the past year.

The collapse of the permanent recruitment market, particularly in the division's areas of specialisation, resulted in an operating loss being delivered against a budgeted profit.







High infrastructural costs were reduced and underperforming branches rationalised to reduce fixed operating costs. This resulted in the disposal of the small Pretoria branch back to its original vendor. The transaction is not material to the Group.

The division is being refocused and staffed to concentrate on niche growth areas of the market. A specialised hospitality staffing unit was established toward the end of the year under review and this operation is expected to make a positive contribution in the coming year. The division will continue to contribute to the integrated HR offering of the Group by providing clients with resourcing solutions that support their overall strategic HR needs.

#### PRIMESERV OUTSOURCING

Primeserv Outsourcing, the Group's largest division in terms of size and contribution, offers flexible, temporary and contract staffing solutions; mega-project wage bureaus and HR support services; and HR logistics solutions to a national and international client base, ranging from small- and medium-sized businesses to large commercial, multinational, parastatal and government organisations. Outsourced staffing solutions are provided in an integrated and modular service format.

The outsourcing of flexible contract staffing solutions is a specialised service, particularly in the developing countries of southern Africa where organised labour, required government legislation and the demands of the commercial marketplace need to be matched.

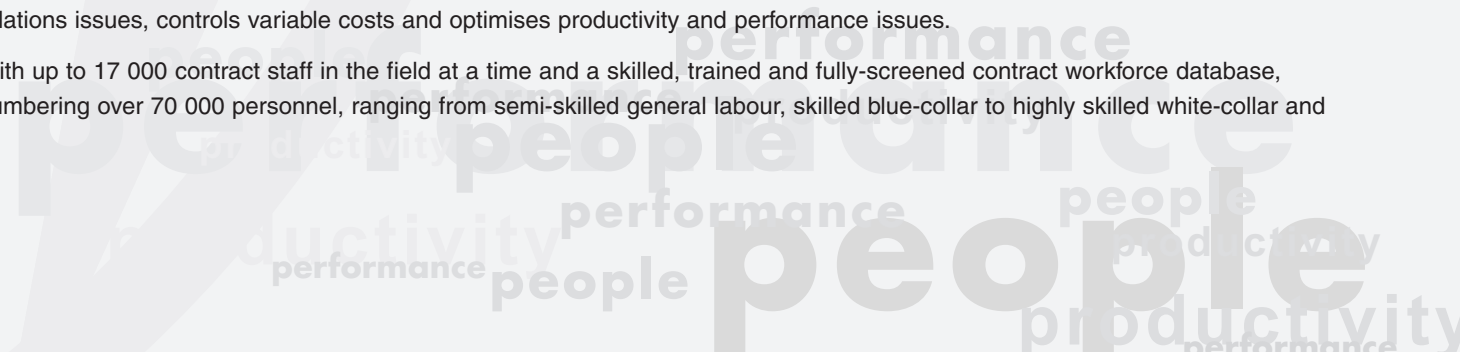
Primeserv Outsourcing's customised services mirror the needs of a dynamic and changing global economy, where both business and labour are comfortable with contractual arrangements that support workplace flexibility.

The operation's unique strength lies in its extensive operational capability, through an Africa-wide infrastructure, that matches staffing resources to capacity and production requirements. This, combined with the management of labour and industrial relations issues, controls variable costs and optimises productivity and performance issues.

With up to 17 000 contract staff in the field at a time and a skilled, trained and fully-screened contract workforce database, numbering over 70 000 personnel, ranging from semi-skilled general labour, skilled blue-collar to highly skilled white-collar and



*The Outsourcing division's unique strength lies in its extensive operational capability, through an Africa-wide infrastructure, that matches staffing resources to capacity and production requirements.*





specialist expertise, the Primeserv Outsourcing infrastructure is able to fulfil temporary and long-term contracts throughout southern Africa, as well as to manage large-scale projects internationally.

The division has developed specialist expertise and intimate industry knowledge in more than twenty broad industry bands, across more than seventy job categories. Primeserv Outsourcing's intellectual capital and innovative products and services have positioned the division for sustainable, long-term growth.

Revenue management, in line with a plan to improve margins, contain costs and generate improved cash flows, remained the cornerstone of the division. This was successfully achieved and the division exceeded budgeted targets.

The division expanded its customised wage bureau, payroll management and HR logistics support services, growing new business in the mega-project arena. This component of the business is now a key service-offering in the Primeserv outsourced HR value chain.

The KwaZulu-Natal region performed strongly, gaining market share in its core contract staffing niches of logistics, engineering and industrial support services, whilst also winning new large-project wage bureau contracts.

The division's white-collar operation continued to do well, exceeding budget and gaining new business from local and international clients, based on its clientcentric products and services.

The Gauteng region's specialised distribution logistics and industrial staffing operation maintained its long-term national client relationships through client-focused solutions, matched by industry-leading service levels.

The division's petro-chemical staffing unit increased infrastructural and operational capability and capacity to meet the requirements of South Africa's major petro-chemical organisations.

BEE partnerships have proven key to the success of the division, with BEE contracts having been renewed. The division's BEE partnership in the Eastern Cape was awarded the long-term wage bureau contract for the COEGA project. This should deliver a positive contribution to earnings in the 2005 financial year.



*BEE partnerships have proven key to the success of the Outsourcing division.*





Much work still has to be done in further improving margins, generating strong cash flows and securing long-term contractual revenue that ensure sustainable levels of growth. At the same time, investment in a talented team, capable of innovating products and markets, remains a priority. This, combined with maintaining the highest ethical standards and compliance with all relevant legislative and statutory requirements, will continue to impact favourably on the market's perception of Primeserv and the Outsourcing division in particular.

#### REPURCHASE OF SECURITIES

We continued our repurchase of securities by repurchasing 5 536 592 of our ordinary shares on the open market during the year under review.

Further repurchases of securities by the Group will be reviewed at appropriate price levels, subject to our investment criteria, working capital requirements and the necessary regulatory approvals.

#### CORPORATE CITIZENSHIP

We have shown our commitment to sound corporate governance and intend, where applicable, to meet the requirements as recommended in the King II report and those of the JSE. Specifically, the role of Chairman and Chief Executive Officer will be split prior to 1 January 2004 and I will continue in the position of Chief Executive Officer.

BEE, the transformation process and broad social responsibility are key components of the Group's current and future plans. Primeserv is engaged in negotiations with prospective empowerment partners to enhance the BEE profile of the Group. Operationally, the Group actively participates in joint ventures and partnerships with various BEE entities throughout South Africa.



*Primeserv is committed to maintaining the highest ethical standards and compliance with all relevant legislative and statutory requirements.*





**PROSPECTS**

We continue to evolve our business model in line with our strategy of providing market-leading integrated HR services. The need for HR solutions that enhance individual and organisational performance should enable the Group to generate sustainable organic performance. This may be complemented by acquisitions that can be integrated into the current business operations.

**APPRECIATION**

My thanks and appreciation go to the Primeserv team for their commitment and effort. My gratitude also goes to the Board members and executive team, as well as our shareholders, clients, customers and suppliers for their ongoing support.

**MERRICK ABEL**  
Executive Chairman

27 November 2003



## CORPORATE GOVERNANCE

The Board, which subscribes to the principles of and accepts the inclusive approach to good corporate governance, is committed to the values of transparency, integrity, responsibility and accountability. The Board and individual directors accept their duty to ensure that the principles set out in the Code of Corporate Practices and Conduct as defined in the King II Report are observed, where possible, and specifically report on the following:

## CODE OF ETHICS AND CORPORATE CONDUCT

The Group's Code of Ethics and Corporate Conduct has been designed to ensure good business practices and is reaffirmed by the Primeserv Pledge, which encourages every Primeserv employee to:

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

The Code of Ethics and Corporate Conduct defines the spirit in which the Group conducts business, the Group's responsibilities to its stakeholders and outlines what is unacceptable, and acceptable, practice. The directors believe that the ethical standards of the Group are being adhered to.

## THE BOARD OF DIRECTORS

The Board, comprising of three executive, two non-executive and four independent non-executive directors and chaired by M Abel, meets regularly and retains full and effective control over the Group. The roles of Chairman and Chief Executive Officer are to be split prior to 1 January 2004 in line with the recommendations of the King II Report and JSE regulations. M Abel will then continue in the position of Chief Executive Officer of the Group.

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 4 of this annual report.

The Board ensures that there is an appropriate balance of power and authority on the Board so that no one individual or group of individuals can dominate the Board's decision-making process.

The Board reflects a mix of executive, non-executive and independent non-executive directors. Independent and non-executive directors provide independent judgement on issues of strategy, performance, resources, transformation, diversity, employment equity and standards of conduct. The non-executive directors take responsibility for ensuring that the Chairman encourages proper deliberation of matters requiring the Board's attention.

The Board has a Board Charter, which is available on request. The Board defines levels of materiality, reserving specific power to itself and delegating other matters with the necessary authority to management. There is a process of control that mitigates risks and directs the attainment of the Group's objectives. This environment sets the tone of the Group, covering ethics and values, organisational philosophy and employee competence.

The Board identifies the key risk areas and key performance indicators for the Group, which are regularly updated and reviewed. 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 there is an agreed procedure by which directors may obtain independent professional advice at the Group's expense, should they deem this necessary. This enhances the Board's decision-making capability and the accuracy of its reporting.

The Group has a policy, established by the Board and implemented by the Company Secretary, prohibiting dealing in securities by directors, officers and other selected employees for a designated period preceding the announcement of its financial results and in any other sensitive periods.

## BOARD COMMITTEES

The Board committees have specific responsibilities, which ensure transparency and full disclosure from the Board committees to the Board, except where mandated otherwise by the Board. Board committees are subject to evaluation by the Board to ascertain their performance and effectiveness.

