

**PRIMESERV GROUP LIMITED**

**SUMMARISED ANNUAL FINANCIAL STATEMENTS**

**2014**

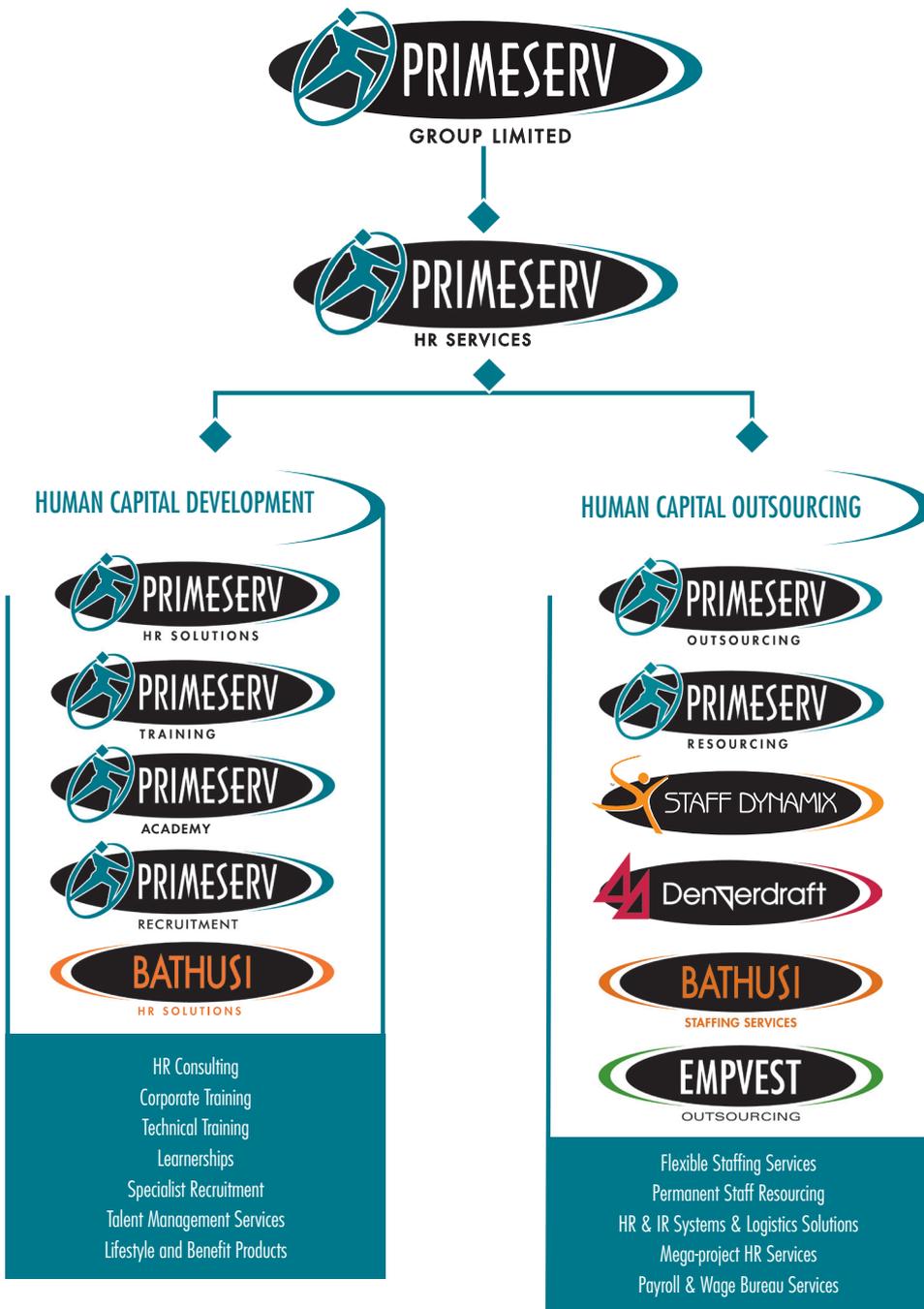


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This is a condensed version of the full Integrated Report. For the full Integrated Report please visit [www.primeserv.co.za](http://www.primeserv.co.za). Should you require an electronic copy (by e-mail) or would like to request a hard copy, please contact the Financial Director, Mr R Sack, at the registered office of the Company, 25 Rudd Rd, Illovo, Sandton (PO Box 3008, Saxonwold, 2132) or by e-mail at [int14report@primeserv.co.za](mailto:int14report@primeserv.co.za).

