PRIMESERV

INTEGRATED REPORT 2016
FOR THE YEAR ENDED 31 MARCH

CONTENTS

ABOUT OUR INTEGRATED REPORT

About our integrated report

Primeserv conducts its business ethically and responsibly with a view to creating value in the long-term interest of all stakeholders. We are committed to the principles of integrated reporting as it aligns with our thinking and approach to long-term value creation and the role we play as a large employer in South African society.

This integrated annual report is targeted at Primeserv's shareholders, potential investors and the Group's other stakeholders and covers the financial year from 1 April 2015 to 31 March 2016. Our report for the previous financial year was published in September 2015. Primeserv is an investment holding company and our report covers all the Group's businesses, all of which operate in South Africa. The boundary of the report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders that have a significant influence on our ability to create value.

The report is prepared in terms of the JSE Listings Requirements for integrated reporting and the King III code on corporate governance. It also meets the other legal requirements to which the Group must adhere, such as the Companies Act, 2008. The financial reporting contained in the Report complies with IFRS as applied to the annual financial statements. The content of this report is aligned with the requirements of the International Integrated Reporting Council's Integrated Reporting <IR> Framework. Our approach to integrated reporting will continue to evolve over time, in line with the <IR> framework.

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

Corporate information

The Group's executive directors for the year under review were Merrick Abel (CEO), Raphel Sack (FD) and Desmond Seaton. They can be contacted at the registered office of the company. Primeserv's Annual Report 2016 is available on the Group's website: www.primeserv.co.za. Queries regarding the integrated report can be sent to the following email address: Int16report@primeserv.co.za.

Key data

Primeserv Group Limited
Incorporated in the Republic of South Africa
Registration number 1997/013448/06
Share code: PMV
ISIN: ZAE000039277

Forward-looking statements

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

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

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

Statement of responsibility

The Board of Directors acknowledges that it has a responsibility to ensure the integrity of the integrated report. The Board has therefore carefully considered all of the relevant guidelines for integrated reporting, and is of the opinion that this report addresses all material issues and that it fairly presents the integrated performance of the organisation as well as its impacts. The Board authorised the integrated report on 29 September 2016.

For and on behalf of the Board

CS Shiceka-Ntshingila	**M Abel**	**R Sack**
Chairperson	*CEO*	*FD*

OVERVIEW OF OUR GROUP

Primeserv Group is an investment holding company controlling and managing assets that are focused on providing market leading business support services to organisations throughout Southern Africa. Our services are delivered through our operating pillar, Primeserv Human Capital Services. This incorporates two main areas of specialisation namely Staffing and Recruitment Services, and Training and Consulting Services. We offer a holistic, insight-based, integrated approach to human capital planning and implementation. For our clients this means increased productivity, reduced human resources related risk and the freedom to concentrate on their core business.

Competitive differentiators

- Client-centric solutions that enable the achievement of strategic business objectives
- Market-leading customer service
- In-depth understanding and extensive experience in the human capital market sectors in which we operate
- Continuous innovation and commitment to improving our services
- Leading-edge management and information systems
- Robust monitoring against performance objectives

Our focus

people
▼
productivity
▼
performance

The Primeserv pledge encourages all employees to:

demonstrate integrity in everything they do

work together to achieve common goals

celebrate innovation and cherish performance

perform with professionalism, skill and care

exceed customers' expectations every day

Our business

Primeserv's operating pillar, Primeserv Human Capital Services, provides human capital solutions specialising in staffing and recruitment services and training and consulting services.

Through our underlying businesses we deliver flexible, practical support to unlock the value of our client's human capital. We provide a human resourcing solution that allows our clients to concentrate on their core business and focus on achieving their strategic objectives.

Our solutions are client-centric and customised. We partner with our clients to understand their businesses and meet their requirements. The quality of our service and our highly specialised expertise differentiates Primeserv in a competitive market.

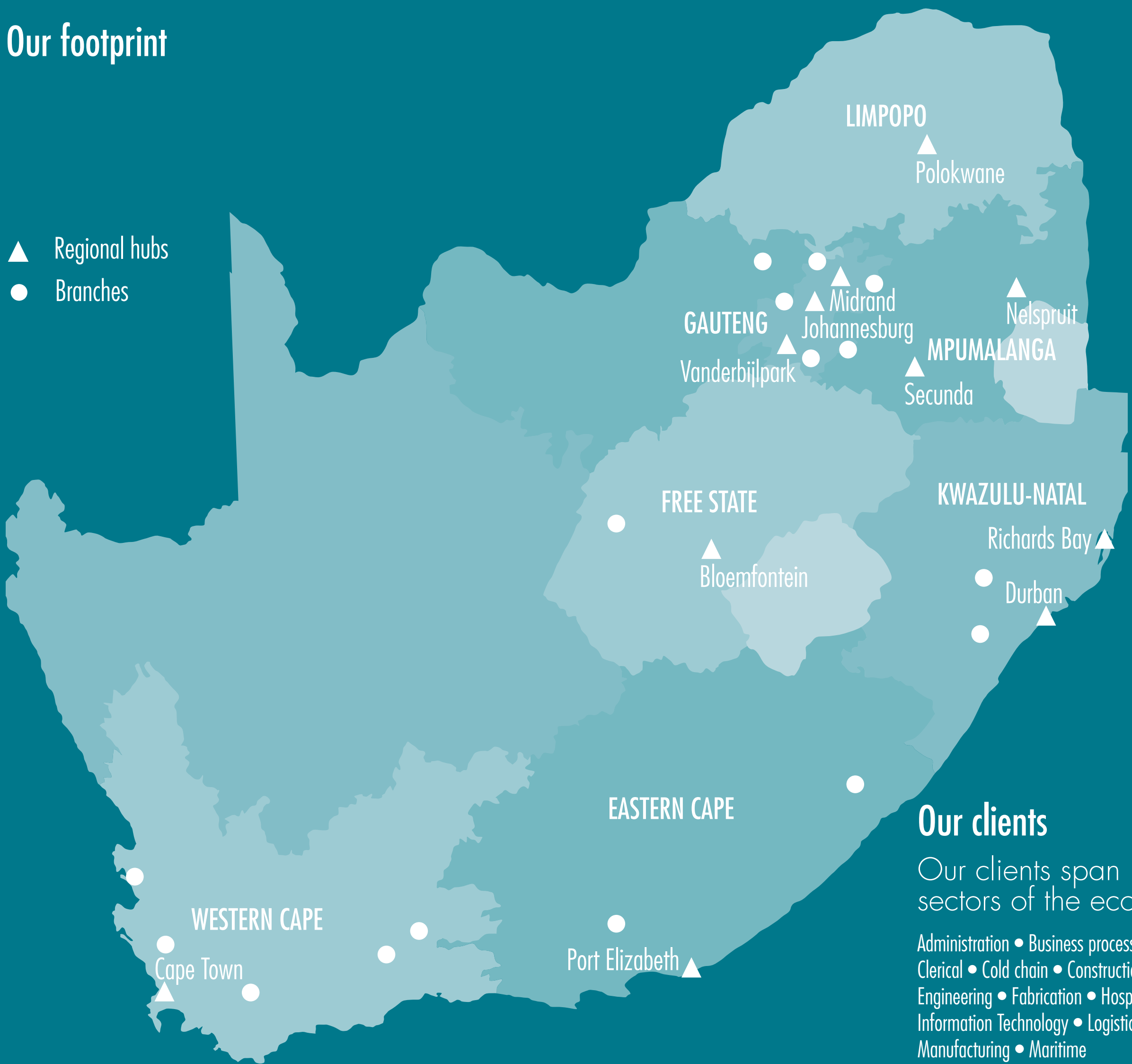
Human capital is increasingly recognised as a strategic business enabler. Primeserv is passionate about people. We have been at the forefront of the evolution of human resources strategic role in business for nearly twenty years and we continue to keep abreast of the constantly changing world of work.

Ten years ago we developed our proprietary human resources model – Primeserv Int**HR**grate™, which hones how we deliver on all aspects of our clients' people, productivity and performance needs. We continue to sharpen, invest in, and build on this platform.

The Primeserv Int**HR**grate™ Model provides a fully integrated range of solutions that each stand alone as market leading human capital services. Primeserv Int**HR**grate™ Model is designed to assist our clients in aligning their HR practices to their business strategies and operational structures. It unlocks the entire HR process as a value driver in our clients' businesses.

At Primeserv people are our key enabler. We believe excellent care of our employees breeds excellent service. This encompasses fair compensation, employee development, advancement opportunities, work-life balance and a career culture. Skills development and training is critical to improve employees' performance and enhance their productivity. The development of people as key assets is imperative for our business, our clients' businesses and for South Africa's economic growth and social development.

Our footprint



Our clients

Our clients span most sectors of the economy

Administration • Business process outsourcing
Clerical • Cold chain • Construction
Engineering • Fabrication • Hospitality
Information Technology • Logistics
Manufacturing • Maritime
Mechanical and automotive • Medical
Mega projects • Mining • Petrochemical
Pharmaceutical • Power generation • Retail
Shutdowns • Warehousing • Waste management

BOARD OF DIRECTORS

Executive directors

Merrick Abel

Chief Executive Officer — Appointed: August 1997
BA (Hons), MBA — Member of the Social and Ethics Committee

Merrick is a director of numerous Primeserv subsidiaries. Since founding the Group in 1997, he has served as CEO and was Executive Chairman from 2000 to 2003. He fulfilled the role of Acting Chairman from April 2015 – March 2016, while the Group was finalising the Board component of its transformation strategy. Merrick has over 28 years of local and international business experience, particularly in the industrial and services industries.

Raphael Sack

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

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

Desmond C Seaton

Executive Director — Appointed: August 2003
BCom, LLB, Dip Tax — Resigned: 21 April 2016

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

Non-executive directors

Cleopatra S Shiceka-Ntshingila

Appointed: August 2009
Independent Non-executive Chairperson — Member of the Audit, Governance and Risk Committee
BA (Law), LLB, HDip Tax — Member of the Social and Ethics Committee

Cleopatra is currently the General Manager in the Office of the Chief Executive at Transnet Freight Rail. She is also the legal lead of the core team for the Execution of the Continental High Speed Railway project spearheaded by the African Union Commission. She has vast experience in the intermodal transportation sector including infrastructure planning, business development, commercial, specialised finance and the regulatory environment.

David L Rose

Independent Non-executive Director — Appointed: February 2005
BCom, BA, CA(SA), F.Inst.D — Chairman of the Audit, Governance and Risk Committee

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

J Michael Judin

Appointed: August 1997
Independent Non-executive — Member of the Audit, Governance and Risk Committee
Dip Law — Chairman of the Remuneration Committee

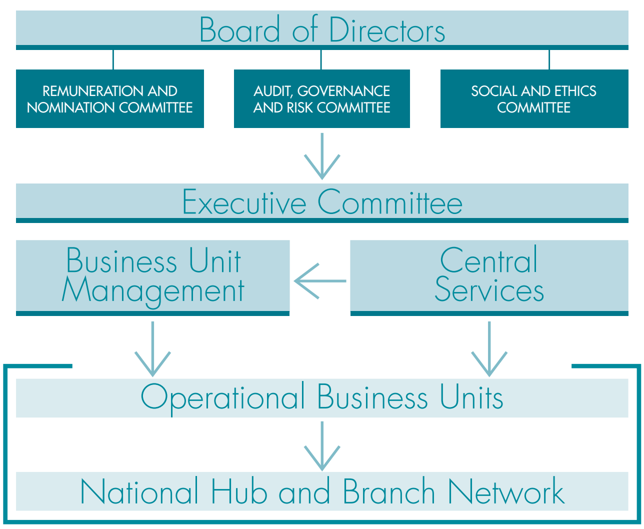
Michael is a director of Johannesburg-based law firm, Judin Combrinck Inc. He is legal adviser to and a director of The American Chamber of Commerce in South Africa. He is the co-chair of the Corporate Governance International Development Sub-Committee of the American Bar Association. He is a non-executive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

Letepe M Maisela

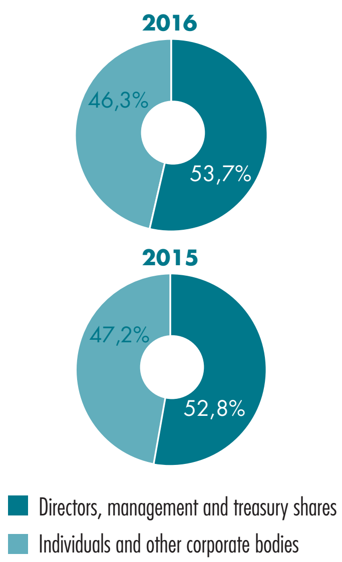
Non-executive Director — Appointed: December 2008
BA (Social Science) — Member of the Remuneration and Nomination Committee
Harvard Business School, PMD — Chairman of the Social and Ethics Committee

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

HOW WE ARE MANAGED



SHAREHOLDERS



GROUP STRUCTURE

PRIMESERV GROUP LIMITED

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PRIMESERV

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HUMAN CAPITAL SERVICES

STAFFING AND RECRUITMENT SERVICES

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

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

TRAINING AND CONSULTING SERVICES

- PRIMESERV HR SOLUTIONS
- PRIMESERV TRAINING
- PRIMESERV ACADEMY
- PRIMESERV RECRUITMENT
- BATHUSI HR SOLUTIONS

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

STRATEGIC OVERVIEW

Our capital inputs

Value added by Primeserv

FINANCIAL CAPITAL is the foundation of the Group's equity and debt funding, astute financial management employing sophisticated systems, controls and processes, reinvestment of cash flow to underpin growth of the Group.

HUMAN CAPITAL is the people who work for us. We invest in training and development and recruitment to ensure we deliver on our value proposition to clients.

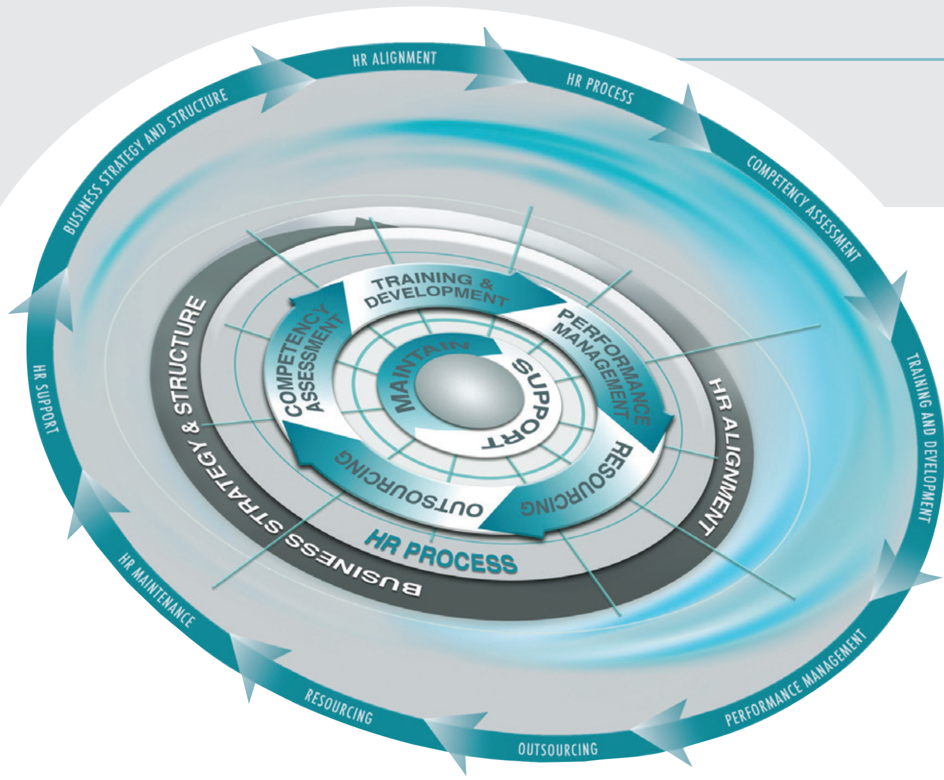
INTELLECTUAL CAPITAL is the considerable experience and expertise we hold in our business. Primeserv has a deep understanding of the HR value chain. The Group actively participates in industry bodies. In addition we have highly specialised industry sector experts with decades of experience across most components of South Africa's economic sectors. We have a sound understanding of the dynamics of the South African economy, and the associated impact on our clients' business. Our research of the future of work and upcoming trends is ongoing. Intellectual capital also spans our sound foundation of risk management and governance.