The principal Board committees are as follows:

### **The Audit and Governance Committee**

The Audit and Governance Committee in the year under review comprised CS Seabrooke (*Chairman*), S Klein and G Magomola. The Committee has terms of reference and an Audit and Governance Committee Charter, which is available on request. The Audit and Governance Committee

meets with the Executive Chairman, Chief Operating Officer, Chief Financial Officer and the external and internal auditors, to discuss issues of accounting, auditing, internal controls, financial reporting and corporate governance. The external and internal auditors have unrestricted access to the Chairman of the Audit and Governance Committee.

The Committee is responsible for: reviewing the internal control structures; the financial reporting systems; the functioning of the internal audit department; risk areas; the reliability and accuracy of the financial information provided to management and other users of financial information; whether the Group should continue to use the services of the current external and internal auditors; any accounting or auditing concerns identified as a result of the internal or external audit; the Group's compliance with legal and regulatory provisions; its Articles of Association; Code of Conduct; by-laws and the rules established by the Board.

#### **The Risk Committee**

The Risk Committee is chaired by JM Judin and its other member for the year under review was CS Seabrooke.

The Committee has terms of reference as well as a Risk Committee Charter, which is available on request.

Whilst the Board as a whole is responsible for the Group's risk management, it has delegated authority to the Risk Committee, which reports to the Board at least twice a year.

The Risk Committee makes use of generally recognised risk management and internal control models to provide reasonable assurance regarding the achievement of organisational objectives. It aims to assess and address *inter alia* physical and operational risk, HR risk, technology risk, business continuity and disaster recovery, credit and market risk and compliance risk.

The Risk Committee seeks to identify key risk areas and key performance indicators. These factors are to be monitored as part of a regular review of processes and procedures to ensure the effectiveness of its internal systems of control.

#### **The Remuneration and Nomination Committee**

The Remuneration and Nomination Committee comprises S Klein (*Chairman*) and JM Judin. The 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 to support the Group's strategic objectives, and that reward employees for their contribution to the operating and financial performance of the organisation in relation to their preset performance criteria.

Remuneration is determined through a process of benchmarking, utilising current market information relating to remuneration and reward practices. This is supported by performance bonuses which may reach 70% of executives' basic packages. The Group's longer term incentives include the use of share options or phantom share schemes.

Non-executive directors receive fees for their roles as directors and for their roles on board sub-committees.

Details of the individual directors' remuneration are set out on page 48 of the annual report.

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 along the lines of the approach required for listed companies by the JSE and under the Bank's Act. The 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 and experience and other qualities such as its demographics and diversity in order to assess the effectiveness of the Board, its committees and the contribution of each director. Executive directors are appointed on the basis of skill, experience and level of contribution to and impact on the Group's activities.

Non-executive directors are selected on the basis of industry knowledge, professional skills and experience so as to enhance organisational decision-making.

All directors are subject to election by shareholders and retire by staggered rotation and stand for re-election in accordance with the Company's Articles of Association. 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.

Non-executive directors are appointed for specified terms subject to re-election and to Companies Act provisions relating to the removal of directors. The re-appointment of non-executive directors is not automatic.

## RISK MANAGEMENT

The Board is responsible for the process of risk management, as well as determining the effectiveness of the process, and sets the risk strategy, which is based on the need to identify, assess, manage and monitor risk across the Group, in liaison with the executive directors and senior management. The Risk Committee has been appointed to assist the Board in reviewing 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 integrating them into the day-to-day activities of the Group. The internal audit function is used to provide independent assurance in relation to management's assertions surrounding the effectiveness of risk management and internal control.

The Board decides the Group's tolerance or appetite for risk. The Risk Committee has the responsibility to ensure that the Group implements an effective ongoing process to identify risk, and then to activate what is necessary to proactively manage these risks.



Risk management and internal control are practiced by the Group and, where possible, are integrated into day-to-day activities.

Risk is also viewed from a positive perspective, whereby the review process identifies areas of opportunity where effective risk management can be turned to competitive advantage.

## ACCOUNTABILITY AND AUDIT

### Going concern

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

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

The Board of Primeserv regards the Group as a going concern, for the following reasons:

- the Solutions division has been restructured and the losses incurred by Recruitment have been reduced significantly;
- working capital remains well controlled and receivables are of sound quality. A collection plan for overdue trade and other receivables has been implemented. Management continues to focus on a reduction in debtor terms;
- trading cash flows are positive;
- the June 2004 budget reflects an improved trading and financial performance;
- the Group has sufficient borrowing capacity;
- 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 Board is not aware of any material changes that may adversely impact the Group relative to customers, suppliers, services or geographic markets;

- 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
- there are no pending changes in government legislation that may adversely affect the Group. The Group is monitoring and intends responding proactively to BEE legislation.

#### **Auditing and accounting**

The Board is of the opinion that their auditors observe the highest level 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 internal audit function, and management encourages consultation between external and internal auditors.

#### **Internal control**

The directors are responsible for ensuring internal control systems exist that 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.

#### **Internal audit**

The internal audit functions under a brief established by the Board. Internal audit reports to both the Board and executive management, and is required to provide them with reasonable assurance regarding the effectiveness of the Group's corporate governance, risk management processes and system of internal control.

The head of internal audit reports administratively to the Executive Chairman and the Chairman of the Audit and Governance Committee. The internal audit reports at Audit and Governance Committee meetings.

The internal audit function assists the Board, directors and management in identifying, evaluating and assessing significant organisational risks to objectives and in providing independent assurance as to the adequacy and effectiveness of related internal controls and the risk management process.

The internal audit function co-ordinates with the external auditors to ensure proper coverage of financial, operational and compliance controls and to minimise duplication of effort. The internal audit process is continuous so as to identify existing and residual risks, emerging risks, as well as

issues highlighted by the Audit and Governance Committee and senior management. Formal internal audits are conducted annually. This risk assessment is co-ordinated with the Board's own assessment of risk.

#### **Insurance**

The operating assets, including various assets owned by lessors, have been insured at a replacement value of R31 million.

Key-man policies insure 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 annually in line with its risk averse approach to insurable matters.

#### **RELATIONS WITH SHAREHOLDERS**

It is the Group's policy to pursue dialogue with institutional investors. Primeserv strives to ensure that information is distributed through a broad range of communication channels having regard for security and integrity, while bearing in mind the need that critical financial information reaches all shareowners simultaneously.

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 shareowners and relevant stakeholders, with a legitimate interest in the Group's activities, can obtain a full, fair and honest account of its performance.

#### **SAFETY, HEALTH AND THE ENVIRONMENT (SHE)**

The Board recognises its responsibility for dealing with SHE issues and is constantly reviewing and implementing, where applicable, systems of internal control to manage SHE 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) in South Africa.

##### **Health**

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

**The environment**

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

**Insider trading**

No Group director or employee who has inside information in respect of the Group may deal directly or indirectly in Primeserv Group Limited shares. 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 December to the publication of the interim results and from 30 June to the publication of the year-end 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.

**SOCIAL AND TRANSFORMATION ISSUES**

The Group, encompassing its operating divisions, has submitted its employment equity and skills development plans to the relevant authorities and remains on track to meet, if not 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, as it believes there is a vital contribution to be made by historically disadvantaged South Africans.

The Group actively develops its employees so as to empower them to fulfil more responsible positions within the Group, thereby 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.

**Black economic empowerment**

Over and above the measures to facilitate empowerment through employment practices, the Group strives to make a significant contribution to BEE through its procurement and social investment prioritisation and spending. Primeserv's initiatives seek to advance historically disadvantaged South Africans economically through job creation, rural development, poverty alleviation and access to finance for the purpose of conducting business.

Primeserv continues to maintain a strategic alliance with Kgorong Investment Holdings (Proprietary) Limited ("Kgorong"), together with whom it identifies opportunities, develops market strategies and draws on a transfer of skills.

Primeserv has independent operational relationships with Kgorong and South Cape Empowerment Network (Proprietary) Limited. Majority black-owned empowerment entities trading as Bathusi Training (Proprietary) Limited, Bathusi Staffing Services (Proprietary) Limited and Thuso Outsourcing (Proprietary) Limited as well as Empvest Outsourcing (Proprietary) Limited have been formed. These empowerment operations provide similar services and solutions to those offered by the Primeserv divisions, thereby facilitating the transfer of skills and capacity needed to ensure the sustainable capability of each empowerment entity, so as to effectively meet the Group's commitment to transformation.

**SOCIAL RESPONSIBILITY**

Primeserv appreciates that the corporate sector has a responsibility to help uplift disadvantaged communities. In recognition of its responsibilities to the broader South African community, Primeserv has continued its commitment to developing disadvantaged communities through its support of the Section 18A Siyakhula Trust. With the financial and professional support of Primeserv, the Siyakhula Trust continues to build leadership capacity amongst youth in various townships in the Gauteng area.

Primeserv is concerned with the effects of South Africa's socio-economic conditions and believes that investing in youth is a key to resolving some of these challenges in the future. To date, meaningful funds have been donated by Primeserv into skills training projects and community-based organisations and the Group will continue to seek ways in which it can contribute to the further renaissance of South Africa, and all her people.