MANUFACTURED CAPITAL is the highly efficient customised and client centric systems within our central services hub that enable Primeserv to deliver an efficient payroll and management information reporting that measures and monitors productivity.

SOCIAL AND RELATIONSHIP CAPITAL is built on our strong ethical foundation. We contribute to job creation and skills development. We live transformation in the workplace. We actively advance the communities we work in through long-term CSI programmes.

NATURAL CAPITAL is the natural resources such as water, electricity, fuel and paper that we use in conducting our business.

Our business model



Our value adding activities:

The Primeserv IntHRgrate™ Model

Primeserv's ability to customise products, services and solutions for varying business and industry sectors, as a result of its proprietary IntHRgrate™ Model's modular structure, enhances the efficiency of our value proposition.

Alignment with business strategy and structure

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

Well-managed HR practices contribute to the effective implementation of strategy by assessing, selecting, training and developing a company's human capital in order to meet both current and future needs. Primeserv's offering spans HR processes including:

outputs

RESOURCING

Resourcing provides recruiting processes that ensure that a company attracts and appoints high calibre people with the right competencies. Resourcing is fundamental to achieving maximum value from a company's human capital. A carefully managed resourcing process that includes recruiting profiled, assessed and competent staff, ensures that the right people with the right competencies are appointed to the right positions.

OUTSOURCING

Outsourcing provides flexibility in a rapidly changing and highly competitive business environment. Outsourced skills complement full-time capacity providing businesses with sustained staffing and business support services and solutions that enable them to match resourcing to operational requirements.

COMPETENCY ASSESSMENT

Competency assessment offers planned and regular competency assessment that enable a company to develop its staff to meet their individual career aspirations and support the company's goals and objectives. Continuous competency assessments ensure that organisations maximise optimal human capital value at all times. In a constantly changing business environment, planned and regular competency assessment enables an organisation to develop its staff in such a way as to meet their individual career aspirations and support their goals and objectives.

TRAINING AND DEVELOPMENT

Training and development offers programmes that are planned and implemented in response to business needs, including skills development, and the development of individual employees. Training and development programmes should be aligned to national objectives related to continuous skills development and individual upliftment.

PERFORMANCE MANAGEMENT

Performance management assists clients in tracking performance against business objectives. Clear and understandable performance measures are essential to managing individual and organisational performance over the medium and long term.

HR MAINTENANCE

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

HR SUPPORT

HR support includes services providing employee wellness programmes, effective career and succession planning and individual coaching and counselling. Employee wellbeing has a direct impact on performance and needs to be managed and nurtured through such interventions as effective career and succession planning, stress and/or burnout management strategies, individual coaching and counselling, related interventions and HIV/Aids initiatives, as well as employee lifestyle and benefit products.

OUR STRATEGY

Our strategic intent

To deliver sound and sustainable returns on investment for our shareholders by leveraging the Primeserv HR Services value chain through:

- Establishing, maintaining and growing a strong financial position to facilitate both organic and acquisitive growth
- Investing in intellectual capital, assuring industry specific skills, and maintaining a strong and experienced management team
- Securing, maintaining and developing short and long-term contractual business to deliver real and consistent growth in earnings

Our strategic objectives

- Deliver economically measurable value
- Continuous innovation and aligning products and services with clients needs
- Evolve to meet constantly changing labour environment
- Expand client base and market reach
- Diversify service offering to include higher margin businesses
- To be an employer of choice in South Africa
- Enhance effective transformation
- Partner with clients to drive growth on the African continent

Strategic enablers

- Financial discipline and maximisation of efficiencies
- Strong values and a performance driven culture in a nurturing environment
- Frequent and meaningful interaction with clients to align products to their needs
- Depth of knowledge of market dynamics
- Targeted benchmarking to ensure products and services are aligned with to clients needs and international best practice
- Latest technology to enhance the delivery of our services
- Representation on key industry bodies

Creating value for our stakeholders

Shareholders

- Shareholder returns
- Robust balance sheet

Our employees

- Employment
- Employer of choice
- Opportunities to further careers

Clients

- Business resilience
- Contribute to the competitiveness of various industries

South African labour market

- Long-term commitment to the industry
- At the forefront of industry bodies
- Setting standards of expertise
- Advancement of youth employment

South African economy

- Add value to the economy as a large employer
- Support the economy through clients' improved contribution to the economy
- Supporting National Transformation Agenda
- Researching and facilitating the future of work

Socio-economic development

- Each employee has an economic impact on multiple persons
- Advancing communities
- Transformation

Our stakeholders

Our stakeholders are critical in the achievement of our strategic objectives and value creation. Primeserv regularly engages with our key stakeholder groups to gain valuable insight to inform decisions on strategy and risk management. Our key stakeholders are listed below, outlining the issues that are material to them and to Primeserv.

Internal stakeholders

What matters to them	What matters to us	How we communicate
Employees		
Skills development Transformation initiatives Career path management Performance management and constructive engagement and intervention Innovative culture Inviting, supportive and promising environment Fair and rewarding remuneration	Staff motivation Staff retention and commitment Infrequent industrial action Sound staff relations Skills development Experienced staff pool Stable management team Ongoing improvements in developing Employment Equity	Formal induction programme Regular communication from management Regular meetings at operational and executive management level Regular performance appraisals Confidential ethics and climate surveys to assess employee conduct, satisfaction and areas of concern
Clients		
Uninterrupted and on-time supply of services Primeserv's continual monitoring and benchmarking of services through reliable systems Service excellence Product and service offerings that provide solutions that address current business imperatives Ability to focus on core activities while outsourcing key human capital requirements Ability to meet staffing requirements Guidance on legislative changes Economically measurable benefits	Stable customer base Clients appreciation for value for money vs. lowest cost Proactive identification of clients needs and timely resolution of queries Organic growth at existing and new customers Continual assessment and development of services to meet the needs of the changing human resources and industrial relations environments Service delivery excellence	One-on-one meetings with all levels management, sales teams and other operational employees Regular briefing on industry matters Key client relationships and management teams

External stakeholders

What matters to them	What matters to us	How we communicate
Shareholders and potential future investors		
Return on investment Dividends Long-term sustainability Diversified growth Operational performance Group strategy Optimal finance structure Acquisition strategy Compliance with regulatory requirements	Stable major shareholder base Ability to raise capital in the market if necessary	Annual General Meeting One-on-one meetings communicating non price sensitive information SENS Investor presentations at results Integrated report

Operational stakeholders

What matters to them	What matters to us	How we communicate
Government and government regulators		
Compliance with regulations and legislation Tax contributions Transformation Job creation Youth employment as a key National priority	Full compliance Proactive engagement in changing legislative environment Sustainability of business model in the long-term	Membership of industry associations and bodies Industry journals
Communities		
Providing financial support to community skills development initiatives Supporting charitable organisations focusing primarily on youth skills development	Long-term commitment that makes a meaningful difference Improvement in the ability of the NGOs to meet community needs Employee volunteerism promoting the image of the Group in the wider community Making a positive difference in the lives of communities in which Primeserv operates	Engaging with community organisations in the communities in which contract workers reside Contributing to customer initiatives that uplift communities

Key features of our operating model

Macroeconomic context
- Weak economic conditions
- Volatile Rand
- Political uncertainty
- Downturn in the commodity cycle
- Difficult cash collections environment
- Extremely challenging debt markets
- Slow growth in overall employment

Primeserv's operating market
- Highly competitive price sensitive market
- Amendments to South African labour laws
- Skills shortages
- Transformation
- Rapidly evolving environment: technology, connectivity, mobility and automation

Risk management and mitigation

Our full risk management processes are discussed in more detail on pages 19 and 20. The most significant risks we face, and how we manage these, are indicated in the risk matrix below:

Key risk	Mitigation
New Labour Legislation	Primeserv has all the necessary systems and infrastructure to deal with the changes to the labour law that came into effect in April 2015.
Attracting and retaining senior HDIs	Customised learnerships and training programmes are used to develop senior HDIs. Recruitment and retention plans have been implemented to attract and retain personnel
Skills shortages	Most businesses in the Group continue to be affected by skills shortages and ongoing investment is made in employee upskilling. A dedicated unit, Primeserv Employee Training Academy, has been established to facilitate the process of skills development. The Blue Collar Outsourcing unit has a welding training and assessment centre that assists clients and contractors in assessing and maintaining skills levels
IT systems – implementation process of new software and system	The implementation risk has been reduced by an experienced implementation team who have developed key expertise specific to the TES/HR industry. A systematic and phased implementation approach has been applied to system roll-outs. The Board is kept apprised of the roll-out of all significant IT projects. Relevant software is continually updated and tested to ensure efficient operational capability.
Developing a comprehensive sustainability and management framework and setting uniform sustainability targets that suit Primeserv's organisational structure and culture, independence and entrepreneurial flair.	This is an ongoing process, especially in view of the King III requirement of integrated reporting. One of the key areas of responsibility of the Social and Ethics Committee is sustainability
Developing an effective sustainability data collection system.	Primeserv has adopted a centralised administration and payroll platform that supports a national operational footprint. This has assisted in improving data collection. Improvements will continue to be made to the data definitions and the data collation process. Additional non-financial data will be expanded and ongoing improvements will be made. New HR/IR software modules that interface with the Human Capital Outsourcing segment's payroll and contractor databases and systems have been implemented.

PERFORMANCE OVERVIEW

Chairperson's report

I am pleased to present Primeserv's integrated annual report as Chairperson for the first time. I have served on the Board since August 2009 and was appointed Chairperson effective 31 March 2016. Despite not holding the position for most of the year I have been actively involved in the oversight of the Group as a board member during the year under review.

Primeserv's performance for the year is commendable in light of the challenging macroeconomic environment and the changes in the labour market. Despite this Primeserv improved profitability and bolstered the Group's long-term sustainability.

World GDP growth slowed from 3.4% in 2014 to 3.1% in 2015, dropping to the lowest level since the global financial crisis. Growth rates in advanced economies were modest while performance in other countries weakened. It is evident that the increase in global activity and the rate of recovery is more gradual than expected especially in emerging markets and developing economies. This is attributable to a slowdown and rebalancing of the Chinese economy, lower commodity prices and geopolitical instability. China's growth rate of 6.9% was the lowest in 25 years. A considerable drop in demand for industrial commodities in the region has a significant impact in South Africa, which is highly dependent on trade with China. Commodity markets are key to South Africa and the substantial drop in prices has significantly impacted the mining and manufacturing industries.

In South Africa rising interest rates, volatile exchange rates as well as the ongoing political uncertainty negatively affected the operating environment. According to Statistics South Africa, growth slowed to 1.3% in 2015, the lowest rate since 2009, as the local economy faced serious challenges and in the first quarter of 2016, contracted by 1.2%, primarily because of the sharp decline in mining output. Weak growth rates are reflected across all sectors but the 18% drop in mining output was the major contributor to the disappointing performance.

Despite a weaker rand, export volumes dropped as global demand for commodities fell and unfavourable conditions in key markets for manufactured exports endured. The worst drought on record severely impacted the agricultural sector. South African households are under increasing pressure with rising living costs impacting household spending, which increased by 1.6% last year, but dropped 1.3% in the first quarter of 2016. High levels of unemployment, muted credit growth and rising inflation are increasing the risk of a recession.

South Africa's business confidence index declined steadily to a low of 79.6 in December 2015 but gradually improved to 81.2 in March 2016, although this is 7.9 index points below the March 2015 level. The current economic backdrop is tough in all industries and markets are increasingly competitive.

The impact of the difficult trading environment was exacerbated by a kneejerk negative reaction to the long awaited amendments to section 198 of the Labour Relations Act that came into effect in April 2015. Initial uncertainty regarding the application of the law impacted the TES industry and hence Primeserv's business as clients reacted cautiously. However, a labour court ruling subsequently provided the clarity needed for a level of stability to return to the industry.

We believe that labour flexibility and Temporary Employment Services (TES) play a critical role in the South African economy and reflect a general international trend. Research has shown that TES have contributed significantly to job creation in South Africa since 1994, more so perhaps than any other sector. It is evident that a significant proportion of employed people rely on part-time jobs or employment of an "unspecified duration". This is in line with the global trend that sees employees move away from traditional full-time jobs and is seen as a natural evolution of the labour market. TES provide businesses with flexibility and in doing so increase businesses' resilience in the face of challenging conditions while enabling their competitiveness, ultimately increasing their positive contribution South Africa.

Primeserv's performance for the year is commendable in light of the challenging macroeconomic environment and the changes in the labour market. Despite this Primeserv improved profitability and bolstered the Group's long-term sustainability.

Primeserv supports the protection of workers from exploitation in line with international practices. The World Competitiveness Report of the World Economic Forum consistently rates the SA labour market among the least efficient in the world. To address this a careful balance between legislation protecting employees and encouraging economic growth and job creation needs to be reached.

South Africa's extremely onerous labour legislation and poor productivity are deterrents to both local and international investment in labour intensive businesses. Off-shore companies making substantial investments in manufacturing plants in South Africa implement high levels of automation to mitigate the risk inherent to the South African labour force.

In addition to restrictive legislation, the South African labour market is prone to intense industrial action. That being said, in recognition of the fundamental democratic rights of freedom of expression, Primeserv makes every effort to engage and work in concert with unions and government to address issues before they escalate ensuring that its clients businesses run smoothly.

According to Stats SA South Africa's unemployment rate rose to 26.7% up 2.2 percentage points in the first quarter of 2016 (the 4th quarter of Primeserv's financial year), which represents over 355 000 jobs lost and over 500 000 new unemployed people entering into the job market.

A decrease in people employed was evident in most of the industries in which Primeserv operates including mining, manufacturing, and business services. Stats SA indicate that the decline in the number of people employed in the retail trade was particularly significant. In addition employment in the mining industry continued the downward trend evident in the past year. Employment levels in the domestic mining sector have declined by more than 73 000 jobs from the recent peak in July 2012 to December 2015.

Trade Union, Solidarity's, South African Labour Market Index for the first quarter of 2016 indicated the local labour market declined in every key metric and reached the worst levels since global economic crisis. Solidarity has attributed the lower levels of job and wage security in the first quarter of 2016 to rand volatility, political instability coupled with weak growth, rising costs and overall uncertainty in the business sector.

As a key employer Primeserv plays a critical role in economic upliftment and hence in the social fabric of South Africa. In addition to wide ranging job creation the Group provides employees with a depth of training and skills development that enables progression to higher-level positions.

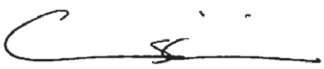
Concerning trends in unemployment, which have been highlighted in recent research, indicate that having a matric only gives young job seekers a slight advantage in the labour-market and a high proportion of these candidates are struggling to find their first job. The unemployment rate for job seekers under the age of 35 is extremely high, 58.4% of 18 to 29-year-olds have never worked before.

Primeserv embraces all the government's national imperatives for the youth in South Africa and is very active in addressing job creation in a variety of ways. The Group provides an opportunity of finding gainful employment and work experience for unskilled candidates while also providing training interventions linked to early career skills development thereby equipping them for the next phase of their careers. In addition the Group's CSI projects in both rural and urban areas drive youth upliftment through training and support.

We are braced for another tough year, with deterioration in the global economy and further weakening of the South African economy expected. The rand expected to remains unstable and under pressure and South Africa's investment grade credit rating continues to be a concern. However, we are optimistic about South Africa's future and sees Primeserv as playing a meaningful role, particularly with the youth, who are so key to the future of the country.

The Group's proprietary human capital solutions offering, encapsulated in its Primeserv Int**HR**grate™ Model, is positioned to benefit both clients and Primeserv in the year ahead and in the long term. The Primeserv Int**HR**grate™ Model is a key differentiator that provides resilience to Primeserv and its clients in the face in current environment.

I would like to thank the Board for their support and wise counsel over the year. I would like to commend Merrick and his management team for their sterling efforts in these challenging times.



Cleopatra Shiceka-Ntshingila
Chairperson
29 September 2016

PERFORMANCE OVERVIEW

Chief Executive Officer's report

Primeserv's results for the 12 months ended 31 March 2016 were satisfactory given the difficult economic trading conditions experienced across most of the business sectors serviced by the Group. The performance of the Group's largest business segment providing Temporary Employment Services (TES) was negatively impacted by a combination of a poorly performing economy and the initial reaction from certain industry specific clients to the introduction of South Africa's new labour legislation. This resulted in a higher than anticipated reduction in volumes across the TES industry and consequently had a negative effect on revenue in the flexible staffing component of the Group's business. This was primarily attributable to some client uncertainty in relation to the implementation of the employment relationship encompassed in the new Labour Relations Act (LRA) and in some instances clients' decisions to take their contract staff onto their permanent payroll.

Through a process of client consultation and workplace forums, aligned to Primeserv's overriding commitment to ensuring a clear understanding of, and compliance with, the new labour laws (particularly in light of the Labour Court ruling in September 2015 that clarified the employment relationship between the TES, client and contractor) volumes across the TES market have started to stabilise, however, at lower levels than had been experienced prior to the amendments coming into effect.

As a consequence of lower staffing volumes, but taking cognisance of the need to maintain the Group's strategic national footprint and client centric service delivery capacity, stringent efficiency initiatives were implemented whilst rightsizing was kept to a minimum. This has positioned the Group to meet any uptake in demand for its services and deliver on new contract awards. The Group continued to invest in the growth of its expanded national infrastructure and systems-based operations so as to remain price competitive whilst entrenching its ethos of client service excellence.

As referred to at the interim reporting stage, attention has been directed toward improving operating performance where possible, through contract specific margin management. Allied to this is an ongoing programme focused on employee skills assessment and training, youth development and deployment in conjunction with Government's aim to alleviate youth unemployment, and a need to improve workplace productivity. Underperforming contracts across all of the Human Capital Services business units were reassessed and some were brought to a close. To address the revenue decline experienced in the financial year under review, investment in an expanded national sales force has been undertaken which may have a short-term impact on future profit performance. This has led to the award of some meaningful new contracts which, once rolled out, should result in revenue growth.

As a result of the weak and uncertain operating environment and lower staffing volumes, Group revenue for the year ended 31 March 2016 decreased by 12% from R651.0 million to R572.4 million. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 18% from R13.7 million to R16.2 million. Operating profit increased by 25% from R11.6 million to R14.5 million, attributable to costs incurred within Central Services reducing from a cost of R17.1 million to R13.9 million. The net interest cost incurred by the Group decreased from R4.6 million to R3.4 million with interest cover improving from a ratio of 2.5 to a ratio of 4.3 for the year under review. Profit before taxation increased by 59% from R7.0 million to R11.1 million, whilst total comprehensive income increased by 1% from R11.1 million to R11.2 million on the back of increased taxation. Overall the Group's headline earnings increased by 8% from R11.9 million to R12.9 million. The Group's gross profit from operations decreased 9% compared to the prior year, from R109.3 million to R100.1 million, due to lower sales albeit that this year's trading was at slightly better margins. The earnings per share and diluted earnings per share increased by 9% from 12.73 cents to 13.86 cents. Similarly, headline earnings per share and diluted headline earnings per share increased from 12.73 cents per share to 13.86 cents per share.

The Group's balance sheet continued to reflect an improvement. Long term and other receivables reduced year on year from an aggregate R8.9 million to R8.6 million, with the long term component having reduced to nil. Trade receivables have decreased from R85.2 million to R80.0 million at year end, with Days Sales Outstanding (DSO) weakening from 42 days to 45 days. This is indicative of the tighter trading environment. The Group improved its cash and borrowings positions, with net bank borrowings decreasing from R40.9 million to R23.9 million at the end of the financial year under review. This resulted in gearing improving from 46% to 24%. The Group's net asset value increased by 16% year on year from 95 cents per share to 110 cents per share.

As indicated previously, reduced headcount resulted in lower revenue in the Staffing and Recruitment Services segment of the Group. Despite reduced volumes, profitability was positively affected by a proactive and constructive approach to dealing with the impact of the new LRA, ensuring stringent compliance capability, aligned to the effective implementation of this legislation in conjunction with improved workplace productivity initiatives. Revenue declined by 13% from R612.2 million to R532.4 million. A major loss of revenue was experienced in the business unit servicing the petrochemical sector. This was a direct consequence of ongoing weakness in the oil price, resulting in certain labour intensive projects being delayed and planned maintenance shutdowns being minimised. The unit also brought to an end a substantial but underperforming contract, which has to date not been replaced. Whilst this business unit is expected to remain under pressure for some time, its efforts are being redirected to develop alternative revenue streams within the heavy industrial, engineering and power generation sectors.

The blue collar staffing unit, which specialises in servicing the logistics, warehousing and distribution market, as well as the wholesale and retail, manufacturing and engineering and construction sectors, delivered a satisfactory performance under trying conditions. Lower than anticipated peak season volumes were experienced across the logistics environment, whilst the engineering and construction sector was severely depressed. The white collar professional draughting and engineering staffing unit delivered a stable trading performance.

The Group has, in line with Government's programmes aimed at seeking to create employment and upskilling opportunities, particularly for the youth and poorly skilled employees, directed its efforts and resources towards driving these key national imperatives. This has been achieved through the alignment of the Group's operational activities to benefits linked to youth employment, learnerships and skills development grants. Given that some of these programmes may be coming to an end, the Group is focusing on developing organic growth opportunities and diversifying its revenue streams. Acquisitions within the outsourced business support services sector are also being actively pursued.

A change in client mix across the segment combined with cost containment measures and the ongoing vigorous management of working capital, as well as the benefits of efficiencies from the Group's Central Services unit, assisted in stabilising operating profit which was marginally weaker at R27.3 million compared to R27.7 million for the comparable period. EBITDA decreased, by 2% from R29.2 million to R28.6 million. The segment's DSO increased to 42 days from 40 days due in part to the change in client mix and to the tougher collections environment. The Division's focus remains on sales growth, working capital management, margin improvement and operating efficiencies.

The Training and Consulting Services segment offers both strategic and growth opportunities to the Group as a whole. Investment was made in developing new training product lines and also in furthering training and upskilling at Primeserv's TES clients. In working closely with the Group's staffing units emphasis was placed on employee development and advancement allied to staff placement and procurement initiatives focused on the local communities in which the Group's clients are located. Revenue for the segment increased from R38.7 million to R40.0 million, with operating profit increasing by 5% from R1.0 million to R1.1 million for the 12 months ended 31 March 2016. Operating performance in the latter part of the financial year was again affected by contract delays and late cancellations, whilst fixed costs increased in anticipation of contract starts. The segment's DSO deteriorated year on year from 75 days to 82 days, due in the main to delayed payment from the SETAS. EBITDA declined by 3% from R1.44 million to R1.40 million.

The training unit has developed a dedicated Wholesale and Retail Academy which specialises in delivering employee skills upliftment and workplace sustainability programmes for the wholesale and retail sector. Our learning solutions unit offers a comprehensive programme of skills upliftment courses to our employees as well as to the youth, unemployed, and learners with disabilities. These include mapping of career paths, development of customised learning solutions, learnerships and/or qualifications, skills programmes and/or workshops, public or in-house interventions and blended learning to incorporate e-learning and self-study. During the year our turnkey learnership offering was expanded to include recruitment of learners, assessment of learners, project management, facilitation and ETQA processes, sourcing host employers for workplace experience, performing coaching and mentoring support, training coaches and mentors and training learnership co-ordinators.

In addition a pilot learnership project to develop unemployed youth with disabilities was launched in partnership with a major oil and gas company. The project will be rolled out in the current year and Primeserv will offer a full turnkey solution to the candidates. Funded by CETA, construction learnerships commenced in the final quarter of the year, with on-site facilities erected in local communities. Other initiatives included the relocation of the construction training centre to allow learners to attend longer phases of training for trade test purposes. The public course offering was expanded to include learnerships/qualifications, which has enabled medium to smaller companies, with lower numbers of learners, to utilise this offering.

During the year the number of new learner enrolments increased 6% to 8 887. This included 695 learnerships/qualification enrolments of which Business Administration was the most subscribed, followed by Generic Management, Wholesale and Retail Operations and OD-ETDP. 8 193 new learners enrolled on short-term skills programmes, of which 78% were technical training based (Lifting Machinery Operations, Heavy Plant and Equipment, Health and Safety and Construction training), followed by Generic Management and OD-ETDP. There was a significant increase in wholesale and retail skills programmes in comparison to prior years.

Emphasis has been placed on developing this segment of the Group so as to expand its value proposition from its inherently strategic impact to that of a meaningful profit generator.

Our clients are South African companies, parastatals and multinationals that compete through the quality and productivity of their human capital. We enable them to realise their strategic and tactical objectives through achieving optimal efficiencies and providing workplace flexibility. Our proprietary Int**HR**grate™ Model of end-to-end human capital solutions, is continually refined and developed to meet our clients' specific needs and the constantly changing operating environment.

Primeserv's operating context is rapidly evolving with new technologies, the internet and mobile connectivity and increasing automation disrupting the world of work. A consequence of this is the substantial growth in temporary or contract jobs in developed economies such as the USA and Europe. Already 60 million workers or 40% of the workforce in the USA belong to the 'contingent workforce' according to the US Bureau of Labor Statistics. This is defined as the labour force that has "non-standard work arrangements" or those without "permanent jobs with a traditional employer-employee relationship", and this is expected to become the predominant source of employed US labour by 2030. Other developed economies estimate similar numbers and emerging markets such as South Africa are following suit.

However, South African labour legislation and the current government stance is out of kilter with these global trends, hindering job creation and impacting the competitiveness of South African companies internationally. While the focus was to protect temporary employees against unfair practices, the extensive review of the labour legislation has resulted in a complicated labour environment that impedes flexibility and does not adequately account for the activity peaks and valleys of most businesses. Temporary and project specific staffing is an efficient method for matching staffing headcount to transaction and production volumes.

As a provider of flexible staffing solutions Primeserv has a sophisticated business capability that is supported by a range of matching HR and IR support-service modules. Our competitiveness and sustainability is dependent on maintaining premium levels of training, staffing capability and capacity, and technology and industry specific expertise. We take our role as a significant employer in South Africa seriously, embracing our responsibilities to the people we employ, our clients and the wider South African society.

The Group has intensified its efforts and increased resources to create employment and upskilling opportunities for the youth and poorly skilled employees. Primeserv is committed to driving these key national imperatives. The Group's operational activities are aligned to benefits linked to youth employment, learnerships and skills development grants.

In the year ahead Primeserv will expand its accreditations with a number of SETAs to build on the current offerings and add learnerships/qualifications and skills programmes aimed at the public sector as well skills in production technology, heavy plant, health and safety, lifting machinery operations, and road and civil construction.

Furthering Primeserv's transformation strategy remains a priority, with the focus on black ownership, increasing expenditure on skills development and preferential procurement. Our skills development and enterprise development initiatives continue to thrive.

Looking ahead, the weak South African economic outlook will continue to take its toll. Growth prospects in many of the industries serviced by the Group are under pressure. Consequently, employment opportunities remain depressed. Nevertheless, the Group is optimistic regarding its growth prospects. Primeserv's emphasis on a market centric approach that delivers customised services for clients through its national infrastructure, in ways that meet their constantly changing human capital and productivity requirements, positions it to benefit from improved trading conditions. The Group, as referred to earlier, is seeking acquisitions and exploring other opportunities that will enable it to leverage its inherent scalability whilst also diversifying its revenue base.

I would like to thank all our staff and assignees for their commitment throughout the year and our management team who have skilfully navigated through a year of many challenges. Thank you to our clients and suppliers for their ongoing support, many longstanding relationships continue to endure. To Cleo, our new Chairperson, and all the members of the Board, your guidance and support is much appreciated.

M. Abel

Merrick Abel
Chief Executive Officer

29 September 2016

CORPORATE GOVERNANCE

Corporate governance report

Good governance is a keystone of Primeserv's operations. The Board sets the tone, leading the group in an ethical and responsible manner, guided by principles of transparency, integrity, responsibility and accountability. The Board is committed to applying the principles of corporate governance recognising that this is essential in protecting the interests of all stakeholders. The governance structures and processes are regularly reviewed and updated to accommodate internal developments and reflect best practice. Primeserv adheres to the principles and recommendations of the King Report on Corporate Governance for South Africa (2009). This integrated annual report has been prepared in line with these principles on an "apply or explain" basis. A detailed report on the extent to which the company adheres to all 75 principles is available at www.primeserv.co.za. Compliance with King III Chapter 2 is set out on pages 16 to 25.

The Board leads by example in promoting ethical practices and sound corporate citizenship. The Group has a Code of Ethics and Corporate Conduct in place designed to ensure that Primeserv operates within the framework of good business practice. This is complemented by the Primeserv Pledge (see page 2).

Primeserv's Code of Ethics and Corporate Conduct is linked to good governance articulating Primeserv's commitment to conducting business in a responsible and ethical manner and outlining the Group's responsibilities to stakeholders. All Group employees are expected to conduct themselves with integrity in their internal and external dealings and are expected to adhere consistently and uncompromisingly to the highest standards of ethical behaviour. The Board is confident that the ethical standards of the Group are being upheld. All decisions and actions both of the Board and executive management are based on four ethical values that underpin good corporate governance:

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

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

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

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

The Board

Changes to the Board

During the year under review CEO Merrick Abel undertook the role of acting Chairman while the board pursued the appointment of a new independent non-executive Chairman. Prior to this arrangement the roles of Chairman and CEO were split and will continue as such in the future.

The Board appointed Cleopatra Shiceka-Ntshingila as Chairperson with effect, 31 March 2016. Cleopatra has served on the Board as an independent non-executive director since August 2009. Her appointment is in line with the Group's transformation and empowerment strategy.

Board composition and independence

The Board for the year ended 31 March 2016 consists of seven members, four are non-executive directors, three of whom are independent. The role and responsibilities of the independent non-executive chairman and the CEO have been clearly defined and are distinct to ensure checks and balances in decision making. No single director is positioned to exercise unfettered decision-making, which protects against the influence of possible personal interests and thereby ensures that the interests of all stakeholders are represented and taken into account. The CEO provides strategic leadership and is responsible for day-to-day operational decisions and business activities. Non-executive directors provide independent judgement on issues of strategy, budgets, performance, resources, transformation, diversity, employment equity and standards of conduct. They are also responsible for ensuring that the Chairman encourages proper and appropriate deliberation on matters requiring the Board's attention.

Executive directors are all bound by employment contracts and restraint agreements.

In order to improve the board's effectiveness, evaluations of the Board, individual directors, Board Committees and the Chairman are carried out annually. Appropriate measures are taken to address any weaknesses highlighted through the evaluation process. Each independent director provides input and is expected to demonstrate intellectual integrity in his/her self-assessment.

The Board also considers the director's interests including those in the business in terms of direct or indirect shareholding and/or an interest in a contract with the Group. The Board assesses the materiality of the directors' interests, but considers amounts constituting less than 5% not material. The Board defines levels of materiality, reserving specific powers for itself and delegating other matters, together with the necessary authority, to management. Conflicts of interest, actual or perceived conflicts are monitored, and disclosed at each Board meeting. Dealing in shares by directors and senior officers is governed by a formal policy.

Governance structure

Primeserv Board	Audit, Governance and Risk Committee	Remuneration and Nomination Committee	Social and Ethics Committee
Independent non-executive directors: Cleopatra Shiceka-Ntshingila (Appointed Chairperson 31 March 2016) J Michael Judin (Resigned as Chairperson 27 March 2015) David L Rose *Non-executive director:* Letepe M Maisela *Executive directors:* Merrick Abel (CEO) Raphael Sack (FD) Desmond C Seaton	*Members:* David L Rose (Chairman) J Michael Judin Cleopatra Shiceka-Ntshingila *Invitees:* Merrick Abel (CEO) Raphael Sack (FD) Desmond C Seaton	*Members:* J Michael Judin (Chairman) Letepe M Maisela *Invitee:* Merrick Abel (CEO)	*Members:* Letepe M Maisela (Chairman) Cleopatra S Shiceka-Ntshingila Merrick Abel

The composition of the Board is reviewed annually by the Remuneration and Nominations Committee, which considers the required mix of skills, experience and other qualities and assesses the effectiveness of the Board, its various Committees and the contribution of each director.