**PRIMESERV GROUP LIMITED**

Previously Privest Group Limited  
 Incorporated in the Republic of South Africa  
 Registration number 1997/013448/06  
 Share code: PMV  
 ISIN: ZAE000039277  
<http://www.primeserv.co.za>  
 email: [productivity@primeserv.co.za](mailto:productivity@primeserv.co.za)

**DIRECTORATE**

M Abel (*Executive Chairman*)  
 PL Gray (*Chief Operating Officer*)  
 JM Judin†  
 S Klein\*†  
 G Magomola†  
 CS Seabrook†  
 DC Seaton\*  
 \*American  
 †Independent Non-Executive Director  
 \*Non-Executive Director

**REGISTERED ADDRESS**

Venture House  
 Peter Place Park  
 54 Peter Place  
 Bryanston 2021  
 PO Box 3008, Saxonwold 2132

**SECRETARY**

**ER Goodman Secretarial Services cc**  
 Ground Floor  
 25 Rudd Road  
 Illovo 2196  
 PO Box 890825, Lyndhurst 2106

**LEGAL ADVISORS**

**Edward Nathan & Friedland  
 (Proprietary) Limited**  
**Goldman Judin Maisels Inc**  
**Knowles Husain Lindsay Inc**  
**Peter W Wentzel Attorney**

**SPONSOR**

**Deloitte & Touche Sponsor Services  
 (Proprietary) Limited**  
 Deloitte & Touche Place  
 The Woodlands  
 Cnr Woodlands and Kelvin Drives  
 Woodmead 2196  
 Private Bag X6, Gallo Manor 2052

**MERCHANT BANK**

**Investec Bank Limited**

**BANKERS**

**FirstRand Bank Limited**  
**Investec Bank Limited**  
**The Standard Bank of South  
 Africa Limited**

**EXTERNAL AUDITORS**

**Deloitte & Touche**  
 Deloitte & Touche Place  
 The Woodlands  
 Cnr Woodlands and Kelvin Drives  
 Woodmead 2196  
 Private Bag X6, Gallo Manor 2052

**INTERNAL AUDITORS**

**Nkonki Pierce**  
 Leo Burnett Building  
 3 Simba Road  
 Sunninghill 2157  
 PO Box 1257, Saxonwold 2132

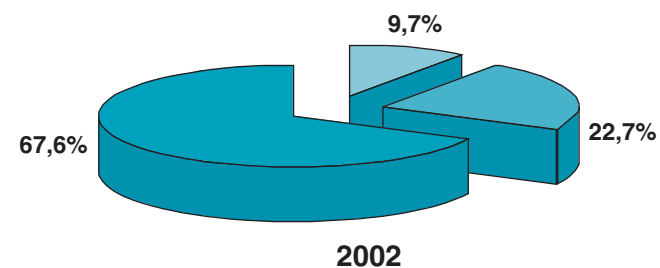
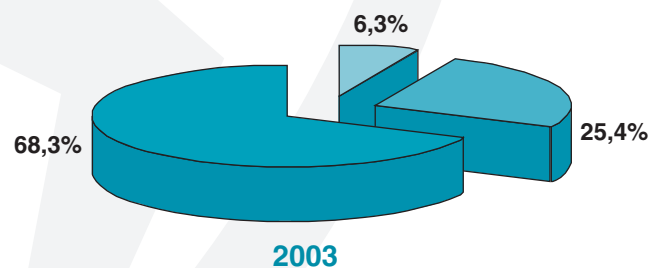
**SHARE TRANSFER SECRETARIES**

**Computershare Limited**  
 Registration number 2000/006082/06  
 70 Marshall Street  
 Marshalltown 2001  
 PO Box 61051, Marshalltown 2107



Wealth created is the value created by providing the Group's services. This statement shows how the wealth has been distributed.

for the year ended 30 June 2003	2003		2002	
	R'000	%	R'000	%
<b>WEALTH CREATED</b>				
Gross revenue less cost of sales, services and administration	59 480	102,3	64 883	110,1
Net interest expense	(1 362)	(2,3)	(5 936)	(10,1)
	<b>58 118</b>	<b>100,0</b>	58 947	100,0
<b>DISTRIBUTED AS FOLLOWS:</b>				
<b>Employees</b>				
Salaries and wages and other direct benefits	39 687	68,3	39 816	67,6
<b>Government</b>				
	14 769	25,4	13 420	22,7
Income tax	2 143	3,7	2 137	3,6
Duties, surcharges and RSC levies	1 043	1,8	1 385	2,3
Employees' taxation and skills development levies	11 583	19,9	9 898	16,8
<b>Providers of capital – shareholders</b>				
	3 662	6,3	5 711	9,7
Retained to finance future expansion	3 662	6,3	5 711	9,7
<b>Wealth distributed</b>	<b>58 118</b>	<b>100,0</b>	58 947	100,0
<b>Number of employees at year-end</b>	<b>500</b>		492	



■ Employees  
■ Government  
■ Providers of capital – shareholders

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and other related information contained in the annual report. The external auditors are engaged to express an independent opinion on the annual financial statements.

To fulfil this responsibility, the Group maintains systems of internal accounting and administration controls designed to provide reasonable assurance that assets are safeguarded and transactions are executed and recorded in accordance with the Group's policies and procedures. The controls and systems provide reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice applied consistently throughout the period and are examined by the external auditors in conformity with Statements of South African Auditing Standards.

The auditors' report is set out on page 28.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Company or the Group will not remain going concerns in the foreseeable future based on forecasts and available cash resources. The financial statements support the viability of the Company and the Group.

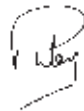
The financial statements have been approved by the Board of directors and are signed on their behalf by:



**M ABEL**

*Executive Chairman*

Johannesburg  
27 November 2003



**PL GRAY**

*Chief Operating Officer*

I declare that, to the best of my knowledge the Company has lodged with the Registrar of Companies all such returns as are required of a public Company in terms of the Companies Act, 1973, as amended, and that all such returns are true, correct and up to date.



**ER GOODMAN SECRETARIAL SERVICES CC**

*Company Secretary*

Johannesburg  
27 November 2003

**TO THE MEMBERS OF PRIMESERV GROUP LIMITED**

We have audited the Company annual financial statements and Group annual financial statements of Primeserv Group Limited set out on pages 29 to 52 for the year ended 30 June 2003. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

**SCOPE**

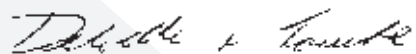
We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

**AUDIT OPINION**

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and the Group at 30 June 2003 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

**DELOITTE & TOUCHE**

*Registered Accountants and Auditors  
Chartered Accountants (SA)*

Johannesburg  
27 November 2003

## NATURE OF BUSINESS

Primeserv Group Limited is an investment holding company whose trading activities are conducted through its eleven wholly owned subsidiary companies housed in four divisions, as well as five BEE joint venture companies. 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 32 to 52 of this report. A review of the Group's results and performance of the business units is contained in the Executive Chairman's report on pages 6 to 15.

## DIVIDEND

A final dividend of 0,5 cents per share for the year under review will be declared on Monday, 8 December 2003 to shareholders recorded in the register of the Company on Friday, 9 January 2004. The last date to trade "CUM" dividend is Friday, 2 January 2004. The securities will trade "EX" dividend from Monday, 5 January 2004. Payment will be effected on Monday, 12 January 2004.

Shares may not be dematerialised or rematerialised between Monday, 5 January 2004 and Friday, 9 January 2004, both days inclusive.

## SHARE CAPITAL

There were no changes in the authorised share capital of the Company during the year under review. Changes to the issued share capital of the Company are detailed in the statements of changes in equity and notes 15 and 16 to the financial statements.

## SUBSIDIARY COMPANIES

Details of the Company's interest in its subsidiaries are set out on page 52. The contribution to after tax profit by the subsidiaries was R3,6 million (2002: R4,9 million) for the year under review.

## REPURCHASE OF SECURITIES

A general authority to repurchase further ordinary shares in the Company was granted in terms of a special resolution passed by the Company's shareholders on Wednesday, 5 February 2003 and registered by the Registrar of Companies ("general authority"). During the financial year under review the Company acquired 5 536 592 (2002: 10 086 704) ordinary shares on the open market. The JSE withdrew the listing of Nil (2002: 24 170 216) ordinary shares in terms of the Company's share buy-back during the financial period under review.

It is the intention of the directors to proceed with the cancellation of the existing 7 076 376 treasury shares held by a Group subsidiary, which is nominated to acquire shares in the holding company.

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

On approval, at the annual general meeting, of the resolutions 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 5% 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 fifteen months from the date of the 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, after the notice of the annual general meeting, for the succeeding twelve-month period, be able to pay its debts, the working capital requirements and the ordinary capital and reserves of the Company and Group will be adequate and the assets of the Company and Group will be in excess of its liabilities.

#### **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 30 June 2003, 5 256 598 (2002: 5 596 598) shares were held by the Primeserv share incentive scheme for distribution to employees in terms of the scheme. At the date of this report 3 859 120 (2002: 3 869 120) options have been granted and 1 397 478 (2002: 1 360 000) shares have been issued to employees in terms of the rules of the share incentive scheme. 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.

#### **DIRECTORATE AND SECRETARY**

SA Meltzer resigned as director on 20 November 2002.

M Abel, PL Gray, JM Judin, S Klein, G Magomola, CS Seabrooke and JA Sparke were directors of the Company throughout the financial year under review.

JA Sparke resigned as director on 11 August 2003.

DC Seaton was appointed as a non-executive director on 11 August 2003.

JA Sparke resigned as Company Secretary and ER Goodman Secretarial Services cc was appointed as Company Secretary on 11 August 2003.

In terms of the Articles of Association of the Company, JM Judin and S Klein retire as directors at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

**DIRECTORS' INTERESTS**

As at 30 June 2003, the aggregate direct and indirect, beneficial and non-beneficial interests of the directors in the fully paid issued share capital of the Company were:

	2003		2002	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
<b>Executive</b>				
M Abel	12 996 495	–	12 751 998	–
PL Gray	568 475	–	362 000	–
JA Sparke	25 000	–	–	–
<b>Non-executive</b>				
G Magomola	–	–	–	5 000 000
JM Judin	586 634	–	586 634	–
S Klein	264 887	–	204 887	–
SA Meltzer*	–	–	6 760 445	–
CS Seabrooke	–	20 015 200	–	18 386 270
	<b>14 441 491</b>	<b>20 015 200</b>	20 665 964	23 386 270

\*During the financial year under review SA Meltzer resigned as director.