Executive directors are appointed on the basis of their skills, experience and level of contribution to and impact on the Group's activities. Non-executive directors are selected in line with the Group's transformation strategy, and on the basis of industry knowledge and their professional skills and experience in order to enhance organisational decision-making and ensure optimal organisational stability. In terms of its charter, the Social and Ethics Committee may recommend candidates who it believes are not only suitably qualified and who will be assets to the Board, but who will also further the transformation of the Group.

All non-executive directors are subject to election by shareholders. In accordance with the Group's Memorandum of Incorporation, at least one-third of the non-executive directors retire by rotation at the Group's annual general meeting. Retiring directors may make themselves available for re-election, provided that they remain eligible as required by the Memorandum of Incorporation and in compliance with the JSE Listings Requirements.

Accordingly CS Shiceka-Ntshingila and JM Judin will retire by rotation at the upcoming annual general meeting, and, being eligible, will offer themselves for re-election. A brief CV of each director standing for election at the annual general meeting is contained in this integrated report. In determining whether to recommend a director for re-election, the committee considers the director's past attendance at meetings, participation in and contributions to the activities of the board, and the results of the most recent board self-evaluation in addition to compliance with regulatory requirements.

While non-executive directors' appointments are not formalised through letters of appointment, the Board believes that the rigorous review of candidates provides sufficient evidence to support their appointment. Any changes to the Board are published on the JSE's SENS. The Group has an induction programme for all new directors that takes into account their individual experience, skills and requirements. A summary of the Group's remuneration policy is set out on page 22.

Board responsibilities and functioning

The Board meets regularly and retains full and effective control over 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.

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

The Board defines levels of materiality. The directors are empowered to delegate their authorities to the CEO or any other executive director and similarly to properly constituted board committees. Notwithstanding this, the directors recognise that they are ultimately accountable and responsible for the performance and affairs of the company and the group and that the use of these delegated authorities in no way absolves the board of the obligation to carry out its duties and responsibilities.

A process of control enables the Board to assess and mitigate risks where possible, and directs the attainment of the Group's objectives. This environment sets the tone for the Group and encompasses ethics and values, organisational philosophy and employee competence.

The Board actively participates in the process of strategy development and is not merely a recipient of strategy proposed by management. The directors appreciate that strategy, risk, performance and sustainability are inseparable. The Board contributes to and approves the Group's strategy satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management. The Board ensures that the strategy will result in sustainable outcomes and considers the possible impact of its various operations on society and the environment as a whole, while also ensuring compliance with the Constitution and laws of the country. Furthermore, the Board ensures that measurable and effective corporate citizenship programmes are developed, and that these programmes are implemented by management.

Together with management, the Board seeks to identify the Group's key risk areas and key performance indicators, and updates and reviews them regularly. Full and timely information is supplied to the Board and Committee members, and they have unrestricted access to all Group information, records, documents and property.

Company Secretary and independent advice

The board of directors have direct access to the company secretary, ER Goodman Secretarial Services CC, who provide guidance and assistance in-line with the requirements outlined in the Companies' Act, King III and the JSE Listings Requirements. Primeserv's Financial Director and/or the Group Legal and Risk Officer attend to certain company secretarial responsibilities.

The board of directors has determined that the Company Secretary, who has more than 20 years' company secretarial experience, has the required independence, competence, qualifications and experience to perform the duties of Company Secretary of a public company. The Company Secretary's relationship with the Board has been assessed and is considered to be at arm's length.

Attendance at meetings

	Board	Audit, Governance and Risk Committee	Remuneration and Nomination Committee	Social and Ethics Committee
Cleopatra Shiceka-Ntshingila (Appointed Chairperson 31 March 2016)	2(4)	3(4)	n/a	2(2)
J Michael Judin (Resigned as Chairperson 27 March 2015)	4(4)	3(4)	2(2)	n/a
David L Rose	4(4)	4(4)	n/a	n/a
Letepe M Maisela	3(4)	n/a	2(2)	2(2)
Merrick Abel (CEO)	4(4)	4(4)	2(2)	2(2)
Raphael Sack (FD)	4(4)	4(4)	n/a	n/a
Desmond C Seaton	4(4)	4(4)	n/a	n/a

CORPORATE GOVERNANCE

All directors may obtain independent professional advice at the Group's expense, where they deem it necessary. This enhances the Board's decision-making capability and the accuracy of its reporting.

Board committees

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

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

Audit, Governance and Risk Committee

The Audit, Governance and Risk Committee is constituted as a statutory committee of the Company in compliance with the Companies Act, King III and the JSE Listing Requirements. Its composition, responsibilities and activities are covered in the Audit, Governance and Risk Committee Report on page 21.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is constituted as a committee of the Board for the purposes of considering remuneration across the Group and the composition of the Board and its committees, including training and succession. Its composition, responsibilities and activities are covered in the Remuneration and Nominations Committee Report on page 22.

Social and Ethics Committee

The Social and Ethics Committee is constituted as a statutory committee of the Company in compliance with the Companies Act. Its composition, responsibilities and activities are covered in the Social and Ethics Committee Report on page 24.

Risk and compliance

Governance of risk

Primeserv has a comprehensive risk management policy in place that is entrenched throughout the Group. The Audit, Governance and Risk Committee is responsible for monitoring implementation of the policy. The Group's risk strategy is determined by the Board, with input from the executive directors and senior management. Risk strategy encompasses identifying, assessing, monitoring, managing and, where possible, mitigating all identified forms of risk across the Group.

The identification of risks and opportunities is robust and systematic, and takes place at all levels of the Group. The Board is responsible for determining the Group's tolerance or appetite for risk. The Audit, Governance and Risk Committee assists the Board in reviewing both the risks facing the Group and the risk management process. The role of the Committee is to ensure that the Group has effective, ongoing processes designed to identify and assess risk, and to implement whatever measures are necessary in order to manage this risk proactively. Risk management presentations and updates are done by management at each meeting.

The Audit, Governance and Risk Committee utilises a heat risk mapping process aimed at identifying key risk areas and key performance indicators. It assesses and addresses, *inter alia,* physical and operational risk, HR risk, technology risk, business continuity and disaster recovery, credit and market risk and governance and compliance risk. This assists the Board in its assessment and management of risk.

The Group's risk management policy is reviewed annually and the risk management plan is presented to the Board for approval. The approved policy is disseminated and implemented throughout the Group. The risk management plan is integrated into the day-to-day activities of the Group.

The Board is regularly kept abreast of the Group's levels of tolerance and appetite for risk and recommendations are made. The Board approves the assessment and management of risk within the levels of tolerance and appetite.

The risk management process incorporates frameworks and methodologies to anticipate and mitigate unpredictable risks where possible. There are pre-specified risk responses at management and executive level and guidelines for monitoring the response to risk. The Group obtains formal opinions on the process of risk management and the effectiveness of the risk management system. Reporting on risk management is timely, comprehensive, accurate and relevant.

Risk management framework

Risk management and the ongoing improvement in corresponding control structures remain a key focus of management in building a successful and sustainable business. The Board recognises that risk management is a dynamic process and that the risk framework should be robust enough to effectively manage and react to changes in an efficient and timeous manner. Formalisation of a risk management framework is the responsibility of the Group's Board of Directors.

The framework ensures:

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

Operational risk management

The structure of the Group promotes the active participation of executive management in all of the operational and strategic decisions affecting their business units. This creates a strong culture of ownership and accountability. Senior management takes an active role in the risk management process and is responsible for the implementation, ongoing maintenance of and ultimate compliance with the risk process as it applies to each business unit.

The Board is kept abreast of developments through formalised reporting structures, ongoing communication with management, regular management meetings at an operating subsidiary level and through representation of executive members of the Board on certain of the forums responsible for the management of risk at an operating subsidiary level. The Group remains committed to employing the highest calibre of staff to ensure a strong financial and operational infrastructure within each of the business units.

Internal control

The Board is responsible for the group's systems of internal control and risk management. The Audit, Governance and Risk Committee assist in this regard. The committee evaluates the adequacy and effectiveness of internal control systems and monitors the implementation of recommendations made by the external auditors. The Group has internally defined lines of accountability and delegation of authority, and makes provision for comprehensive reporting and analysis against approved standards and budgets. Compliance is tested by way of management review, internal audit checks and external audits. The Audit, Governance and Risk Committee considers the results of these reviews on a regular basis. It confirms the appropriateness and satisfactory nature of these processes, and ensures that breakdowns involving material loss, if any, together with the remedial actions taken to rectify these, are reported to the Board.

The internal control systems exist in order to provide reasonable but not absolute assurance regarding the safeguarding of assets and the prevention of their unauthorised use or disposition, the maintenance of proper accounting records, and the reliability of financial and operational information used in the business. The system of internal control is designed to manage rather than eliminate the risk of failure so as to achieve business objectives, and can provide reasonable rather than absolute assurance against material misstatement or loss. There is an ongoing process of identifying, evaluating, managing, monitoring and reporting on significant risks faced by the Group.

Internal audit

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

External audit

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

Insurance

The Group takes a risk-averse approach to insurable matters and hence reviews its insurance portfolio annually. The Group's operating assets, including various assets owned by lessors, are insured at replacement value. Credit evaluations are performed on its clients and, where available and cost-effective, uses credit insurance. Key-man policies cover key executives wherever possible, and liability cover is taken out for fidelity, directors' liability, loss of profits, political risk, general liability and professional liability.

Information technology

The Board is ultimately responsible for IT governance and acknowledges the vital role that information technology governance has to play in the management of risks and the achievement of Group objectives. Primeserv has an IT governance framework in place, which ensures management's appreciation for, and ability to manage, risk associated with IT and delivering value from its use. The framework is a control model designed to meet the recommendation of IT governance and ensure the integrity of information and information systems. The framework takes into account business requirements, control needs and technical issues. Implementation of the IT governance framework has been a phased process and is progressively broadening to include:

- Alignment of IT strategic objectives and enterprise strategic objectives and processes
- Prioritisation of IT project initiatives and delivery of IT investment recommendations for Board approval
- Sufficient organisational capability to enable the business to deliver on its strategic objectives
- Continuous evaluation of processes and procedures
- Remedial action to deal with poor performance if and when required
- Suitable criteria for decision-making
- Open communication between the IT department and the other business units to promote collaborative planning
- Evaluation of the benefits of outsourcing certain IT functionalities
- An annual IT assurance statement on key IT projects and performance metrics

Tax

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

Compliance with laws, rules, codes and standards

Primeserv operates within a complex legislative framework. The Group monitors amendments to existing laws, new laws and the passing of new Bills to ensure compliance. Business processes are then aligned to the legislative framework.

Restriction on share dealings

In accordance with Primeserv's policy, no Group director or employee who has inside information in respect of the Group may deal directly or indirectly in Primeserv Group Limited shares based on such information. All transactions by directors and senior management or parties connected to them that involve Primeserv shares or options must be approved by the Chairman or, in matters involving the Chairman, by the Chief Executive Officer.

Stakeholder relationships

The Board accepts its duty to present a balanced and understandable assessment of the Group's position when reporting to stakeholders. Reporting addresses material matters of significant interest and concern to all stakeholders, and presents a comprehensive and objective assessment of the Group so that shareholders and stakeholders with a legitimate interest in the Group's activities can obtain a full, fair and honest account of its activities and performance. Primeserv is proactive with regard to its stakeholder engagement policy, which is aimed at aligning the Group's stakeholder engagement policies and processes with the principles outlined in King III.

Details of the Group's engagement with key stakeholders is outlined on pages 8 to 10.

Annual general meeting

The agenda for the annual general meeting (AGM) is set by the Company Secretary and is communicated to all shareholders in the notice of the meeting that accompanies the Integrated Annual Report. Consequently, the notice of the AGM is distributed well in advance of the meeting itself, which affords all shareholders sufficient time to acquaint themselves with the effects of any proposed resolutions.

Adequate time is also provided by the Chairman during the course of the meeting for the discussion of any proposed resolutions. The conducting of a poll to decide on any such resolutions is controlled by the Chairman and takes account of the votes of all shareholders, whether present in person or by proxy. A proxy form is included in the Integrated Annual Report for this purpose.

The Group recognises the importance of its shareholders' attendance at its AGM. All participants are required to provide satisfactory identification at the meeting. Acceptable forms of identification include original and valid identity documents, driver's licences and passports. Shareholders who wish to participate in the AGM by way of electronic participation should make application to the transfer secretaries to do so. The Group reserves the right not to provide for electronic participation in the event if it determines that it is not practical to do so. The cost of accessing any means of electronic participation provided by the Group will be borne by the shareholder accessing the facility. Shareholders are advised that participation in the AGM by electronic participation does not entitle that shareholder to vote.

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

Integrated reporting and disclosure

The Board acknowledges its responsibility to ensure the integrity of the Integrated Annual Report and its responsibility statement authorising the release of the Integrated Annual Report appears on page 26.

Audit, Governance and Risk Committee

The information below constitutes the report of the Audit, Governance and Risk Committee in respect of the year under review, as required by the Companies Act.

The Committee is chaired by David L Rose and further comprises J Michael Judin and Cleopatra Shiceka-Ntshingila all of whom are independent non-executive directors with the required skills and expertise, as outlined in the King III. Executive directors Merrick Abel and Raphael Sack and Desmond C Seaton attended by invitation.

The committee chairman attends the AGM to answer any questions relating to matters in the ambit of the committee. The committee meets with the external and internal auditor without the presence of management at least once a year.

The committee meets at least twice a year with additional meetings if required. Attendance at committee meetings is set out on page 17.

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

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

Responsibilities

- Developing and maintaining effective systems of internal control
- Reviewing the need for and monitoring the function of the internal audit discipline
- Safeguarding the Group's assets
- Maintaining adequate financial reporting systems
- Evaluating and defining the levels of risk that are appropriate and acceptable to the Group
- Ensuring the reliability and accuracy of financial information provided to shareholders and other users of financial information
- Appointing external and, where deemed necessary, internal auditors
- Assessing the relevance, impact and resolution of accounting and/or auditing issues as may be identified by the external auditors
- Ensuring compliance with legal and regulatory provisions, including stock exchange requirements
- Formulating and updating the Group's Memorandum of Incorporation
- Formulating and updating the Code of Ethics and Corporate Conduct
- Formulating and updating the by-laws and rules established by the Board
- Reviewing both the risks facing the Group and the risk management process

The Audit, Governance and Risk Committee is satisfied that the appropriate risk management processes are in place.

The effectiveness of the committee is assessed annually. It was found that the Audit Governance and Risk Committee has duly completed its responsibilities during the year in accordance with its written terms of reference.

External audit

The Committee recommends the appointment of the external auditor for approval by shareholders at the annual general meeting. The Committee has satisfied itself that Baker Tilly SVG and Marlene Greeff, the designated auditor, are independent of the company. The Committee confirms that the auditor and designated auditor are accredited by the JSE. The Committee, in consultation with the Chief Executive Officer, agreed to the engagement letter, terms, nature and scope of the audit function and audit plan for the 2016 financial year. The budgeted fee is considered appropriate for the work that could reasonably have been foreseen at that time.

Non-audit services rendered by the auditor are governed by a formal procedure and each engagement letter for such services, where material, is reviewed and approved by the Committee. The external auditors have unrestricted access to the Chairman of the Committee and no matters of concern were raised during the year under review.

Risk management

While the Board as a whole is responsible for the Group's risk management, it has delegated authority to the Committee which reports to the Board. For further details see Risk and Compliance on pages 19 and 20.

Going concern assessment

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

The committee considered and is satisfied with the competence, expertise and experience of the company's FD, Raphael Sack.

Annual financial statements and accounting policies

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

A process has been established to receive and deal appropriately with any concerns and complaints relating to the reporting practices of the Group and the Company. No matters of significance have been raised in the past financial period. The Committee fulfilled its mandate and recommended the Integrated Report for the year ended 31 March 2016 for approval to the Board.

The Board approved the financial statements on 29 September 2016 and the financial statements will be open for discussion at the annual general meeting.

David L Rose
Audit, Governance and Risk Committee Chairman

29 September 2016

CORPORATE GOVERNANCE

Remuneration and Nominations Committee

The committee comprises independent non-executive directors J Michael Judin, who serves as Chairman, and non-executive director Letepe M Maisela. The CEO, Merrick Abel, attends meetings by invitation to assist the Committee in accessing information in certain of its deliberations and is excluded from deliberations in respect of his own remuneration. No director is involved in deciding on his or her own remuneration. (Details of meeting attendance are on page 17).

The committee is governed by a formal charter, which is reviewed by the Board.

Responsibilities

- Ensuring that the Group's remuneration structures adequately attract and retain talented and relevantly experienced individuals who can make a contribution to the Group's sustainability
- Recommending compensation policies and remuneration packages that support the Group's strategic and tactical objectives, and remunerates and rewards employees for their contribution to strategic, operating and financial performance
- Ensuring that nominees to the Board are not disqualified from being directors and, prior to their appointment, investigates their backgrounds in accordance with JSE recommendations

Remuneration philosophy

Primeserv is committed to offering fair and market-related remuneration. The remuneration philosophy focuses on maintaining, rewarding and developing the value of its people. The Group considers remuneration a key element to empowering each employee to make a positive contribution to the growth and sustainability of the business.

Primeserv remuneration strategies and objectives are formulated with regard to performance reviews at individual, divisional and Group level. An appropriate balance is maintained between employee and shareholder interests. The Board remains ultimately responsible for the Group's remuneration policy.

Remuneration of non-executive directors

Terms of service

Non-executive directors are appointed by shareholders at the annual general meeting. However, the Group policy makes allowances for interim Board appointments to be made between annual general meetings when necessary. The interim appointees serve until the next annual general meetings, when they may make themselves available for election by shareholders. In accordance with the Group's Memorandum of Incorporation non-executive directors are required to retire periodically by rotation, at which point they may seek re-election. Within this context, the length of service of non-executive directors who have served for more than ten years has been reviewed. Given the need for continuity in an industry subject to constant change, the size of the Group and its ability to attract and retain essential skills, the Board has determined that the continued involvement of long-serving directors is vital and of benefit to the Group.

Remuneration

Non-executive directors are remunerated for their contribution to the Board and Board Committees. Compensation for loss of office is not a contractual agreement. The annual remuneration and/or fees payable to non-executive directors are based on a retainer-based fee for membership or chairmanship of the Board and its Committees. From time to time special resolutions regarding remuneration of non-executive directors tabled for approval by shareholders. There are no short- or long-term incentive schemes for non-executive directors. Exceptions apply only where non-executive directors previously held executive office and qualify for unvested benefits resulting from their period of employment. There are no pension or medical benefits for non-executive directors.

Executive management reviews non-executive directors' remuneration and makes recommendations to the Board, which, in turn, proposes fees for approval by shareholders at the AGM.

Non-executive directors' remuneration is listed below.

Non-executive remuneration

Non-executive directors receive a base fee plus an attendance fee per meeting. Below are the fees proposed in relation to the 2017 financial year.

Role	Base fees R	Attendance fees per meeting R	Attendance fees at all scheduled meetings R
Chairperson	78 000	18 000	72 000
Non-executive directors	78 500	–	–
Chairman of Audit, Governance and Risk Committee	12 500	–	–
Chairman of Remuneration and Nominations Committee	12 500	–	–
Committee members – Audit, Governance and Risk Committee		8 000	24 000
Committee members – Remuneration and Nominations Committee		5 800	11 600
Committee members – Social and Ethics Committee		3 100	6 200

The fees in the table are for individual roles while the aggregate fees any single director earns for the 2017 financial year will be based on a combination of the fees for all roles performed.

The table below shows what the non-executive directors may be expected to earn for the 2017 financial year based on attendance at all scheduled meetings.

Non-executive director	Total fees year-end March 2017 (expected based on full attendance) R	Total fees year-end March 2016 (based on actual attendance) R
Cleopatra Shicka-Ntshingila (Appointed Chairperson 31 March 2016)	180 200	55 500
J Michael Judin	132 300	82 500
David L Rose	174 500	154 000
Letepe M Maisela	120 100	53 000
Total fees	607 100	345 000

Remuneration of executive directors

Remuneration

Remuneration of executive directors is determined through a process of needs evaluation and benchmarking, using current market information relating to remuneration and reward practices. Market conditions impact on the ability to attract and retain experienced executives with relevant industry experience, and the key nature of executive positions is also taken into account when determining remuneration.

Fixed remuneration may be complemented by performance bonuses, which may reach up to 70% of executives' basic packages. The Group's longer-term incentives for key executives include share options, share purchase schemes and share awards. The Group adopts the principle of total cost to company in determining executive directors' remuneration packages. This includes basic remuneration and retirement, medical and other benefits. In addition, executive directors benefit from long-term incentives linked to performance and retention measures.

Remuneration packages are constituted of the following:

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

The extent of managerial responsibility, together with actual workplace location, plays a role in determining basic remuneration of executive directors. Details of directors' remuneration are listed on page 49.

Terms of service

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

External appointment

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

Short-term incentives

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

Long-term incentives

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

J Michael Judin
Remuneration and Nominations Committee Chairman

29 September 2016

CORPORATE GOVERNANCE

Social and Ethics Committee

This committee executes the duties assigned to it by the Companies Act as well as any additional duties assigned to it by the Board of directors of Primeserv. Although management is tasked with the day-to-day operational sustainability of their respective areas of business, the Board remains ultimately responsible for group sustainability and has delegated certain duties in this regard to the Social and Ethics Committee.

The committee is chaired by Letepe M Maisela and further comprises, Cleopatra S Shiceka-Ntshingila and Merrick Abel (details of meeting attendance are on page 17).

The committee is governed by a formal charter, which is reviewed by the Board.

Responsibilities

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

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

During the reporting period the committee accordingly reviewed the following:

Social indicators

Employment equity and skills development

Primeserv promotes equal opportunities and fair treatment in employment and does not tolerate discrimination against any employee. Primeserv employees may exercise their rights in terms of the Basic Conditions of Employment Act without fear of discrimination. All new employees are required to attend a formal induction programme where they are made aware of the various Group policies and procedures, as well as rights, duties and obligations. The Group's disciplinary practices are conducted in accordance with its Disciplinary Code and Procedures, which are in line with King III. A Grievance Procedure is also in place to address grievances from employees.

The Group, including the holding company and its subsidiaries, has submitted its Employment Equity and Skills Development Plans to the relevant authorities, and continues to strive to exceed the required targets. The Board subscribes to the principles of employment equity and recognises the value of diversity. The Group is committed to providing equal opportunities for its employees, regardless of their ethnic origin or gender. The Group actively develops its employees to empower them to fulfil more responsible positions within the Group, thus reinforcing its diversity and meeting demographic representational requirements.

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.

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

When recruiting Primeserv ensure that wherever possible, vacancies are filled from within the Group.

Primeserv is committed to the development of all employees and provides equal opportunities in the workplace and provides skills development opportunities for employees to build on existing strengths and employee potential. The Group aligns Employment Equity targets with Skills Development programmes and objectives. Employees from designated groups have personal development plans in place to ensure that training, development and study opportunities are being made available to further promote equity in the workforce. Primeserv offers a mentoring programme comprising a developmentally oriented relationship between a senior and junior colleague. Mentoring becomes part of the evaluation for promotion and assists in goal setting, planning and identifying of designated employees to be fast tracked.

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

Preferential procurement

Primeserv has a B-BBEE procurement programme in place aimed at increasing the amount of money spent on procurement from B-BBEE-compliant enterprises and those that score at least 30% on the relevant B-BBEE scorecard. Procurement from the above enterprises will ensure that the ripple effect of affirmative procurement is realised throughout the economy.

Corporate social investment

The Group has intensified its efforts and increased resources to create employment and upskilling opportunities for the youth and poorly skilled employees. Primeserv is committed to driving these key national imperatives. The Group's operational activities are aligned to benefits linked to youth employment, learnerships and skills development grants.

Primeserv's corporate social responsibility strategy is focused on sustainable upliftment of the disadvantaged sectors of our community. The Group's primary CSI focus is on youth development as Primeserv sees them as particularly vulnerable, yet critical to the socio-economic future of South Africa.

Primeserv continued to provide financial and professional support to the Siyakhula Trust which focuses on developing leadership skills among the rural youth.

For the year under review, the Group continued it support for St Vincents School for the Deaf. The set-up of the computer training facility was completed with new computers, software and licensing and training of key staff members. Vocational training has been made available to Grade 12 learners in order to support their efforts in seeking further education and/or employment.

The Group aims to support communities in areas where we provide services. In so doing, the benefit lies not only in providing employment opportunities to potential breadwinners, but also in the upliftment of our workers' communities. Full strategic planning and financial support is being dedicated to developing a community focused pilot project which can then be rolled out in selected areas.

The provision of CSI initiatives is considered a privilege by the Group and the professional planning and implementation of these initiatives remains a core strategy.

Ethical indicators

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

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

The Group supports and encourages free external and internal competition in all business units and subsidiary companies. Advertising is conducted through a variety of mediums by the business entities within the Group, targeting the markets and clients which are appropriate to each business unit. The Group has no record of charges having been laid by the public or competitors regarding misleading or unfair practices or advertisements.

Safety, health, environment and quality indicators

The Board recognises its responsibility for dealing with SHEQ issues and, where applicable, constantly reviews and implements systems of internal control and other policies and procedures to manage SHEQ risks. Primeserv is committed to preventing workplace accidents and fatalities in terms of the Occupational Health and Safety Act (No 85 of 1993) of South Africa.

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

Environmental indicators

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

Letepe M Maisela
Social and Ethics Committee Chairman

29 September 2016

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' APPROVAL AND RESPONSIBILITY STATEMENT

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

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

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

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

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

The financial statements were approved by the Board of Directors on 29 September 2016, and signed on its behalf by:

CS SHICEKA-NTSHINGILA	M ABEL	R SACK
*Independent Non-executive Chairperson**	*Chief Executive Officer*	*Financial Director*

** Appointed 30 March 2016*

Johannesburg

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

AUDITORS
Baker Tilly SVG
Registered Auditors

PREPARER
Raphael Sack
Financial Director

PUBLISHED
29 September 2016

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

For the year ended 31 March 2016, the Company has, to the best of my knowledge, lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act (71 of 2008), as amended, and that all such returns are true, correct and up to date.

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

Johannesburg
29 September 2016

AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT

FOR THE 12 MONTHS ENDED 31 MARCH 2016

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

Membership

The Committee was elected by shareholders on 20 November 2015 to hold office until the conclusion of the annual general meeting to be held on 18 November 2016. The Committee is chaired by an independent non-executive director, Mr DL Rose, with its other members being Mr JM Judin (independent non-executive director) and Ms CS Shiceka-Ntshingila (independent non-executive director).

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

Shareholder approval of the appointment of the members of the Committee will be sought at the annual general meeting to be held on 18 November 2016. The members proposed for the Committee are Mr DL Rose, Mr JM Judin and Ms CS Shiceka-Ntshingila, all of whom are independent non-executive directors with the required skills and expertise, as outlined in the King III Report on Corporate Governance.

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

External Audit

The appointment of Baker Tilly SVG as auditors of the Group was approved by shareholders at the annual general meeting on 20 November 2015. The Committee has satisfied itself through enquiry of the independence of the firm. Marlene Greeff, a registered independent auditor, was nominated as the designated partner.

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

The Committee, in consultation with the Chief Executive Officer, agreed to the engagement letter, terms, nature and scope of the audit function and audit plan for the 2016 financial year. The budgeted fee is considered appropriate for the work that could reasonably have been foreseen at that time.

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

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

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

The Committee has nominated, for approval at the forthcoming annual general meeting, Baker Tilly SVG, as the external auditor and Marlene Greeff as the designated auditor for the 2017 financial year. The Committee confirms that the auditor and designated auditor are accredited by the JSE.

Risk Management

While the Board as a whole is responsible for the Group's risk management, it has delegated authority to the Committee which reports to the Board.

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

AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT (CONTINUED)

Financial Risk Management

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

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

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

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

Operational Risk Management

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

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

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

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

Annual Financial Statements And Accounting Policies

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

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

The Committee fulfilled its mandate and recommended the Integrated Report for the year ended 31 March 2016 for approval to the Board. The Board approved the financial statements on 29 September 2015 and the financial statements will be open for discussion at the annual general meeting.

Group Financial Director

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

Approval

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

Signed on behalf of the Audit, Governance and Risk Committee

DL Rose

DL Rose
Chairman of the Audit, Governance and Risk Committee

29 September 2016

DIRECTORS' REPORT

FOR THE 12 MONTHS ENDED 31 MARCH 2016

NATURE OF BUSINESS

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

FINANCIAL RESULTS

The financial results of the Group are set out on pages 31 to 56 of this report. A review of the Group's results and performance of the business units is contained in the Chief Executive Officer's Report on pages 14 and 15.

SHARE CAPITAL

No changes in the authorised or issued share capital of the Company took place during the year under review. 3 617 972 ordinary shares of the issued ordinary share capital were repurchased in the current year. No shares were cancelled during the year.

EMPLOYEE SHARE INCENTIVE SCHEME

The total number of shares, which may be purchased and/or in terms of which options may be granted, is equivalent to 20% of the issued share capital of the Company. At 31 March 2016, 26 189 326 (2015: 22 571 354) shares were held by the Primeserv Group Limited Share Trust for distribution to employees in terms of the scheme. At the same date, nil (2015: nil) options have been granted to employees in terms of the rules of the share incentive scheme, leaving a surplus of 26 189 326 (2014: 22 571 354) shares.

The unallocated shares, together with the purchased shares, will be allocated or cancelled in the 2017 financial year. The impact of IFRS 2 – Share-Based Payments, and section 8C of the Income Tax Act No 58 of 1962 has been evaluated in order to determine the optimum use of the shares held as an incentive mechanism. The directors use the scheme to retain key personnel and for the purpose of providing opportunities to employees to participate in the Group's growth and success.

DIVIDENDS

A gross dividend of 1.35 cents per share was declared on 27 June 2016 (2015: 1.00 cent per share).

DIRECTORATE

Ms CS Shiceka-Ntshingila, M Abel, JM Judin, LM Maisela, DL Rose, R Sack and DC Seaton were directors of the Company throughout the financial year under review and at the date of this report. In terms of the Memorandum of Incorporation of the Company, JM Judin and Ms CS Shiceka-Ntshingila retire as directors at the forthcoming annual general meeting, and, being eligible, offer themselves for re-election. DC Seaton resigned as a director on 21 April 2016.

COMPANY SECRETARY

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

SUBSIDIARY COMPANIES

Details of the Company's interest in its subsidiaries are set out on page 55.

DIRECTORS' INTERESTS

As at 31 March 2016, the aggregate direct and indirect beneficial interests of directors in the fully paid issued share capital of the Company were:

	2016 Beneficial	2015 Beneficial
EXECUTIVE		
M Abel	**21 547 843**	21 547 843
R Sack	**705 000**	705 000
DC Seaton	**1 117 500**	1 117 500
NON-EXECUTIVE		
JM Judin	**950 000**	950 000
DL Rose	**70 000**	70 000
Ms CS Shiceka-Ntshingila	**50 000**	50 000
Total – Directors	**24 440 343**	24 440 343
Prescribed Officers	**4 229 877**	4 229 877
Total – Directors and prescribed officers	**28 670 220**	28 670 220

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

There has been no material change in the directors' interest in the issued share capital between 31 March 2016 and the date of this report.

EQUIPMENT AND VEHICLES

The Group acquired equipment and vehicles at a cost of R1.4 million (2015: R0.8 million) during the financial year under review. No major changes in the nature of the equipment and vehicles occurred during this year.

GOING CONCERN ASSESSMENT

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

SUBSEQUENT EVENTS

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PRIMESERV GROUP LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the annual financial statements of Primeserv Group Limited set out on pages 31 to 56 which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Primeserv Group Limited as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 31 March 2016, we have read the Directors' Report, the Audit, Governance and Risk Committee's Report and the Statement of Compliance by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475, dated 4 December 2015, we report that Baker Tilly SVG has been the auditor of Primeserv Group Limited for six years.