At the date of this report the following directors have been granted 3 970 000 (2002: 3 450 000) shares and share options:

- M Abel      2 735 000
- PL Gray      1 235 000

There has been no material change in the directors' interest in the issued share capital between 30 June 2003 and the date of this report.

The number of meetings attended by each of the directors of the Company during the period 1 July 2002 to 30 June 2003 is as follows:

Directors	Board		Audit and Governance Committee		Remuneration and Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended
M Abel	4	4	2	2	2	2
PL Gray	4	4	2	2	n/a	n/a
JM Judin	4	4	n/a	n/a	2	1
S Klein	4	4	2	2	2	2
G Magomola	4	0	2	0	n/a	n/a
SA Meltzer	1	1	n/a	n/a	n/a	n/a
CS Seabrooke	4	4	2	2	n/a	n/a
JA Sparke	4	4	2	2	n/a	n/a

**EQUIPMENT AND VEHICLES**

The Group acquired equipment and vehicles at a cost of R1,5 million (2002: R2,4 million) during the financial year under review. No major changes in the nature of the equipment and vehicles occurred during this year.

**SUBSEQUENT EVENTS**

No other facts or circumstances of a material nature have occurred between the accounting date and the date of this report.



for the year ended 30 June 2003	Notes	GROUP		COMPANY	
		2003 R'000	2002 R'000	2003 R'000	2002 R'000
Revenue		<b>464 046</b>	532 924	<b>386</b>	–
– sales		<b>456 263</b>	532 924	<b>386</b>	–
– interest received		<b>7 783</b>	–	<b>–</b>	–
Net operating costs/(income)		<b>456 167</b>	518 271	<b>112</b>	(904)
Operating profit		<b>7 879</b>	14 653	<b>274</b>	904
Interest received		<b>4 453</b>	1 762	<b>674</b>	313
Interest paid		<b>(5 815)</b>	(7 698)	<b>(86)</b>	(432)
Net profit before exceptional items		<b>6 517</b>	8 717	<b>862</b>	785
Exceptional items	1	<b>707</b>	869	<b>707</b>	–
Net profit before taxation	2	<b>5 810</b>	7 848	<b>155</b>	785
Taxation	3	<b>2 143</b>	2 137	<b>119</b>	(40)
Net profit for the year after taxation		<b>3 667</b>	5 711	<b>36</b>	825
Outside shareholders' interest		<b>5</b>	–	<b>–</b>	–
Net profit for the year attributable to shareholders		<b>3 662</b>	5 711	<b>36</b>	825
Weighted average number of shares ('000)		<b>127 255</b>	138 289		
Earnings per share and diluted earnings per share (cents)	4	<b>2,88</b>	4,13		
Headline earnings per share (cents)	4	<b>3,01</b>	4,24		

as at 30 June 2003	Notes	GROUP		COMPANY	
		2003 R'000	2002 R'000	2003 R'000	2002 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
		<b>20 762</b>	54 850	<b>2 736</b>	2 252
Equipment and vehicles	6	4 749	6 431	410	564
Intangibles	7	657	1 278	–	–
Investment in subsidiaries	8	–	–	1 989	179
Long-term receivables	9	5 932	8 761	–	–
Proceeds due on disposal of business	10	1 523	2 411	–	–
Deferred tax asset	11	7 564	34 513	–	53
Advance to the share trust	12	337	1 456	337	1 456
<b>Current assets</b>					
		<b>78 131</b>	91 439	<b>1 875</b>	3 114
Inventories		690	437	–	–
Trade receivables	13	55 779	70 021	10	–
Other receivables	14	12 124	14 008	547	1 455
Taxation		–	171	–	–
Cash at bank		9 538	6 802	1 318	1 659
<b>Total assets</b>					
		<b>98 893</b>	146 289	<b>4 611</b>	5 366
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
		<b>47 232</b>	77 463	<b>38</b>	2
Share capital	15	1 321	1 321	1 321	1 321
Share premium	16	1 351	1 351	1 351	1 351
Distributable reserves		45 988	75 106	(2 634)	(2 670)
Treasury shares	17	(1 428)	(315)	–	–
<b>Non-current liabilities</b>					
		<b>1 246</b>	1 421	<b>92</b>	–
Long-term interest-bearing borrowings	18	1 241	1 421	–	–
Deferred tax liability	11	–	–	92	–
Minority interest		5	–	–	–
<b>Current liabilities</b>					
		<b>50 415</b>	67 405	<b>4 481</b>	5 364
Trade and other payables		32 809	35 547	2 481	5 335
Short-term interest-bearing borrowings	20	2 219	301	2 000	–
Taxation		642	–	–	28
Bank borrowings	21	14 745	31 557	–	1
<b>Total equity and liabilities</b>					
		<b>98 893</b>	146 289	<b>4 611</b>	5 366
Number of shares in issue at year-end ('000) (net of treasury shares)					
		<b>124 986</b>	130 523		
Net asset value per share (cents)					
		<b>38</b>	59		

	Notes	GROUP		COMPANY	
		2003 R'000	2002 R'000	2003 R'000	2002 R'000
for the year ended 30 June 2003					
<b>Share capital</b>		<b>1 321</b>	1 321	<b>1 321</b>	1 321
Balance at beginning of year		1 321	1 562	1 321	1 562
Shares cancelled		–	(241)	–	(241)
<b>Share premium</b>		<b>1 351</b>	1 351	<b>1 351</b>	1 351
Balance at beginning of year		1 351	7 823	1 351	7 823
Shares cancelled		–	(6 472)	–	(6 472)
<b>Distributable reserves*</b>		<b>45 988</b>	75 106	<b>(2 634)</b>	(2 670)
Balance at beginning of year as previously stated		76 857	71 146	(2 640)	(3 465)
Prior year adjustment	5	(1 751)	(1 751)	(30)	(30)
AC133 transitional adjustment	5	75 106	69 395	(2 670)	(3 495)
Net income for the year		(5 164)	–	–	–
Deferred tax		3 662	5 711	36	825
Repurchase of securities	17	(27 616)	–	–	–
		(1 428)	(315)	–	–
		<b>47 232</b>	77 463	<b>38</b>	2

\*Previously reflected as accumulated profits/(losses) and non-distributable reserves.

	Notes	GROUP		COMPANY	
		2003 R'000	2002 R'000	2003 R'000	2002 R'000
for the year ended 30 June 2003					
<b>Cash flows from operating activities</b>		<b>17 470</b>	15 249	<b>(529)</b>	1 315
Net income before taxation		<b>5 810</b>	7 848	<b>155</b>	785
Adjustments		<b>5 205</b>	10 211	<b>284</b>	363
– net interest paid/(received)		<b>1 362</b>	5 936	<b>(588)</b>	119
– non-cash flow items		<b>864</b>	164	<b>707</b>	25
– depreciation		<b>2 979</b>	4 111	<b>165</b>	219
Operating income before working capital changes		<b>11 015</b>	18 059	<b>439</b>	1 148
Working capital changes		<b>7 731</b>	3 131	<b>(1 554)</b>	286
– increase in inventories		<b>(253)</b>	(107)	<b>–</b>	–
– decrease/(increase) in trade and other receivables		<b>10 517</b>	(254)	<b>1 300</b>	(1 021)
– (decrease)/increase in trade and other payables		<b>(2 533)</b>	3 492	<b>(2 854)</b>	1 307
Cash generated from/(utilised in) operations		<b>18 746</b>	21 190	<b>(1 115)</b>	1 434
Net interest (paid)/received		<b>(1 362)</b>	(5 936)	<b>588</b>	(119)
Taxation refunded/(paid)	A	<b>86</b>	(5)	<b>(2)</b>	–
<b>Cash flows from investing activities</b>		<b>(242)</b>	(4 629)	<b>(1 811)</b>	(2 880)
Purchase of equipment and vehicles		<b>(1 540)</b>	(2 439)	<b>(11)</b>	(471)
Proceeds on disposal of equipment and vehicles		<b>202</b>	1 339	<b>–</b>	–
Increase/(decrease) in long-term receivables		<b>648</b>	(580)	<b>–</b>	–
Proceeds on disposal of business operations	C	<b>1 551</b>	140	<b>–</b>	–
Loan to share trust		<b>10</b>	(10)	<b>10</b>	(10)
Repurchase of securities		<b>(1 113)</b>	(1 629)	<b>–</b>	(6 713)
(Acquisition of)/loans to businesses and subsidiaries	B	<b>–</b>	(1 450)	<b>(1 810)</b>	4 314
<b>Cash flows from financing activities</b>		<b>402</b>	(513)	<b>–</b>	–
Proceeds/(repayment) of long-term borrowings		<b>402</b>	(513)	<b>–</b>	–
Net increase/(decrease) in cash at bank and borrowings		<b>17 630</b>	10 107	<b>(2 340)</b>	(1 565)
Cash at bank and borrowings at beginning of year		<b>(25 056)</b>	(35 163)	<b>1 658</b>	3 223
<b>Cash at bank and borrowings at end of year</b>	D	<b>(7 426)</b>	(25 056)	<b>(682)</b>	1 658