BAKER TILLY SVG
ME Greeff
Partner
Registered Auditor

Illovo
29 September 2016

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE 12 MONTHS ENDED 31 MARCH 2016

	Notes	2016 R'000	2015 R'000
Revenue	1	**572 388**	650 960
Cost of sales		**(472 342)**	(541 641)
Gross profit		**100 046**	109 319
Other income		**4 128**	2 437
Operating expenses		**(89 690)**	(100 165)
Operating profit	2	**14 484**	11 591
Interest received	3	**454**	272
Interest paid	4	**(3 819)**	(4 862)
Profit before taxation		**11 119**	7 001
Taxation	5	**105**	4 134
Total comprehensive income		**11 224**	11 135
Total comprehensive income attributable to:			
Ordinary shareholders of the Company		**12 860**	11 923
Non-controlling shareholders' interest		**(1 636)**	(788)
Total comprehensive income		**11 224**	11 135
Weighted average number of shares ('000)	6	**92 787**	93 682
Diluted weighted average number of shares ('000)	6	**92 787**	93 682
Earnings and diluted earnings per share (cents)	6	**13.86**	12.73
Headline earnings and diluted headline earnings per share (cents)	6	**13.86**	12.73

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	2016 R'000	2015 R'000
ASSETS			
Non-current assets		44 619	47 788
Equipment and vehicles	7	3 693	3 534
Investment property	8	7 645	7 645
Goodwill	9	18 170	18 170
Intangible assets	10	882	1 360
Long-term receivables	11	–	3 048
Deferred tax asset	12	14 229	14 031
Current assets		97 398	92 485
Inventories	13	103	119
Trade receivables	14	79 994	85 218
Other receivables	14	8 576	5 836
Taxation receivable		637	–
Cash and cash equivalents		8 088	1 312
Total assets		142 017	140 273
EQUITY AND LIABILITIES			
Capital and reserves		90 643	81 877
Ordinary share capital	15	1 321	1 321
Share premium		1 351	1 351
Distributable reserves		113 241	101 308
Treasury shares	16	(16 279)	(14 748)
Total equity attributable to equity holders of the Company		99 634	89 232
Non-controlling interest		(8 991)	(7 355)
Non-current liabilities		–	110
Financial liabilities	17	–	110
Current liabilities		51 374	58 286
Trade and other payables	18	19 388	15 759
Current portion of financial liabilities	17	–	32
Taxation payable		–	289
Bank borrowings	19	31 986	42 206
Total equity and liabilities		142 017	140 273
Number of shares in issue at year-end ('000) (net of treasury shares)	15	90 064	93 682
Net asset value per share (cents)		110	95

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE 12 MONTHS ENDED 31 MARCH 2016

	Share capital R'000	Share premium R'000	Distributable reserves R'000	Treasury shares R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Opening balances at 1 April 2014	1 321	1 351	89 385	(14 748)	77 309	(6 567)	70 742
Attributable earnings for the year	–	–	11 923	–	11 923	(788)	11 135
Balances at 1 April 2015	**1 321**	**1 351**	**101 308**	**(14 748)**	**89 232**	**(7 355)**	**81 877**
Attributable earnings for the year	–	–	12 860	–	12 860	(1 636)	11 224
Dividends paid	–	–	(927)	–	(927)	–	(927)
Acquisitions by share trust	–	–	–	(1 531)	(1 531)	–	(1 531)
Closing balances at 31 March 2016	**1 321**	**1 351**	**113 241**	**(16 279)**	**99 634**	**(8 991)**	**90 643**

GROUP STATEMENT OF CASH FLOWS

FOR THE 12 MONTHS ENDED 31 MARCH 2016

	Notes	2016 R'000	2015 R'000
Cash flows generated from operating activities		**20 982**	7 748
Profit before taxation		11 119	7 001
Adjustments		8 118	10 619
– Interest received		(454)	(272)
– Interest paid		3 819	4 862
– Depreciation, amortisation and impairments		1 705	2 109
– Impairments to long-term receivables		3 048	3 920
Operating cash flows before working capital changes		19 237	17 620
Working capital changes		6 128	(4 564)
– decrease in inventories		15	81
– decrease in trade and other receivables		2 484	10 141
– increase/(decrease) in trade and other payables		3 629	(14 786)
Cash generated from operations		25 365	13 056
Interest received		454	272
Interest paid		(3 819)	(4 862)
Taxation paid	A	(1 018)	(718)
Cash flows utilised in investing activities		**(1 386)**	(804)
Purchase of equipment and vehicles to maintain operations		(1 386)	(804)
Cash flows (utilised in)/generated from financing activities		**(2 600)**	142
(Decrease)/increase in non-current financial liabilities		(110)	110
(Decrease)/increase in current financial liabilities		(32)	32
Dividends paid		(927)	–
Repurchase of securities		(1 531)	–
Net increase in cash and cash equivalents		16 996	7 086
Cash and cash equivalents at beginning of year		(40 894)	(47 980)
Cash and cash equivalents at end of year	B	**(23 898)**	(40 894)

NOTES TO THE GROUP STATEMENT OF CASH FLOWS

FOR THE 12 MONTHS ENDED 31 MARCH 2016

		2016 R'000	2015 R'000
A.	**TAXATION PAID**		
	Amount unpaid at beginning of the year	**(289)**	(2 803)
	Amount charged to the statement of comprehensive income	**(92)**	1 796
	Amount (refundable)/payable at end of the year	**(637)**	289
		(1 018)	(718)
B.	**CASH AT BANK AND BANK BORROWINGS**		
	Cash at bank	**8 088**	1 312
	Bank borrowings	**(31 986)**	(42 206)
		(23 898)	(40 894)

SUMMARY OF ACCOUNTING POLICIES

FOR THE 12 MONTHS ENDED 31 MARCH 2016

PRINCIPAL ACCOUNTING POLICIES

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

BASIS OF PREPARATION

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

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

PRINCIPLES OF CONSOLIDATION

Subsidiaries are entities, including unincorporated entities, controlled by the Company. Control exists when the Group has the power to direct the relevant activities of the entity, exposure or rights to variable returns from its involvement with the entity, and the ability to use its power over the entity to affect the amount of returns received. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The financial statements of subsidiaries are consolidated from the date on which the Group acquires effective control up to the date that effective control ceases.

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

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

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

NON-CONTROLLING INTEREST

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

GOODWILL

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

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

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

A gain on bargain purchase is recognised in profit or loss in the period in which it arises.

INTANGIBLE ASSETS

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

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

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

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

EQUIPMENT AND VEHICLES

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

Computer equipment	3 to 6 years
Motor vehicles	4 to 5 years
Furniture, fittings and equipment	3 to 10 years

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

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

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

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

INVESTMENT PROPERTY

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

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

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

INVENTORIES

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

FINANCIAL INSTRUMENTS

Financial assets

Classification

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

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

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

Initial recognition

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

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

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

Derecognition

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

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

Loans and receivables

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

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

Available-for-sale financial assets

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

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

Cash and cash equivalents

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

Impairment

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

Financial liabilities

Loans and other payables

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

Bank overdraft and borrowings

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

LEGAL RIGHT OF SET-OFF

Where a legal right of set-off exists and the Group intends to settle on a net basis, financial assets and financial liabilities are set-off against each other.

BORROWINGS AND CASH-AT-BANK

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

PROVISIONS

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

DEFERRED TAXATION

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

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

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

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

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

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

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

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

SHARE CAPITAL

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

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

Retirement benefits

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

TAXATION

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

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

Current tax for the current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

REVENUE

Group revenue consists of outsourcing services rendered to customers. Revenue is recognised as and when the services are rendered by the temporary employees. Course fees received in advance are recognised over the period of the course. Income received on long-term staff supply and training contracts is recognised as it is earned.

Revenue is measured at the fair value of the consideration received or receivable and is stated net of value added taxation.

LEASES

Operating leases – lessee

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

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

BORROWING COSTS

Interest costs are charged against profit or loss using the effective interest rate method.

GOVERNMENT GRANTS

Government grants are only recognised when there is reasonable assurance that the Company will comply with the conditions attached to them.

Employment tax incentives are recognised in profit or loss in the statement of comprehensive income by deducting the grant from the related expenses.

Government grants towards staff training costs are recognised in profit or loss over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value-in-use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

SEGMENT REPORTING

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

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other Group segments. Transactions between segments are priced at market-related rates. These transactions are eliminated on consolidation.

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

JUDGEMENTS AND ESTIMATES MADE BY MANAGEMENT

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

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

Carrying value of goodwill

When assessing goodwill for impairment annually, the recoverable amount of the cash-generating unit to which goodwill has been allocated is calculated. The recoverable amount of goodwill was calculated by determining its value-in-use through the discounted cash flow method. The key estimates used in this calculation are future projected cash flows, the discount rate and the period of the cash flows. Should these estimates change it could have a material effect of the calculation of the recoverable amount. Further details of these estimates is provided in note 9.

Asset lives and residual values

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

Recoverability of deferred tax assets

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

Recoverability of trade receivables

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

Fair value of investment property

Judgement is exercised in determining the fair value of the investment property. A formal valuation was performed in the prior year, by an external estate agent with extensive experience in the area. In the current year the fair value was determined on an open market basis, taking recent sales into account.

Assessment of control

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

At the date of authorisation of these financial statements, the following new standards, amendments and interpretations were in issue, but not yet effective:

IFRS 9, Financial Instruments: New standard which replaces *IAS 39, Financial Instruments:* Recognition and Measurement. The standard comprises guidance on classification and measurement, impairment considerations, hedge accounting and derecognition (effective 1 January 2018).The standard becomes mandatory for the Company's 2019 financial statements. Management is currently assessing the impact of this new statement on the classification and measurement of the company's financial instruments.

IFRS 15, Revenue from Contracts from Customers: New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services (effective 1 January 2018). The standard becomes mandatory for the Company's 2019 financial statements. Management is currently assessing the impact of this new statement on the Company's revenue recognition policies.

IFRS 16, Leases: New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with the term of more than 12 months, unless the underlying asset is of low value (effective 1 January 2019). The standard becomes mandatory for the company's 2020 financial statements. Management is currently assessing the impact of this new statement on the Company's existing operating leases.

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

IAS 1, Presentation of Financial Statements: Disclosure initiative designed to encourage application of professional judgement in determining what information to disclose in the financial statements (effective 1 January 2016).

IAS 16, Property, Plant and Equipment: Amendments to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset (effective 1 January 2016).

IAS 27, Consolidated and Separate Financial Statements: Amendments to *IAS 27* will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements (effective 1 January 2016).

IAS 38, Intangible Assets: Amendments to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset (effective 1 January 2016).

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 MARCH 2016

		2016 R'000	2015 R'000
1.	**REVENUE**		
	Revenue comprises:		
	Services rendered	565 957	644 017
	Fair value adjustment to revenue	6 431	6 943
		572 388	650 960
2.	**OPERATING PROFIT**		
	Operating profit is stated after taking into account the following:		
	Expenses		
	Depreciation and amortisation	1 705	2 109
	Operating lease rentals	6 646	8 626
	– equipment and vehicles – contractual amounts	2 480	3 221
	– premises – contractual amounts	4 166	5 405
	Loan impairments	3 048	3 808
	Employee costs and benefits	51 683	54 809
	Staff costs	48 648	51 988
	Retirement costs	3 035	2 821
3.	**INTEREST RECEIVED**		
	Interest received – cash and cash equivalents	454	272
		454	272
4.	**INTEREST PAID**		
	Bank borrowings	3 804	4 782
	Instalment sales	15	80
		3 819	4 862
5.	**TAXATION**		
	SA normal taxation		
	– current	(92)	(333)
	– prior year over-provision	–	2 129
	Deferred tax		
	– current	197	2 338
		105	4 134
		%	%
	Tax rate reconciliation		
	Statutory tax rate	28.0	28.0
	Learnership allowances	(0.1)	(14.5)
	Other special allowances and government grants	(30.0)	(49.0)
	Disallowable expenses	1.2	–
	Tax losses not previously recognised	–	6.8
	Prior year over-provision	–	(30.4)
	Effective tax rate	(0.9)	(59.1)

The estimated tax losses available for set-off against future taxable income are R64 036 000 (2015 : R53 008 000).

	2016 R'000	2015 R'000

6. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year as calculated by excluding shares purchased by the Company, incentive shares and held as treasury shares.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. There are no dilutive potential shares in the current or prior year.

	2016 R'000	2015 R'000
Number of shares in issue ('000)		
Number of shares in issue at the end of the year	**132 063**	132 063
Less: Adjustments to shares in issue		
Treasury shares at the end of the year	**(41 999)**	(38 381)
Number of shares in issue at end of year (net of treasury shares)	**90 064**	93 682
Effect of weighting – treasury shares purchased	**2 723**	–
Weighted average number of shares in issue ('000)	**92 787**	93 682
Weighted average number of shares for dilutive earning per share ('000)	**92 787**	93 682
Attributable earnings (R'000)	**12 860**	11 923
Earnings and diluted earnings per share (cents)	**13.86**	12.73
Attributable headline earnings (R'000)	**12 860**	11 923
Headline and diluted headline earnings per share (cents)	**13.86**	12.73

	Computer equipment R'000	Motor vehicles R'000	Furniture, fittings and equipment R'000	Total R'000
7. EQUIPMENT AND VEHICLES				
2016				
Cost	4 212	588	5 123	9 923
Accumulated depreciation and impairment	(3 487)	(350)	(2 552)	(6 389)
Net book value at beginning of year	725	238	2 571	3 534
Additions	762	–	624	1 386
Depreciation	(421)	(62)	(744)	(1 227)
Net book value at end of year	1 066	176	2 451	3 693
Cost	3 898	294	5 343	9 535
Accumulated depreciation and impairment	(2 832)	(118)	(2 892)	(5 842)
Net book value at end of year	1 066	176	2 451	3 693
2015				
Cost	3 887	340	4 892	9 119
Accumulated depreciation and impairment	(2 760)	(296)	(2 133)	(5 189)
Net book value at beginning of year	1 127	44	2 759	3 930
Additions	325	248	231	804
Depreciation	(727)	(54)	(419)	(1 200)
Net book value at end of year	725	238	2 571	3 534
Cost	4 212	588	5 123	9 923
Accumulated depreciation and impairment	(3 487)	(350)	(2 552)	(6 389)
Net book value at end of year	725	238	2 571	3 534

Motor vehicles were encumbered as security for the instalment sale agreement as per note 17.

	2016 R'000	2015 R'000
8. INVESTMENT PROPERTY		
Properties at fair value	7 645	7 645

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

These properties were acquired in 2012 in a multi-party transaction resulting in the exchange of long-outstanding debtor claims for a fixed property and the application of cash for the acquisition of the balance of the property portfolio. The developed property, with a carrying value of R3 257 000, has a general covering bond in favour of FirstRand Bank Limited. The vacant stands are being held for capital appreciation whilst the house is held for rental income.

Valuations were obtained in the prior year from estate agents with experience in the area, indicating no changes in the fair value at the previous year-end. A directors' valuation was performed during the current year, based on the prevailing market values and sales of similar properties in the estate during the year, and the directors believe that the value remains appropriate.

9. GOODWILL

Goodwill has been allocated for impairment testing purposes to the Group's operating divisions, which represents the lowest level of assets for which there are separate cash flows, which are not larger than the Group's operating segments reported in note 27, as follows:

	2016 R'000	2015 R'000
Staffing and Recruitment Services	15 012	15 012
Training and Consulting Services	3 158	3 158
Total goodwill excluding impairment	18 170	18 170

The impairment calculations performed indicated that no impairment of goodwill was necessary

Goodwill is attributable to the following Cash-Generating Units:

	2016 R'000	2015 R'000
Bathusi Staffing Services Proprietary Limited	4 877	4 877
Primeserv Corporate Solutions Proprietary Limited	3 158	3 158
Primeserv Denverdraft Proprietary Limited	2 730	2 730
Primeserv Staff Dynamix Proprietary Limited	7 405	7 405
	18 170	18 170

Impairment

In accordance with accounting standards, the Group performs an annual test for impairment of its cash-generating units to which goodwill is allocated. The recoverable amount of the cash-generating units has been determined based on a value-in-use calculation. The calculation uses cash flow projections based on the financial budget approved by management covering the next financial year and a discount rate of 18.6% (2015: 19.4%). Cash flows beyond the next year have been extrapolated for a further 14 (2015: 14) years, at 5% (2015: 6%) growth in years two to five and 0% (2015: 6%) thereafter, which the directors believe is justified, as it is a reasonable minimum period to expect the Group's operations to continue.

The impairment calculations performed indicated that no impairment of goodwill was necessary.

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

The calculated recoverable amounts are:

	2016 R'000	2015 R'000
Bathusi Staffing Services Proprietary Limited	9 126	12 787
Primeserv Corporate Solutions Proprietary Limited	11 884	9 507
Primeserv Denverdraft Proprietary Limited	11 446	14 856
Primeserv Staff Dynamix Proprietary Limited	35 410	37 752
	67 866	74 902

	Trademarks R'000	Premiums paid on acquisition of contract R'000	Total R'000
10. INTANGIBLE ASSETS			
2016			
Cost	**810**	**3 867**	**4 677**
Accumulated amortisation and impairments	**(576)**	**(2 741)**	**(3 317)**
Net book value at beginning of year	**234**	**1 126**	**1 360**
Amortisation	**–**	**(478)**	**(478)**
Net book value at end of year	**234**	**648**	**882**
Accumulated amortisation and impairments at year-end	**(576)**	**(3 219)**	**(3 795)**
2015			
Cost	810	3 867	4 677
Accumulated amortisation and impairments	(576)	(1 832)	(2 408)
Net book value at beginning of year	234	2 035	2 269
Amortisation	–	(909)	(909)
Net book value at end of year	234	1 126	1 360
Accumulated amortisation and impairments at year-end	(576)	(2 741)	(3 317)

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

In accordance with the Group's accounting policy, an impairment test was performed on the carrying values of intangible assets with indefinite useful lives at period-end. The recoverable amount for trademarks has been determined based on a value-in-use calculation. The calculation uses cash flow projections based on the financial budget approved by management, covering the next financial year and a discount rate of 18.6% (2015: 19.4%). Cash flows beyond the next year have been extrapolated for 14 (2015: 14) years, at 5% (2015: 6%) growth in years two to five and 0% (2015: 6%) thereafter, which the directors believe is justified as it is a reasonable minimum period to expect the Group's operations to continue.

The impairment calculations performed indicated that no impairment of trademarks was necessary.

The premiums paid on acquisition of contract is amortised over the period of the contract. The carrying amount at the end of the reporting period was R648 000 (2015: R1 126 000). The remaining amortisation period is 24 months.

		2016 R'000	2015 R'000
11.	**LONG-TERM RECEIVABLES**		
	Secured interest-bearing	–	1 628
	Secured interest-bearing receivables to be repaid by 31 March 2016 or later at the option of the Company. The receivable was secured by various sureties signed by the borrower and related parties to the borrower.		
	Secured non-interest-bearing	–	720
	Secured non-interest-bearing receivables to be collected with no fixed terms of repayment. This related to debts to be collected by the purchaser of Primeserv Training Proprietary Limited and which have been secured by a cession of the debtors of Primeserv Training Proprietary Limited.		
	Unsecured non-interest-bearing	–	700
	Receivables with no fixed terms of repayment.		
		–	3 048

The receivables are classified as available-for-sale financial assets.

The maximum exposure to credit risk at the reporting date is the fair value of the receivables.

The credit quality of long-term receivables is assessed based on projected cash flow forecasts, the default history of the borrower as well as any security held.

		2016 R'000	2015 R'000
12.	**DEFERRED TAX ASSET**		
	Computed tax losses	12 768	11 521
	Provisions	1 898	3 185
	Prepayments	(151)	(235)
	Capital gains tax on fair value adjustments	(286)	(286)
	Work in progress	–	(154)
		14 229	14 031
	Reconciliation between deferred tax opening and closing balance		
	Deferred tax opening balance	14 031	11 693
	Computed tax losses	1 247	1 273
	Provisions	(1 287)	884
	Prepayments	84	72
	Work in progress	154	109
	Deferred tax at end of year	14 229	14 031

Tax losses of R45.6 million (2015: R41.1 million) have been recognised on the basis of future sustainable profits based on an extrapolation of budgets prepared by management as well as the application of discounted cash flow with assumptions made for future growth.

		2016 R'000	2015 R'000
13.	**INVENTORIES**		
	Inventories comprise of consumable goods, including personal protective equipment, books, manuals and other course material	103	119
14.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	79 994	85 218
		8 576	5 836
	Other receivables	7 447	4 997
	Prepayments	1 129	839
		88 570	91 054

The debtor-cover policies held with Credit Guarantee Insurance Corporation of Africa Limited have been ceded to the Group's bankers as security for debtor financing facilities granted to the Group. Based on the historic level of customer defaults, the credit quality of year-end trade receivables which are not past due is considered to be high. In line with management's judgements taken, trade receivables that are less than three months overdue have not been impaired. As at 31 March 2016, trade receivables of R 10 096 000 (2015: R 13 924 000) were past-due but not impaired. These debts relate to a number of independent customers for whom there is no recent history of default.

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

	2016 R'000	2015 R'000
One month overdue	2 044	3 434
Two months overdue	1 023	2 347
Three months and more overdue	7 029	8 143
	10 096	13 924
Allowance for impairment (bad debt provision)		
Balance at beginning of year	3 512	1 295
Increase in allowance and impairments recognised in profit and loss	477	3 829
Application of provision against debtors	(3 684)	(1 612)
Balance at end of year	305	3 512

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

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security (2015: the Group held sureties in respect of debtors who owed R3 061 000).

Trade and other receivables are classified as loans and receivables.

The carrying amount of trade and other receivables approximates fair value.

	2016 R'000	2015 R'000
15. ORDINARY SHARE CAPITAL		
Authorised		
500 000 000 ordinary shares of 1 cent each	**5 000**	5 000
Issued		
132 062 743 (2015: 132 062 743) ordinary shares of 1 cent each	**1 321**	1 321
There are nil (2015: nil) shares to be issued in respect of shares outstanding in terms of the Primeserv Group Limited Share Incentive Scheme.		
Reconciliation of number of shares in issue:		
Shares in issue (net of treasury shares)	**90 063 704**	93 681 676
Treasury shares	**41 999 039**	38 381 067
Total issued shares	**132 062 743**	132 062 743
16. TREASURY SHARES		
Comprises 41 999 039 (2015: 38 381 067) Primeserv Group Limited ordinary shares	**16 279**	14 748
During the year the Company acquired 3 617 972 shares at an average price of 42 cents per share.		
17. FINANCIAL LIABILITIES		
Instalment sale creditor	**–**	168
Less: Finance charges	**–**	(26)
Total capital payable	**–**	142
Payable within one year	**–**	32
Payable two to five years	**–**	110
The instalment creditor was settled during the year. Interest was charged at 0.25% below the prime overdraft rate.		
18. TRADE AND OTHER PAYABLES		
Trade payables	**7 068**	7 296
Payroll payables	**12 320**	8 413
Other accruals and sundry creditors	**–**	51
	19 388	15 760
Trade and other payables are measured at amortised cost.		
19. BANK BORROWINGS		
The Group's Outsourcing Division is funded through an invoice discounting facility that bears interest at the prime bank overdraft rate per annum (2015: prime plus 0.5%).	**31 986**	42 206

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

The Group has finance facilities of R71 million utilised by various subsidiaries. At year-end the unutilised amount was R38.5 million (2015: R35.3 million).

20. DIRECTORS' REMUNERATION

2016

The remuneration paid to directors of the Company, while in office during the year ended 31 March 2016, is as follows:

	Directors fees R'000	Remuneration R'000	Retirement benefits R'000	Benefits R'000	Travel allowances R'000	Bonuses R'000	Total R'000
Executive directors	–	5 400	550	371	756	439	7 516
M Abel	–	3 502	351	121	252	304	4 530
R Sack	–	1 014	103	120	252	135	1 624
DC Seaton *	–	884	96	130	252	–	1 362
Non-executive directors	345	–	–	–	–	–	345
JM Judin	82	–	–	–	–	–	82
LM Maisela	53	–	–	–	–	–	53
DL Rose	154	–	–	–	–	–	154
CS Shiceka-Ntshingila	56	–	–	–	–	–	56
	345	5 400	550	371	756	439	7 861

2015

The remuneration paid to directors of the Company, while in office during the year ended 31 March 2015, is as follows:

	Directors fees R'000	Remuneration R'000	Retirement benefits R'000	Benefits R'000	Travel allowances R'000	Bonuses R'000	Total R'000
Executive directors	–	5 331	534	367	758	–	6 990
M Abel	–	3 342	332	116	252	–	4 042
R Sack	–	1 069	105	135	252	–	1 561
DC Seaton	–	920	97	116	254	–	1 387
Non-executive directors	630	–	–	–	–	–	630
JM Judin	136	–	–	–	–	–	136
S Klein	178						178
LM Maisela	85	–	–	–	–	–	85
DL Rose	146	–	–	–	–	–	146
CS Shiceka-Ntshingila	85	–	–	–	–	–	85
	630	5 331	534	367	758	–	7 620

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

* Resigned as a director on 21 April 2016.

21. CONTINGENT LIABILITIES

The Company and its major subsidiaries have signed surety to FirstRand Bank Limited in favour of various group companies for debtor financing and normal banking facilities granted. The net amount outstanding in the subsidiaries in respect of these facilities at year-end is R 31 986 000 (2015: R 42 206 000).

22. RISK MANAGEMENT

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

Market risk

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

Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. As part of the process of managing the Group's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

The Group analyses its exposure to interest rate risk on a dynamic basis, using sensitivity analysis to assess the effects of changes in interest rates applied to interest-bearing borrowings and the consequent adjustments to profit and loss. Based on these analyses, which are calculated on adjustments of 50 basis points in the interest rate, being management's assessment of the reasonably possible changes in interest rates, the effect on pre-tax earnings of an increase/decrease in the rate is calculated to be a decrease/increase in earnings of R119 000 (2015: R161 000). The Group's sensitivity to interest rates has significantly decreased during the current year due to the decrease in borrowings at year-end. Based on management's cash flow forecasts, the Group's sensitivity is expected to reduce even further during the coming year.

Liquidity risk

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

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

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

FINANCIAL LIABILITIES – MATURITY ANALYSIS

Contractual undiscounted cash flows from:	One month	Two to three months	Four to six months	Seven to 12 months	More than a year	Carrying amount
2016						
Trade and other payables	**14 776**	**1 549**	**122**	**2 941**	–	**19 388**
Bank borrowings*	**31 986**	–	–	–	–	**31 986**
	46 762	**1 549**	**122**	**2 941**	–	**51 374**
2015						
Trade and other payables	8 834	1 644	298	4 983	–	15 759
Financial liabilities	3	5	8	16	110	142
Taxation payable	–	–	289	–	–	289
Bank borrowings*	42 206	–	–	–	–	42 206
	51 043	1 649	595	4 999	110	58 396

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

Credit risk

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

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

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

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

Other receivables consist primarily of amounts due from SETAs and SARS.

Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 17 and 19, cash and cash equivalents and equity attributable to equity shareholders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Fair value

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

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

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses assets and liabilities carried at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Level 1	Level 2	Level 3
2016			
Investment property	–	–	7 645
Cash and cash equivalents	8 088	–	–
Bank borrowings	(31 986)	–	–
2015			
Investment property	–	7 645	–
Cash and cash equivalents	1 312	–	–
Long-term receivables and bank borrowings	(42 206)	–	3 048

The fair value of the investment property is based on prevailing market values and sales of similar properties in the Vaal de Grace Estate during the year.

The investment property was transferred from level 2 to level 3 in the current year, as the fair value is based on the Directors' valuation in the current year.

Financial assets that are not measured at fair value, namely trade and other receivables, are categorised as loans and receivables. The carrying amount of these assets approximates their fair value.

Financial liabilities that are not measured at fair value, namely trade and other payables and borrowings, are categorised as other financial liabilities. The carrying amount of these liabilities approximates their fair value.

	2016 R'000	2015 R'000

23. RETIREMENT BENEFITS

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

Retirement contributions for the year amounted to R3.0 million (2015: R2.8 million).

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

24. RELATED PARTY TRANSACTIONS

Subsidiary companies

The subsidiary companies are identified on page 55.

Directors

The names of the directors are listed on page 4. Refer to note 20 for details of the directors' emoluments.

As part of the ongoing maintenance and retention of key personnel programme, fixed-term employment contracts, not longer than three years, have been entered into with M Abel and certain key management. The contract entered into with M Abel includes terms and conditions relating to an interest free loan facility through the Primeserv Group Limited Share Trust with a maximum of R700 000. Such amount will fund the purchase by him of shares in the Company at a price not exceeding 10% below the ruling market price.

As part of the Group's management retention programme, executive directors are granted loans through the share trust to be applied to the purchase, through the market, of shares in the Company. The shares so purchased may be voted but not sold for a period of three years from 1 April 2012. Loans were advanced to M Abel for R126 000 (2015: R126 000), R Sack for R140 000 (2015: R140 000) and DC Seaton for R140 000 (2015: R140 000). These amounts are included in Other Receivables.

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

25. CAPITAL COMMITMENTS

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

26. OPERATING LEASE COMMITMENTS

Operating lease commitments

	2016 R'000	2015 R'000
Future operating lease charges for premises and equipment and vehicles		
Payable within one year		
– premises	3 501	4 417
– vehicles and equipment	1 700	2 036
	5 201	6 453
Payable within two to five years		
– premises	1 391	3 194
– vehicles and equipment	2 263	4 097
	3 654	7 291

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

27. SEGMENTAL ANALYSIS – OPERATING SEGMENTS

	Staffing and Recruitment Services R'000	Training and Consulting Services R'000	Central Services R'000	Group Consolidated R'000
2016				
Net profit/(loss) before taxation	4 013	(209)	7 315	11 119
Taxation	138	617	(650)	105
Net profit/(loss) after taxation	4 151	408	6 665	11 224
Revenue: sales to external customers	526 664	39 293	–	565 957
Revenue: deemed fair value adjustment for external customers	5 686	745	–	6 431
Revenue: inter-segment revenue	–	99	–	–
Operating profit/(loss)	27 326	1 055	(13 897)	14 484
Capital additions	1 101	185	100	1 386
Depreciation and amortisation	(1 283)	(342)	(81)	(1 706)
Interest received	108	–	346	454
Interest paid	(3 819)	–	–	(3 819)
Impairment of loans	–	–	3 808	3 808
Assets	109 656	19 989	12 372	142 017
Liabilities	48 092	2 580	702	51 374
Net assets	61 564	17 409	11 670	90 643
2015				
Net profit/(loss) before taxation	6 610	(2 435)	2 826	7 001
Taxation	(730)	504	4 360	4 134
Net profit/(loss) after taxation	5 880	(1 931)	7 186	11 135
Revenue: sales to external customers	606 144	37 873	–	644 017
Revenue: deemed fair value adjustment for external customers	6 131	812	–	6 943
Revenue: inter-segment revenue	–	116	–	–
Operating profit/(loss)	27 690	1 007	(17 106)	11 591
Capital additions	528	230	46	804
Depreciation and amortisation	(1 490)	(436)	(184)	(2 110)
Long-term receivable impairment	–	(3 920)	–	(3 920)
Interest received	79	–	193	272
Interest paid	(4 709)	(3)	(150)	(4 862)
Impairment of loans	–	–	3 048	3 048
Assets	107 875	20 728	11 670	140 273
Liabilities	50 498	6 037	1 861	58 396
Net assets	57 377	14 691	9 809	81 877

In terms of IFRS 8: Operating Segments, the chief operating decision-maker has been identified as the Group's Chief Executive Officer.

Operating segments have been identified based on the Group's internal reporting reviewed by the Chief Executive Officer and executive directors for assessing performance and making strategic decisions.

The Group's operating segments are Staffing and Recruitment Services (previously Human Capital Outsourcing), Training and Consulting Services (previously Human Capital Development), and Central Services.

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

27. SEGMENTAL ANALYSIS – OPERATING SEGMENTS (continued)

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

The Staffing and Recruitment Services segment provides flexible and permanent staffing solutions.

The Training and Consulting Services segment provides vocational skills training, a comprehensive range of corporate and technical training services and HR Consulting solutions.

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

28. EVENTS AFTER REPORTING PERIOD

A dividend of 1.35 cents per share was declared on 27 June 2016, payable to shareholders recorded in the register on 12 August 2016 (2015: 1 cent per share declared on 26 June 2015).