	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
for the year ended 30 June 2003				
<b>A. TAXATION REFUNDED/(PAID)</b>				
Amount overpaid/(unpaid) at beginning of year	171	192	(28)	(28)
Amount (charged)/credited to the income statements	(727)	(26)	26	–
Amount unpaid/(overpaid) at end of year	642	(171)	–	28
	86	(5)	(2)	–
<b>B. (ACQUISITION OF)/LOANS TO BUSINESSES AND SUBSIDIARIES</b>				
Tangible and intangible assets	–	(1 450)	–	–
Loans receivable and investments in businesses and subsidiaries	–	–	(1 810)	4 314
Net assets and loans acquired	–	(1 450)	(1 810)	4 314
Paid for by issue of share capital and outstanding loans	–	–	–	–
Paid in cash	–	(1 450)	(1 810)	4 314
<b>C. PROCEEDS ON DISPOSAL OF BUSINESS OPERATIONS</b>				
Vehicles and equipment	48	782	–	–
Inventories	–	56	–	–
Trade and other receivables	777	3 603	–	–
Trade and other payables	(125)	(189)	–	–
Net assets disposed	700	4 252	–	–
Goodwill	452	–	–	–
Net cash receivables	1 152	4 252	–	–
Unpaid at beginning of the year	4 112	–	–	–
Less: unpaid at end of the year	(3 713)	(4 112)	–	–
	1 551	140	–	–
<b>D. CASH AT BANK AND BORROWINGS AT END OF YEAR</b>				
Cash at bank	9 538	6 802	1 318	1 659
Short-term borrowings	(2 219)	(301)	(2 000)	–
Bank borrowings	(14 745)	(31 557)	–	(1)
	(7 426)	(25 056)	(682)	1 658
Cash at bank and borrowings are comprised as follows:				
South African rand	(8 827)	(26 950)	(682)	1 658
Foreign currencies	1 401	1 894	–	–
	(7 426)	(25 056)	(682)	1 658

The annual financial statements are prepared on the historical cost basis, except for the impact of AC133, and incorporate the following principal accounting policies, which comply with South African Statements of Generally Accepted Accounting Practice (“SAGAAP”). They have been prepared on a basis consistent with the prior year, except for the adoption of AC133: Financial Instruments: Recognition and Measurement and AC116: Employee Benefits. The application of AC116 in the current year was necessary so as to align the Group accounting policies with SAGAAP.

#### **BASIS OF CONSOLIDATION**

The consolidated financial statements incorporate those of the Company and all its subsidiaries controlled by the Company up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of any subsidiaries acquired or disposed of during the period are included from the effective dates of acquisition and up to the effective dates of disposal. All material unrealised intercompany profits and transactions are eliminated. Investments in subsidiaries are carried at cost in the Company’s separate financial statements.

#### **CASH AT BANK AND BORROWINGS**

For the purposes of the cash flow statement, cash at bank includes cash on hand, deposits and current accounts held with banks. Borrowings include bank overdrafts and other financing borrowings held with the Group’s bankers and other financiers. This represent a change from the previous financial period, as short-term borrowings were treated as current liabilities. There is no effect on net income and the balance sheet and the prior year cash flow statement have been restated accordingly.

#### **DEFERRED EXPENDITURE**

Expenditure and prepayments relating to specific sales and the rendering of services at a future date are deferred and matched with the income to which it relates.

#### **EQUIPMENT AND VEHICLES**

Equipment and vehicles are stated at cost less the related provision for depreciation. Depreciation is provided for on the straight-line basis at the following rates, which will reduce the book values to 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% – 33,3%

#### **FINANCE AGREEMENTS**

Assets held under finance agreements are capitalised. At the commencement of the agreement, the cost of the asset is capitalised and the equivalent amount is shown as a liability to the financier. Finance charges are written off over the period of the agreement based on the effective rate of interest.

## BORROWING COSTS

All borrowing costs are charged to income in the period in which they are incurred.

## FINANCIAL INSTRUMENTS

### Measurement

Financial instruments are recognised at the date the Group becomes party to the contractual arrangement and are initially measured at cost, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

### Trade and other receivables

Trade receivables originated by the Group are stated at fair value less provision for doubtful debts. Other receivables are stated at fair value.

### Cash and cash equivalents

Cash and cash equivalents are measured at fair value, based on the relevant exchange rate at balance sheet date.

### Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

### Gains and losses on subsequent measurements

Gains and losses from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss in the period in which the change arises.

## INTANGIBLE ASSETS

### Trademarks and goodwill

Trademarks and goodwill are stated at cost and amortised on a straight-line basis over their anticipated useful lives not exceeding ten years and are only written down if there is a permanent diminution in value.

## IMPAIRMENT

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## INVENTORIES

Inventories, comprising consumables and training materials, are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in, first-out basis.



## LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

## PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

## RETIREMENT BENEFITS

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

## REVENUE

Group revenue consists of sales to customers and is stated net of value added taxation. Lecture fees received in advance are recognised over the period of the course. Income received on correspondence courses is recognised immediately and future costs are provided for. 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.

## SEGMENTAL REPORTING

Segment accounting policies are consistent with those adopted for the preparation of the financial statements of the consolidated Group. The basis for reporting segment information is business segments and is consistent with internal reporting for management purposes, as well as the source and nature of business risks and returns.

## TAXATION

Deferred tax is provided at legislated future rates using the balance sheet liability method. Full provision is made for all temporary differences between the tax base of an asset or liability and its balance sheet carrying amount.

Assets are not raised in respect of the deferred tax on assessed losses, unless it is probable that future taxable profits will be available against which the deferred tax asset can be realised in the foreseeable future.

Secondary taxation on companies is provided in respect of expected dividend payments, net of dividends received or receivable, and is recognised as a taxation charge for the year.

	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
for the year ended 30 June 2003				
<b>1. EXCEPTIONAL ITEMS</b>				
Adjustment of acquisition debits	–	869	–	–
Impairment of advance to share trust	707	–	707	–
	<b>707</b>	869	<b>707</b>	–
<b>2. NET PROFIT BEFORE TAXATION</b>				
Net profit before taxation is stated after taking into account the following:				
<b>Income</b>				
Interest received	4 453	1 762	674	313
– adoption of AC133	3 284	–	–	–
– banks and other third parties	1 169	1 762	674	313
Management fees	–	–	8 540	7 450
Profit/(loss) on foreign exchange	989	(2 340)	–	–
Profit/(loss) on sale of fixed assets	7	(33)	–	(25)
Sundry income	3 119	4 533	242	39
<b>Expenses</b>				
Auditors' remuneration	463	415	277	231
– audit fees current year	400	396	214	228
– audit fees prior year	25	–	25	–
– fees for other services	38	19	38	3
Cost of sales	370 837	426 356	–	–
Depreciation	2 979	4 111	165	219
– computer equipment	1 115	2 068	50	42
– motor vehicles	439	530	–	–
– furniture, fittings and equipment	1 425	1 513	115	177
Interest paid	5 815	7 698	86	432
– long-term liabilities	47	171	–	–
– finance leases	34	32	–	–
– bank and other borrowings	5 734	7 495	86	432
Goodwill amortisation	169	132	–	–
Operating lease rentals	2 241	1 587	16	27
Retirement costs	765	671	211	188
Staff costs (includes directors' remuneration – refer note 23)	50 323	49 040	5 027	3 494

for the year ended 30 June 2003	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
<b>3. TAXATION</b>				
SA normal taxation	727	26	(26)	–
– current	529	26	–	–
– prior year under-/ (overprovision)	198	–	(26)	–
Deferred taxation	1 416	2 111	145	(40)
– current	1 661	2 702	276	(40)
– prior year overprovision	(245)	(591)	(131)	–
	2 143	2 137	119	(40)
	%	%	%	%
<b>Tax rate reconciliation</b>				
Statutory tax rate	30,0	30,0	30,0	30,0
Overprovision in previous year	(0,8)	(7,5)	(101,3)	–
Non-deductible and other items	7,7	4,7	148,0	(35,1)
Effective tax rate	36,9	27,2	76,7	(5,1)
<b>4. EARNINGS PER SHARE</b>				
The calculations of earnings per share and headline earnings per share are based on the following:				
Weighted average number of shares in issue ('000)	127 255	138 289		
Earnings and diluted earnings	3 662	5 711		
Goodwill amortisation	169	132		
After tax effect of (profit)/loss on sale of assets	(5)	23		
Headline earnings	3 826	5 866		

	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
for the year ended 30 June 2003				
<b>5. PRIOR YEAR ADJUSTMENT</b>				
<b>5.1 Adoption of AC133: Financial Instruments: Recognition and Measurement</b>	<b>5 164</b>	–	–	–
Adoption of AC133 in respect of financial instruments	7 247	–	–	–
Taxation relief – deferred	(2 083)	–	–	–
<b>5.2 Change in accounting policy</b>	<b>1 751</b>	1 751	<b>30</b>	30
Recognition of leave pay liability in terms of AC116: Employee Benefits	2 502	2 502	43	43
Taxation relief – deferred	(751)	(751)	(13)	(13)
	<b>6 915</b>	1 751	<b>30</b>	30
<b>6. EQUIPMENT AND VEHICLES</b>				
<b>Cost</b>				
Computer equipment	8 540	9 000	300	293
Motor vehicles	2 411	2 343	–	–
Furniture, fittings and equipment	8 935	9 273	574	570
	<b>19 886</b>	20 616	<b>874</b>	863
<b>Accumulated depreciation</b>				
Computer equipment	7 030	7 048	244	194
Motor vehicles	1 641	1 518	–	–
Furniture, fittings and equipment	6 466	5 619	220	105
	<b>15 137</b>	14 185	<b>464</b>	299
<b>Net book value at end of year</b>				
Computer equipment	1 510	1 952	56	99
Motor vehicles	770	825	–	–
Furniture, fittings and equipment	2 469	3 654	354	465
	<b>4 749</b>	6 431	<b>410</b>	564

for the year ended 30 June 2003	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
<b>6. EQUIPMENT AND VEHICLES</b> <i>(continued)</i>				
<b>Movement for the year</b>				
Cost at beginning of year	20 616	24 060	863	963
Accumulated depreciation at beginning of year	(14 185)	(13 843)	(299)	(626)
Net book value at beginning of year	6 431	10 217	564	337
Additions – operations acquired	–	40	–	–
– subsequent purchases	1 540	2 439	11	471
Depreciation	(2 979)	(4 111)	(165)	(219)
Disposals	(243)	(2 154)	–	(25)
Net book value at end of year	4 749	6 431	410	564
<b>7. INTANGIBLES</b>				
Cost of goodwill and trademarks related to businesses acquired	810	1 410	–	–
Less: Goodwill amortisation	153	132	–	–
Net book value at end of year	657	1 278	–	–
<b>Movement for the year</b>				
Cost at the beginning of year	1 410	–	–	–
Goodwill amortisation at the beginning of year	(132)	–	–	–
Net book value at beginning of year	1 278	–	–	–
Businesses acquired	–	1 410	–	–
Goodwill amortisation	(169)	(132)	–	–
Disposals	(452)	–	–	–
Net book value at end of year	657	1 278	–	–
<b>8. INVESTMENT IN SUBSIDIARIES</b>				
Shares at cost	–	–	2	2
Loans to subsidiary companies	–	–	242 580	238 360
Loans from subsidiary companies	–	–	(3 763)	(1 353)
Write-down of investments against share premium	–	–	238 819	237 009
	–	–	(236 830)	(236 830)
	–	–	1 989	179

The loans are unsecured, interest-free and no fixed terms for repayment of the loans have been arranged.

Further information on the subsidiary companies is contained on page 52 of the annual financial statements.

	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
for the year ended 30 June 2003				
<b>9. LONG-TERM RECEIVABLES</b>				
Receivables to be collected in excess of one year	7 067	8 761	–	–
Less: Fair value adjustment	(1 135)	–	–	–
	<b>5 932</b>	8 761	–	–
<b>10. PROCEEDS DUE ON DISPOSAL OF BUSINESS</b>				
Total owing	3 713	4 112	–	–
Less: Fair value adjustment	(705)	–	–	–
Less: Current portion included in trade and other receivables	(1 485)	(1 701)	–	–
	<b>1 523</b>	2 411	–	–
<b>11. DEFERRED TAX ASSET/(LIABILITY)</b>				
Trademark allowances	–	23 521	–	–
Assessable losses	4 327	9 058	(107)	40
Other	3 237	1 934	15	13
	<b>7 564</b>	34 513	<b>(92)</b>	53
<i>Reconciliation between deferred tax opening and closing balance</i>				
Deferred tax opening balance	33 762	35 873	53	–
Prior year adjustments	2 834	751	–	–
Trademark allowances	(3 853)	(3 853)	–	–
Assessable loss	2 860	1 466	(40)	40
Other	(423)	276	(105)	13
Deferred tax	(27 616)	–	–	–
Deferred tax asset/(liability) at end of year	<b>7 564</b>	34 513	<b>(92)</b>	53
<b>12. ADVANCE TO THE SHARE TRUST</b>				
The Company has advanced R738 839 (2002: R1 455 797) to the Primeserv Group Limited share incentive scheme for the acquisition of 5 256 598 (2002: 5 596 598) shares.				
Primeserv Group Limited ordinary shares at fair value	1 446	1 456	1 446	1 456
Less: Fair value adjustment – opening balance	888	–	888	–
(Plus): Fair value adjustment – current year	(486)	–	(486)	–
Less: Impairment of advance to share trust	707	–	707	–
	<b>337</b>	1 456	<b>337</b>	1 456

	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
for the year ended 30 June 2003				
<b>13. TRADE RECEIVABLES</b>				
Trade receivables	62 543	76 070	10	–
Less: Provision for doubtful debts	5 509	6 049	–	–
Less: Unearned finance charges	1 255	–	–	–
	<b>55 779</b>	70 021	<b>10</b>	–
<b>14. OTHER RECEIVABLES</b>				
Other receivables	12 632	14 008	547	1 455
Less: Fair value adjustment	508	–	–	–
	<b>12 124</b>	14 008	<b>547</b>	1 455
<b>15. SHARE CAPITAL</b>				
<i>Authorised</i>				
500 000 000 ordinary shares of 1 cent each	5 000	5 000	5 000	5 000
<i>Issued</i>				
132 062 743 (2002: 132 062 743) ordinary shares of 1 cent each	1 321	1 321	1 321	1 321
There are Nil (2002: 480 600) shares to be issued in respect of shares outstanding in terms of the Primeserv Group Limited share incentive scheme.				
<i>Unissued shares</i>				
The unissued shares totalling 367 937 257 (2002: 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.				
This authority is valid until the next annual general meeting.				
<b>16. SHARE PREMIUM</b>				
Balance at beginning of year	1 351	7 823	1 351	7 823
Shares repurchased and cancelled	–	(6 472)	–	(6 472)
Total share premium	<b>1 351</b>	1 351	<b>1 351</b>	1 351



	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
for the year ended 30 June 2003				
<b>17. TREASURY SHARES</b>				
Comprises 7 076 376 (2002: 1 539 784) Primeserv Group Limited ordinary shares purchased in terms of shareholder approval obtained on 5 February 2003	1 428	315	-	-
<b>18. LONG-TERM INTEREST-BEARING BORROWINGS</b>				
<b>Manpower Development Fund</b>	857	1 383	-	-
Total owing	1 476	1 569	-	-
Fair value adjustment	(521)	-	-	-
Current portion included with short-term loans	(98)	(186)	-	-
The loans are unsecured and repayable in monthly instalments, inclusive of interest, at a fixed rate of 11,75% per annum.				
<b>Finance agreements</b>	384	38	-	-
Total owing	505	153	-	-
Current portion included with short-term loans	(121)	(115)	-	-
The loans are repayable in monthly instalments, inclusive of interest, at rates varying with the prime bank overdraft rate and are secured over relevant equipment and vehicles, with a book value of R429 639.				
	1 241	1 421	-	-
<b>Interest-bearing borrowings</b>				
Short-term portion	219	301	-	-
Long-term portion	1 241	1 421	-	-
Total	1 460	1 722	-	-
<b>Borrowing powers</b>				
In terms of the Company's Articles of Association, the borrowing powers of the Company are unlimited.				

**19. PROVISIONS**

The following provisions are included in trade and other payables:

<b>Movement of provisions</b>	<b>Bonus</b>	<b>Leave pay</b>	<b>Contract employee claims</b>	<b>Other</b>	<b>Total</b>
Balance at beginning of year	1 210	2 502	149	312	4 173
Amounts added	2 303	409	290	2	3 004
Amounts used	(2 086)	(576)	–	(215)	(2 877)
Amounts written back	(81)	(7)	–	(59)	(147)
Balance at end of year	1 346	2 328	439	40	4 153

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
for the year ended 30 June 2003	<b>R'000</b>	R'000	<b>R'000</b>	R'000

**20. SHORT-TERM INTEREST-BEARING BORROWINGS**

Long-term interest-bearing borrowings payable within one year	<b>219</b>	301	–	–
Short-term borrowings – other	<b>2 000</b>	–	<b>2 000</b>	–
	<b>2 219</b>	301	<b>2 000</b>	–

**21. BANK BORROWINGS**

<b>Invoice finance</b>	<b>14 745</b>	27 638	–	–
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The finance is secured over the book debts of Primeserv ABC Recruitment (Proprietary) Limited, African Recruitment Manpower (Proprietary) Limited and Primeserv Employee Solutions (Proprietary) Limited, and bears interest at the prime bank overdraft rate per annum. It is repayable on collection of the book debts, subject to a 30% retention margin of total debt financed in this manner.

<b>Bank overdrafts</b>	–	3 919	–	1
	<b>14 745</b>	31 557	–	1

for the year ended 30 June 2003	Directors' fees	Remuneration	Bonuses*	Other benefits**	Total 2003 R'000	2002 R'000
<b>23. DIRECTORS' REMUNERATION</b>						
The remuneration paid to directors of the Company, whilst in office during the year ended 30 June 2003, can be analysed as follows:						
<b>Executive directors</b>	–	3 261	385	390	<b>4 036</b>	3 221
M Abel	–	1 627	150	187	<b>1 964</b>	1 608
PL Gray	–	1 046	150	134	<b>1 330</b>	890
RS Scott	–	–	–	–	<b>–</b>	466
JA Sparke	–	588	85	69	<b>742</b>	257
<b>Non-executive directors</b>	173	–	–	–	<b>173</b>	204
JM Judin	40	–	–	–	<b>40</b>	40
S Klein	44	–	–	–	<b>44</b>	40
G Magomola	–	–	–	–	<b>–</b>	40
SA Meltzer	20	–	–	–	<b>20</b>	40
CS Seabrooke	69	–	–	–	<b>69</b>	44
	173	3 261	385	390	<b>4 209</b>	3 425

\*Bonuses were paid based on the achievement of cash generation targets.

\*\*Other benefits include retirement funding and medical aid benefits.

	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
<b>24. CONTINGENT LIABILITIES</b>				
Guarantees issued by bankers to various companies and government bodies	<b>1 133</b>	1 197	–	146
The Company and certain of its fellow subsidiaries have signed surety to FirstRand Bank Limited in favour of its fellow subsidiaries for debtors financing and normal banking facilities granted. The net amount outstanding in the subsidiaries in respect of these facilities at year-end is R9 263 765 (2002: R31 765 710).				

for the year ended 30 June 2003

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## 25. FINANCIAL INSTRUMENTS

### Interest rate risk

As part of the process of managing the Company'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.

### Credit risk

The Company maintains cash, cash equivalents and short-term investments with various financial institutions. The Company's policy is designed to limit exposure with any one financial institution and ensures that the Company'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 Company performs credit evaluations of its customers and, where available and cost effective, utilises credit insurance.

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## 26. 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 year amounted to R765 467 (2002: R671 180).