DETAILS OF SUBSIDIARY COMPANIES

FOR THE 12 MONTHS ENDED 31 MARCH 2016

Subsidiaries	Country of incorporation	Ordinary share capital R	Portion held directly or indirectly by holding company %	Ownership portion and voting rights of non-controlling interests %	Non-controlling interests share of current year profit/ (loss) R'000	Non-controlling interests share of accumu-lated profit/ (loss) R'000	Book value of shares at cost R	Class A preference share capital R	Portion held directly or indirectly by holding company %	Class B preference share capital R	Portion held directly or indirectly by holding company %
Bathusi Recruitment Proprietary Limited*	South Africa	100	49.0	51.0	–	–	49	–	–	–	–
Bathusi Staffing Services Proprietary Limited*	South Africa	100	45.0	55.0	(291)	(4 111)	45	–	–	–	–
Empvest Outsourcing Proprietary Limited*	South Africa	1 000	35.8	64.2	(251)	(1 405)	482	–	–	–	–
Primeserv ABC Recruitment Proprietary Limited	South Africa	100	74.2	25.8	(208)	(914)	74	370	100	448	74.2
Primeserv Consulting Proprietary Limited#	South Africa	100	74.2	25.8	–	–	100	–	–	–	–
Primeserv Corporate Solutions Proprietary Limited	South Africa	100	74.2	25.8	(90)	(337)	74	37	100	618	74.2
Primeserv Denverdraft Proprietary Limited	South Africa	100	99.0	1.0	5	45	100	–	–	–	–
Primeserv Employee Solutions Proprietary Limited	South Africa	100	74.2	25.8	47	(633)	74	392	100	276	74.2
Primeserv Productivity Services Proprietary Limited	South Africa	100	100.0	0	–	–	100	–	–	–	–
Primeserv Staff Dynamix Proprietary Limited	South Africa	100	74.2	25.8	–	–	100	–	–	–	–
Primeserv Properties 1 Proprietary Limited	South Africa	100	100.0	0	–	–	100	–	–	–	–
Primeserv Properties 2 Proprietary Limited	South Africa	100	100.0	0	–	–	100	–	–	–	–
Primeserv Properties 3 Proprietary Limited	South Africa	100	100.0	0	–	–	100	–	–	–	–
Primeserv Properties 4 Proprietary Limited	South Africa	100	100.0	0	–	–	100	–	–	–	–
Primeserv Wholesale and Retail Academy Proprietary Limited@	South Africa	100	100.0	0	–	–	100	–	–	–	–
					(788)	(7 355)	1 698	799	–	1 342	–

NOTES

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

The Training and Consulting businesses operate through Primeserv Corporate Solutions Proprietary Limited and Primeserv Wholesale and Retail Academy Proprietary Limited (previously Primeserv Recruitment Proprietary Limited).

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

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

Bathusi Recruitment Proprietary Limited and Primeserv Consulting Proprietary Limited (previously Primeserv Technical Training Proprietary Limited) are dormant.

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

* *These companies are subsidiaries of Primeserv Group Limited as it has effective power to direct the relevant activities of these companies which gives the company the ability to affect the returns received from these companies.*

\# *Previously Primeserv Technical Training Proprietary Limited*

@ *Previously Primeserv Recruitment Proprietary Limited*

DETAILS OF SUBSIDIARY COMPANIES CONTINUED

FOR THE 12 MONTHS ENDED 31 MARCH 2016

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

	Bathusi Staffing Services Proprietary Limited R'000	Empvest Outsourcing Proprietary Limited R'000	Primeserv ABC Recruitment Proprietary Limited R'000	Primeserv Corporate Solutions Proprietary Limited R'000	Primeserv Denverdraft Proprietary Limited R'000	Primeserv Employee Solutions Proprietary Limited R'000
2016						
Statements of comprehensive income						
Revenue	54 307	194	66 766	39 823	134 254	39 678
Net operating costs and interest	(55 009)	(1 198)	(63 111)	(38 900)	(134 951)	(35 436)
Profit/(loss) before taxation	(702)	(1 004)	3 655	923	(697)	4 242
Taxation	417	(358)	826	617	198	(974)
Profit/(loss) after taxation	(285)	(1 362)	4 480	1 540	(499)	3 268
Statements of financial position						
Non-current assets	8 196	–	5 753	10 408	3 283	1 408
Current assets	13 629	1 707	77 329	11 841	34 073	127 657
Total assets	21 825	1 707	83 082	22 249	37 355	129 065
Trade and other payables and loans	(21 825)	(1 707)	(61 435)	(22 249)	(31 866)	(91 260)
Total shareholder funds	–	–	21 647	–	5 490	37 805
Cash flows						
Cash flows from operating activities	2 849	638	9 806	(186)	(1 297)	6 960
Cash flows from investing activities	5 781	–	(15 157)	(177)	(9 723)	(12 704)
Cash flows from financing activities	220	(277)	5 362	448	11 123	8 945
2015						
Statements of comprehensive income						
Revenue	105 423	498	105 674	38 569	146 480	103 886
Net operating costs and interest	(106 159)	(889)	(105 627)	(41 003)	(145 762)	(99 346)
Profit/(loss) before taxation	(736)	(391)	47	(2 434)	718	4 540
Taxation	10	233	163	507	(207)	(1 316)
Profit/(loss) after taxation	(726)	(158)	210	(1 927)	511	3 224
Statements of financial position						
Non-current assets	20 129	2 071	4 831	10 018	3 144	2 116
Current assets	11 330	383	70 850	11 926	22 022	126 548
Total assets	31 459	2 454	75 681	21 944	25 166	128 664
Trade and other payables and loans	(31 459)	(4 535)	(55 462)	(21 944)	(19 176)	(90 898)
Total shareholder funds	–	(2 081)	20 219	–	5 990	37 766
Cash flows						
Cash flows from operating activities	(1 160)	(46)	5 884	1 990	3 038	11 188
Cash flows from investing activities	853	–	(4 892)	(241)	(2 278)	(9 567)
Cash flows from financing activities	108	46	(992)	(2 676)	(797)	3 054

Restrictions

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

There are no other restrictions.

ANALYSIS OF SHAREHOLDING

AS AT 31 MARCH 2016

	Number of shareholders	Number of shares held	Shareholding %
PORTFOLIO SIZE			
1 – 50 000 shares	370	1 938 943	1.5
50 001 – 500 000 shares	51	10 150 235	7.7
500 001 – 5 000 000 shares	24	45 324 907	34.3
over 5 000 000 shares	4	74 648 658	56.5
	449	132 062 743	100.0
CATEGORY			
Directors (beneficial, non-beneficial, direct and indirect) and management	17	70 977 033	53.7
Nominee companies and schemes	2	9 200	–
Individual and other corporate bodies	430	61 076 510	46.3
	449	132 062 743	100.0
INTERESTS OF 5 % OR GREATER			
The Privest Group Limited Share Trust		26 189 326	19.8
M Abel		21 547 843	16.3
The Boles Family Trust		16 266 000	12.3
Primeserv Productivity Services Proprietary Limited (treasury shares)		10 645 489	8.1
		74 648 658	56.5
SHAREHOLDER SPREAD			
Total non-public shareholders	18	71 515 051	53.7
Directors	7	24 440 343	18.5
Treasury shares	3	41 999 039	31.4
Other	8	5 075 669	3.8
Public shareholders	431	60 547 692	46.3
	449	132 062 743	100.0

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

The above information is unaudited.

MARKET STATISTICS

FOR THE 12 MONTHS ENDED 31 MARCH 2016

	2016	2015
JSE LIMITED PERFORMANCE		
Year-end closing market price of ordinary shares (cents)	**40**	35
High closing market price of ordinary shares (cents)	**75**	49
Low closing market price of ordinary shares (cents)	**28**	23
Volume of shares traded (million)	**6**	6
Value of shares traded (R'000)	**2 855**	1 937
NUMBER OF SHARES IN ISSUE		
Opening balances (including treasury shares)	**132 062 743**	132 062 743
Closing balances (including treasury shares)	**132 062 743**	132 062 743
Market capitalisation at year-end (R'000)	**52 825**	46 222
Market capitalisation at year-end excluding treasury shares (R'000)	**36 241**	32 789

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given, in terms of section 62(1) of the Companies Act, Act 71 of 2008 as amended ("the Act"), that the annual general meeting of the shareholders of Primeserv Group Limited Primeserv") will be held at Protea Hotel Wanderers, Corner of Corlett Drive and Rudd Road, Johannesburg, at 09:30 on Friday, 18 November 2016 to (1) deal with such business as may lawfully be dealt with at the meeting and (2) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, No 71 of 2008, as amended ("The Act") as read with the Listing Requirements of the JSE Limited ("the Listing Requirements") on which exchange, the shares in the Company are listed:

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

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated audited annual financial statements for the Company and the Group, including the external Independent Auditor's Report, the Report of the Audit Committee and the Directors' Report for the year ended 31 March 2016, have been distributed as required and will be presented to shareholders at the annual general meeting.

The consolidated audited annual financial statements, together with the abovementioned reports are set out on pages 31 to 56 of the Integrated Report. The complete Integrated Report of the Company is set out on the Company's website at www.primeserv.co.za/?cid=54.

APPOINTMENT OF AUDITORS

Upon the recommendation of the current Group Audit, Governance and Risk Committee and subject to the Group Audit, Governance and Risk Committee continuing to be satisfied of their independence, to confirm the appointment of the Company's auditors, Baker Tilly SVG, as independent auditors of the Company and to appoint Marlene Greeff as the designated auditor for the following year, to hold office until the conclusion of the annual general meeting of the Company to be held in 2017.

Terms of engagement and fees

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

RE-ELECTION OF DIRECTORS

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

– CS Shiceka-Ntshingila

– JM Judin

To re-elect CS Shiceka-Ntshingila, who retires by rotation and, being eligible, offers herself for re-election in accordance with the Company's Memorandum of Incorporation.

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

Abridged curriculum vitae of each of the directors offering themselves for re-election are set out on page 4 of the Integrated Annual Report of the Company. The Board has evaluated the performance and contribution of each director standing for re-election and has recommended the re-election of each of the directors. The Board has assessed the independence of all independent non-executive directors and considers each of them to be independent.

REPORT FROM THE SOCIAL AND ETHICS COMMITTEE

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

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

AS ORDINARY RESOLUTIONS

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

ELECTION OF AUDIT COMMITTEE

As required by the provisions of section 94(2) of the Act, to elect and confirm the following independent non-executive directors as members of the Audit, Governance and Risk Committee to hold office until the conclusion of the next annual general meeting.

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Abridged curriculum vitae of each of the directors offering themselves for election are set out on page 4 of the Integrated Annual Report of the Company. The Board has reviewed the independence, expertise, qualification and relevant experience of the nominated Audit Committee members and recommends that each of the nominated directors is elected.

ENDORSEMENT OF PRIMESERV REMUNERATION POLICY

To endorse by way of a non-binding advisory vote, as recommended by the King Code on Corporate Governance III ('King III'), the Group's remuneration policy, as set out in the Integrated Report on pages 22 to 23.

AUTHORISATION OF DIRECTOR TO SIGN

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

AS SPECIAL RESOLUTIONS

SPECIAL RESOLUTION NUMBER 1:
REMUNERATION OF NON-EXECUTIVE DIRECTORS

To confirm the remuneration payable to the non-executive directors of the Company for the 2017 financial year as follows:

	Base fee R	Meeting R
Chairman	78 000	18 000
Non-executive directors	24 000	18 000
Chairman of Audit Committee	78 500	–
Chairman of Remuneration Committee	12 500	–
Chairman of Social and Ethics Committee	12 500	–
– Audit	–	8 000
– Remuneration	–	5 800
– Social and Ethics	–	3 100

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

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

Reason for and effect of this special resolution

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

SPECIAL RESOLUTION NUMBER 2:
FINANCIAL ASSISTANCE TO SUBSIDIARIES AND ASSOCIATES

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

Reason for and effect of this special resolution

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

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

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

APPROVALS REQUIRED FOR RESOLUTIONS

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

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

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

VOTING AND PROXIES

Record dates

In terms of section 59(1) of the Act, this notice has been sent to shareholders who were recorded as such in the Company's securities register on Friday, 23 September 2016, being the record date set by the Board in terms of the Act for determining which shareholders are entitled to receive a notice of AGM. The record date on which shareholders must be registered as such in the Company's securities register, which date was set by the Board determining which shareholders are entitled to attend and vote at the annual general meeting is Friday, 11 November 2016. Accordingly, the last day to trade in order to be able to attend and vote at the AGM is Tuesday, 8 November 2016.

Voting

Shareholders will be entitled to attend the annual general meeting and to vote on the resolutions set out above. On a show of hands, every Primeserv shareholder who is present in person, by proxy or represented at the annual general meeting shall have one vote (irrespective of the number of shares held in the Company), and on a poll, which any shareholder can request, every Primeserv shareholder shall have one vote for each share held by such shareholder.

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

Electronic participation

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

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

Proxies

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

A form of proxy is attached for the convenience of certificated shareholders and "own name" dematerialised shareholders of the Company who are unable to attend the annual general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), not later than 09:30 on Wednesday, 16 November 2016.

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

At any time, a shareholder of a Company may appoint any individual, including an individual who is not a shareholder of that Company, as a proxy to:

- participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
- give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

A proxy appointment:

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

Except to the extent that the Memorandum of Incorporation of a company provides otherwise:

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

Irrespective of the form of instrument used to appoint a proxy:

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

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

- the date stated in the revocation instrument, if any; or
- the date on which the revocation instrument was delivered as required in sub-section (4)(c)(ii).

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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

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

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

By order of the Board

ER GOODMAN SECRETARIAL SERVICES CC
(REPRESENTED BY E GOODMAN)
Company Secretary
Johannesburg
29 September 2016

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

25 Rudd Rd,
Illovo,
Johannesburg, 2196

PO Box 3008,
Saxonwold, 2132

www.primeserv.co.za
Email: productivity@primeserv.co.za

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07

70 Marshall Street,
Marshalltown,
2001

PO Box 61051,
Marshalltown, 2107

FORM OF PROXY

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

For the use by certificated or "own name" dematerialised shareholders of Primeserv for the annual general meeting of Primeserv Group Limited to be held at Protea Hotel Wanderers, Corner of Corlett Drive and Rudd Road, Johannesburg at 09:30 on Friday 18 November 2016 ("the annual general meeting").

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

I/We ______________________________ (name/s in block letters)

of ______________________________ (address)

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

1. ______________________________ or, failing him/her,

2. ______________________________ or, failing him/her,

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

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

Signed at ______________ on ______________ 2016

Signature ______________________________

Assisted by me ______________________________ (where applicable)

Please indicate whether you elect to receive documents electronically at the e-mail address inserted below by ticking the appropriate box YES ☐ NO ☐

Signature ______________________________

Please see notes overleaf

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the names of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the meeting", but the shareholder must initial any such deletion. The person whose name appears first on the proxy and which has not been deleted shall be entitled to act as proxy to the exclusion of those names following.
2. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes.
3. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries or by the chairman of the annual general meeting before the commencement of the annual general meeting.
4. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the general meeting, be proposed, the proxy shall be entitled to vote as he/she thinks fit.
5. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded with the Company's transfer secretary or waived by the chairman of the annual general meeting.
6. His/her parent or guardian as applicable must assist a minor or any other person under legal incapacity, unless the relevant documents establishing capacity are produced or have been registered with the transfer secretaries.
7. Where there are joint holders of ordinary shares:
   - any one holder may sign the form of proxy;
   - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register) who tender a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
8. Proxies must be lodged at or posted to the Company or the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received not later than 09:30 on Wednesday, 16 November 2016.
9. Any alteration or correction made to this form of proxy other than the deletion of alternatives must be initialled by the signatory/ies.
10. The completion and lodging of this proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
11. The chairman of the meeting may reject or accept a proxy that is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
12. *If you have not dematerialised your shares and selected own name registration in the sub-register:*

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

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

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CORPORATE INFORMATION

Registered office

25 Rudd Road,
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Telephone: +27 011 691 8000
Telefax: +27 011 691 8011
www.primeserv.co.za
email: productivity@primeserv.co.za

Company Secretary

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

Legal advisors

DLA Cliffe Dekker Hofmeyr
Werksmans

Sponsor

Grindrod Bank Limited
4th Floor Grindrod Towers
8A Protea Place
Sandton, 2196

Bankers

FirstRand Bank Limited
Investec Bank Limited

Auditors

Baker Tilly SVG
Third Floor, 35 Ferguson Road,
Illovo, 2196

Transfer secretaries

Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07
70 Marshall Street, Marshalltown, 2001

360 hr services

www.primeserv.co.za

people ● productivity ● performance ™