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

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## 27. RELATED PARTY TRANSACTIONS

Arm's length trading transactions occur between subsidiaries and divisions within the Group companies and are reversed on consolidation of the financial statements. Transactions between the holding company, its subsidiaries and associated companies relate to fees and interest and these are reflected as income in the Company's income statement.

Sabvest Finance and Guarantee Corporation Limited and M Abel, who are related parties to the Group, provide financing facilities. The transactions are at arm's length and are concluded under terms and conditions that are no less favourable than those available from third parties.

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## 28. CAPITAL COMMITMENTS

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

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for the year ended 30 June 2003	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
<b>29. LEASE COMMITMENTS</b>				
Future operating lease charges for premises, vehicles and equipment				
Payable within one year				
– premises	4 404	3 882	536	478
– vehicles and equipment	1 487	802	31	19
	<b>5 891</b>	4 684	<b>567</b>	497
Payable two to five years				
– premises	5 132	5 201	754	1 290
– vehicles and equipment	2 157	1 339	18	5
	<b>7 289</b>	6 540	<b>772</b>	1 295
There are no lease commitments beyond the five-year period. Leases on premises are subject to inflationary escalations with renewal options at the Group's discretion.				

for the year ended 30 June 2003	Staffing Services R'000	Corporate and Organisational Services R'000	Central Services R'000	Group consolidated R'000
<b>30. SEGMENTAL ANALYSIS</b>				
<b>2003</b>				
Revenue	406 455	57 591	–	464 046
Net profit before taxation	13 347	(3 581)	(3 956)	5 810
Capital additions	274	1 255	11	1 540
Depreciation and amortisation	1 018	1 965	165	3 148
Assets	74 876	21 695	2 322	98 893
Liabilities	39 784	7 175	4 702	51 661
<b>2002</b>				
Revenue	482 944	49 980	–	532 924
Net profit before taxation	9 806	1 380	(3 338)	7 848
Capital additions	451	1 540	448	2 439
Depreciation and amortisation	1 726	2 299	218	4 243
Assets	93 687	30 059	22 543	146 289
Liabilities	59 829	8 997	–	68 826

**31. COMPARATIVE FIGURES**

Comparative figures have been restated, where necessary.

for the year ended 30 June 2003	Country of incorporation	Issued share capital R	Portion held directly or indirectly by holding company %	Book value of shares at cost R	Amount owing by/(to) subsidiaries 2003 R'000	2002 R'000
Primeserv Corporate Solutions (Proprietary) Limited	South Africa	100	100	100	18 049	14 889
Primeserv Training (Proprietary) Limited	South Africa	100	100	100	43 816	39 502
Primeserv ABC Recruitment (Proprietary) Limited	South Africa	100	100	100	82 315	83 307
Primeserv Employee Solutions (Proprietary) Limited	South Africa	100	100	100	94 144	99 515
African Recruitment Manpower (Proprietary) Limited	South Africa	160	100	160	2 465	21
Primeserv Productivity Services (Proprietary) Limited	South Africa	100	100	100	1 453	25
Primeserv Recruitment (Proprietary) Limited	South Africa	100	100	100	(3 196)	–
Priserv (Proprietary) Limited	South Africa	100	100	100	–	–
Ibiza Trading 7 (Proprietary) Limited	South Africa	100	100	–	220	–
Thuso Outsourcing (Proprietary) Limited	South Africa	100	70	70	(447)	(250)
Empvest Outsourcing (Proprietary) Limited	South Africa	1 000	48,2	482	–	–
Privest International Limited	Jersey	30	100	30	–	–
Bathusi Training (Proprietary) Limited	South Africa	100	49	49	–	–
Bathusi Recruitment (Proprietary) Limited	South Africa	100	49	49	–	–
Bathusi Staffing Services (Proprietary) Limited	South Africa	100	49	49	–	–
Apgest Limitada	Mozambique	100	100	100	–	–
				1 689	238 819	237 009

**NOTES**

The Corporate and Organisational Services businesses operate through Primeserv Corporate Solutions (Proprietary) Limited, Primeserv Training (Proprietary) Limited, Ibiza Trading 7 (Proprietary) Limited and Bathusi Training (Proprietary) Limited.

The Staffing Services businesses operate through Primeserv Employee Solutions (Proprietary) Limited, Primeserv ABC Recruitment (Proprietary) Limited, African Recruitment Manpower (Proprietary) Limited, Privest International Limited, Empvest Outsourcing (Proprietary) Limited, Bathusi Staffing Services (Proprietary) Limited (formerly Bathusi Outsourcing), Apgest Limitada and Thuso Outsourcing (Proprietary) Limited.

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

Priserv (Proprietary) Limited and Bathusi Recruitment (Proprietary) Limited are dormant.



for the year ended 30 June 2003

	2003	2002
<b>SECURITIES EXCHANGE PERFORMANCE</b>		
Year-end closing market price of ordinary shares (cents)	20	28
High closing market price of ordinary shares (cents)	30	32
Low closing market price of ordinary shares (cents)	15	12
Volume of shares traded (million)	16,4	27,8
Value of shares traded (R'000)	3 300	5 115
<b>NUMBER OF SHARES IN ISSUE</b>		
Opening balances (including treasury shares)	132 062 743	156 232 959
Closing balances (including treasury shares)	132 062 743	132 062 743
Market capitalisation at year-end (R'000)	26 413	36 978
Market capitalisation at year-end excluding treasury and incentive scheme shares (R'000)	23 946	34 979

as at 30 June 2003	Number of shareholders	Number of shares held	% shareholding
<b>PORTFOLIO SIZE</b>			
1 – 50 000 shares	616	3 730 895	2,9
50 001 – 500 000 shares	78	14 899 866	11,3
500 001 – 5 000 000 shares	41	66 220 885	50,1
over 5 000 000 shares	5	47 211 097	35,7
	740	132 062 743	100,0
<b>CATEGORY</b>			
Directors (beneficial, non-beneficial, direct and indirect) and management*	67	71 138 463	53,9
Nominee companies and schemes	15	23 285 603	17,6
Individual and other corporate bodies	658	37 638 677	28,5
	740	132 062 743	100,0
<b>INTERESTS GREATER THAN 5%</b>			
PIC Nominees (Proprietary) Limited		39 136 033	29,6
SD Nominees (Proprietary) Limited		20 015 200	15,2
Old Mutual Nominees (Proprietary) Limited		7 776 672	5,9
		66 927 905	50,7
<b>SHAREHOLDER SPREAD</b>			
Total non-public shareholders*	67	71 138 463	53,9
Public shareholders	673	60 924 280	46,1
	740	132 062 743	100,0

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

**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 advisor immediately.**

Notice is hereby given that the fifth annual general meeting of the shareholders of Primeserv Group Limited will be held in the conference room at Primeserv HR Solutions, 2nd Floor, Atrium Terraces, 272 Oak Avenue, Randburg at 09:00 on Friday, 23 January 2004 for the following:

To consider and if deemed fit, to pass the following special and ordinary resolutions:

**AS ORDINARY RESOLUTIONS**

1. To receive and consider the Company annual financial statements and Group financial statements for the year ended 30 June 2003.
2. To confirm the reappointment of the Company's auditors, Deloitte & Touche.
3. To re-elect directors who retire by rotation in accordance with the Company's Articles of Association.
  - 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 Articles of Association.
 

J Michael Judin is a Non-Executive Director of Primeserv Group Limited appointed to the Board in August 1997 with the qualification Dip Law. Michael is a director of Johannesburg-based law firm Goldman Judin Maisels Inc. He is legal advisor to and director of The American Chamber of Commerce in South Africa. He is Non-Executive Chairman of Lyons Financial Solutions Holdings Limited and a director of other listed companies, Set Point Technology Holdings Limited and Nu-World Holdings Limited.
  - 3.2 To re-elect as director S Klein, who retires by rotation and, being eligible, offers himself for re-election in terms of the Company's Articles of Association.
 

Saul Klein is a Non-Executive Director of Primeserv Group Limited appointed in March 1998 with the qualifications BA (Econ), MBA, PhD. 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. To authorise the Remuneration and Nomination Committee to determine the remuneration of the directors for the year ended 30 June 2003.
5. To authorise the directors to determine the remuneration of the auditors for the year ended 30 June 2003.
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 share in the capital of the Company for cash, as and when they in their discretion deem fit, subject to the Companies Act, the Articles of Association of the Company, the JSE Securities Exchange South Africa ("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 such issue may not constitute a related transaction, as defined by the JSE, unless the JSE otherwise agrees;
- the number of shares issued for cash shall not in the aggregate exceed in any financial year, 15% (fifteen per cent) of the Company's issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from option/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten; or an acquisition which has had final terms announced;
- 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 per cent) or more 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 per cent) 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.

Ordinary resolution number 6 is required, under the JSE Listings Requirements, to be passed by achieving a 75% (seventy five per cent) 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.

7. 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 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 Act.

#### AS SPECIAL RESOLUTIONS

##### 8. SPECIAL RESOLUTION NUMBER 1

Resolved that, as a general approval contemplated in terms of Sections 85(2) and 85(3) of the Act, the acquisitions by the Company, and/or any subsidiary of the Company, from time to time of the issued ordinary shares of the Company, 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 Articles of Association of the Company, the provisions of the 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 counter party;
- 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 per cent) 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 per cent) 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;
- the consolidated assets of the Company, being fairly valued in accordance with Generally Accepted Accounting Practice, are in excess of the consolidated liabilities of the Company for the following year;
- the ordinary capital and reserves of the Company and the Group are adequate for the next twelve months;
- the available working capital is adequate to continue the operations of the Company and the Group in the following year;
- upon entering the market to proceed with the repurchase, the Company's Sponsor has complied with its responsibilities contained in 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 per cent) of the initial number of the relevant class of securities, and for each 3% (three per cent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made; and
- the Company appoints only one agent to effect any repurchase(s) on its behalf.

#### **8.1 Other disclosures in terms of Section 11.26 of the JSE Listings Requirements**

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

- Directors and management (page 4)
- Major shareholders of Primeserv (page 54)

- Directors' interests in securities (page 31)
- Share capital of Primeserv (page 45)

## 8.2 Material change

Other than the facts and developments as referred to on pages 14 to 15 of the annual report, 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.

## 8.3 Directors' responsibility statement

The directors, whose names are given on page 4 of the 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 this resolution contains all such information.

## 8.4 Litigation statement

In terms of section 11.26 of the Listings Requirements of the JSE, the directors, whose names are given on page 4 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.

## 8.5 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.

## 9. ORDINARY RESOLUTION NUMBER 7

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

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

Any member entitled to vote at the annual general meeting may appoint a proxy or proxies to attend, speak and vote in his stead and the person/persons so appointed need not be a member/members of the Company.

If you are a certificated or dematerialised shareholder with “own name” registration and unable to attend the annual general meeting of ordinary shareholders to be held in the conference room at Primeserv HR Solutions, 2nd Floor, Atrium Terraces, 272 Oak Avenue, Randburg on Friday, 23 January 2004 at 09:00 and wish to be represented thereat, you must complete and return the attached form of proxy in accordance with the instructions therein. If you have dematerialised your shares with a Central Securities Depository Participant (“CSDP”) or broker (other than “own name” dematerialised shareholders), you must arrange with them to provide you with the necessary authorisation to attend the annual general meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between you and the CSDP or broker in the manner and cut-off time stipulated therein.

A proxy form is enclosed for use at this fifth annual general meeting. Proxy forms should be forwarded to reach the share transfer secretaries not later than 09:00 on Wednesday, 21 January 2004.

As more than 20% (twenty per cent) 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 per cent) majority of the votes cast by shareholders present or represented by proxy at this meeting is required for ordinary resolution number 6 to become effective.

By order of the Board



**ER GOODMAN SECRETARIAL SERVICES CC**

*Company Secretary*

Johannesburg  
14 December 2003

**PRIMESERV GROUP LIMITED**

Previously Privest Group Limited  
Incorporated in the Republic of South Africa  
Registration number 1997/013448/06  
Share code: PMV  
ISIN: ZAE000039277  
<http://www.primeserv.co.za>  
email: [productivity@primeserv.co.za](mailto:productivity@primeserv.co.za)

**SHARE TRANSFER SECRETARIES**

**Computershare Limited**

70 Marshall Street  
Marshalltown 2001  
PO Box 61051, Marshalltown 2107



**FINANCIAL YEAR-END**

30 June 2003

**REPORTS ON PROFIT STATEMENTS AND MEETINGS**

Reviewed results published  
 Annual report published  
 Annual general meeting

September 2003  
 November 2003  
 23 January 2004

**NEXT FINANCIAL YEAR-END**

30 June 2004

**REPORTS ON PROFIT STATEMENTS AND MEETINGS**

Half-year interim report to be published  
 Reviewed results to be published  
 Annual report to be published  
 Annual general meeting

March 2004  
 September 2004  
 October 2004  
 November 2004

**DIVIDEND DATES**

Dividend declared  
 Last day to trade "CUM" dividend  
 First day to trade "EX" dividend  
 Record date  
 Payment date

8 December 2003  
 2 January 2004  
 5 January 2004  
 9 January 2004  
 12 January 2004



**PRIMESERV GROUP LIMITED**

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

For the use by certificated or "own name" dematerialised shareholders of Primeserv for the fifth annual general meeting of Primeserv Group Limited to be held in the conference room at Primeserv HR Solutions, 2nd Floor, Atrium Terraces, 272 Oak Avenue, Randburg at 09:00 on Friday, 23 January 2004 ("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 authorisation to attend the annual general meeting or the shareholder must instruct them as to how you wish to vote in this regard. This must be done in terms 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)

being the registered holder/s of  ordinary shares in Primeserv, appoint (see note 1, overleaf).

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 purpose of considering, and if deemed fit, with or without modification, eight 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 2, overleaf).

	Number of votes (1 vote per ordinary share)		
	For	Against	Abstain
Resolution number 1 – Adoption of annual financial statements			
Resolution number 2 – To confirm the reappointment of the auditors			
Resolution number 3 – To confirm the reappointment of:			
3.1 JM Judin			
3.2 S Klein			
Resolution number 4 – To authorise the remuneration of the directors			
Resolution number 5 – To authorise the directors to determine the remuneration of the auditors			
Resolution number 6 – General authority on issue of shares			
Resolution number 7 – Director's control over authorised but unissued share capital			
Special resolution number 1 – General authority to repurchase shares			
Resolution number 8 – Authority for directors to implement the resolutions			

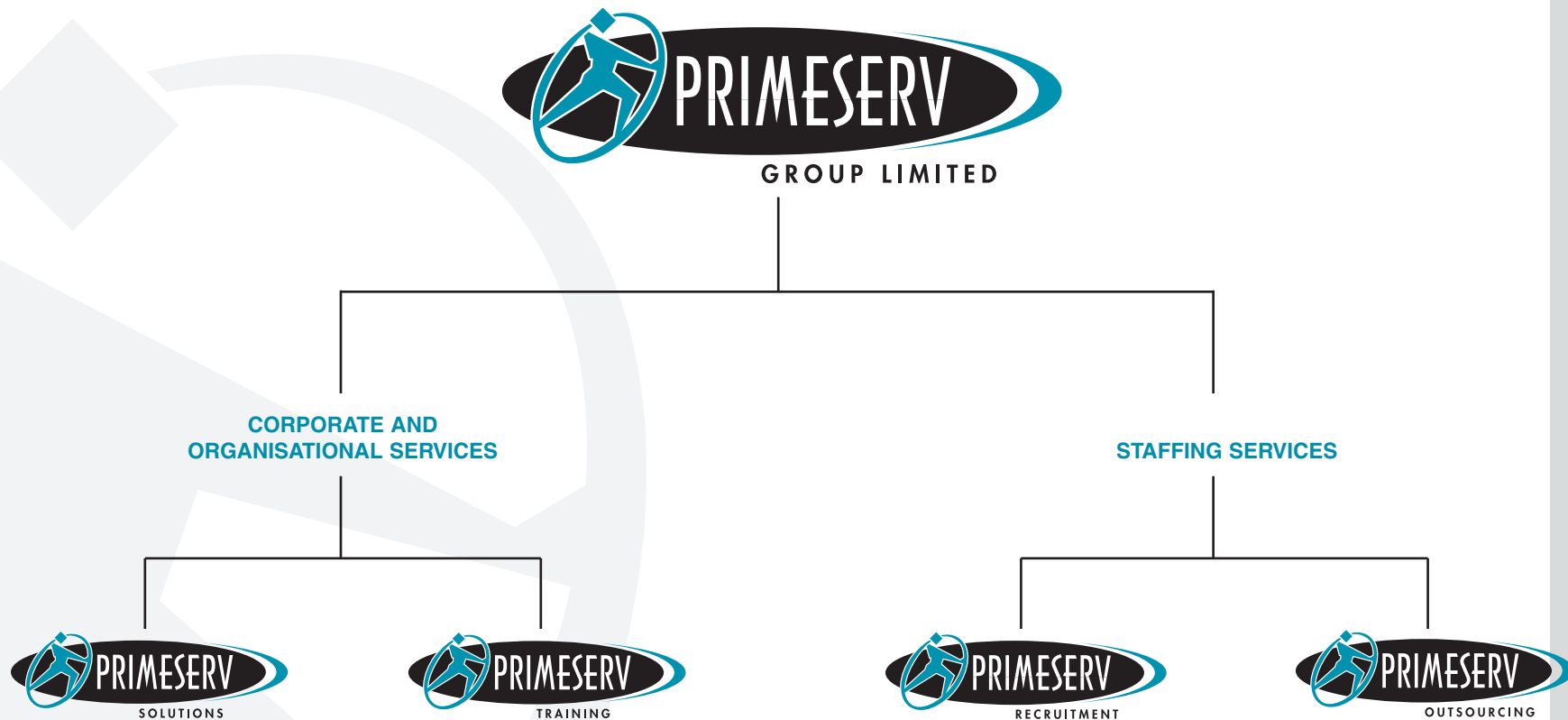
Signed at \_\_\_\_\_ on \_\_\_\_\_ 2004

Signature \_\_\_\_\_

Assisted by me (where applicable)

**NOTES TO THE PROXY FORM**

1. An ordinary shareholder is entitled to appoint a proxy (who need not be a member), to attend, speak and vote at the annual general meeting in his stead.
2. An ordinary shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that ordinary shareholder in the appropriate box/es provided.
3. Any alteration made to this form of proxy must be initialled.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form.
5. This form of proxy must be signed by all joint shareholders.
6. Proxy forms must be lodged with the transfer secretaries, Computershare Limited, 70 Marshall Street, Marshalltown 2001 (PO Box 61051, Marshalltown 2107), to be received not later than 09:00 on Wednesday, 21 January 2004.
7. *If you have not dematerialised your shares or you have 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.
8. *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 authority 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 • David Heath Search and Recruitment • Executive Task Force • Hampton College
- Home Study College • HR Training • Humanitas • Integrated Marketing Information Group (IMIG) • Interplace Recruitment • Joblock • Labour Law Group
- Manufacturing and Technical Skills Institute (MTSI) • Marjorie Levy and Associates • Mech Elect • Natalie Stoltz & Associates • Percon
- Personnel Performance (PP) • Peter Adendorff Associates • Phenix • Select Personnel • Selected Manpower Services (SMS) • Stafflink
- Stanford Business College • Thami • VE Training • Working World

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