# ORGANISATIONAL OVERVIEW

## GROUP STRUCTURE





## CHAIRMAN'S REPORT

It is my privilege to be able to present Primeserv Group Limited's fourth Integrated Report. As a responsible corporate citizen, the Group endorses the strategic reporting methodology that encompasses economic, social and environmental indicators. The assimilation of this triple-bottom-line methodology into Group operations is an evolving process, and it is the Board's aim to progressively enhance this in order to deliver added value reporting to all of its stakeholders.

While there are continuing uncertainties in the global economic environment, new legislation in South Africa has provided a degree of certainty regarding the role and position of the Temporary Employment Services (TES) industry in South Africa. It remains the Group's position that fair and reasonable regulation favours the larger and more reputable TES providers, which have the necessary systems and infrastructure in place to meet the demands of operating in a highly regulated environment.

Many challenges, however, remain within the labour environment. Widespread labour related industrial action throughout the year continued to impact on the broader economy and consequently affected the Group, with revenue from continuing operations being negatively impacted. This was, to an extent, offset by the fact that margins improved due to the Group's strategy of focusing on more high-margin clients. Overall, Primeserv's financial position has, in many respects, improved when compared to its position in the 2013 financial year and Primeserv returned to overall profitability in the 2014 financial year.

This is partly due to cost management and the benefits of efficiency measures. The Group's programme of reorganisation and centralisation is being successfully implemented, and is enhancing both Primeserv's competitive position and its financial position. Improved working capital management has also been a feature, whilst the refinement of Primeserv's business model and a renewed focus on core competencies delivers tangible results.

Within a broader socio-economic context, significant challenges also remain. The unemployment rate continues to be a cause of great concern, with the SA Quarterly Labour Force Survey recording further job losses in the first quarter of 2014.

This, together with a low economic growth rate, a volatile currency and low productivity rates speaks to the urgent need not only to secure access to work opportunities, but also to improve candidates' job prospects through training and development. It is a position supported by the World Economic Forum's Global Competitiveness Report (2013 – 2014), which shows that South Africa is ranked 56<sup>th</sup> out of 144 countries, down four positions from the previous year, in terms of competitiveness. This is a measure based on such factors as skills and productivity.

With relevance to Primeserv's sphere of business activity, South Africa is ranked 88/144 for the quality of its education, and received an overall score of only 4.3/7 in this category. The situation is also concerning when

it comes to labour market efficiency, with the country dropping 18 places to 133/144, whilst being ranked at 139/144 for the flexibility of wage determination and 143/144 for hiring and firing practices since the last WEF report. Nevertheless Primeserv remains optimistic about South Africa's future and is committed to providing services and solutions that seek to positively address current challenges.

Primeserv's product and services offering, which focuses on job creation and employment underpinned by skills development programmes and learnerships, has an important role to play in normalising this situation and creating a more sustainable future for the country.

On average, over 30% of temporary assignments evolve into permanent positions. Primeserv Outsourcing, through its placement of temporary staff, therefore has a pivotal and transformative role to play in employment dynamics. Primeserv also, in appropriate circumstances, places candidates, particularly the youth, with no previous employment history in jobs thereby in some small way addressing critical areas of dissatisfaction amongst the most economically disadvantaged sectors of the economy. The process also promotes access to the kind of skills transfer that is beneficial to both the individual and the economy as a whole.

The success of transformation initiatives like these is critical to economic, social and environmental sustainability, and Primeserv's commitment to transformation is embedded in both our business model and our culture.

As an expression of this commitment, the Board provides a platform for responsible corporate citizenship, and continues to align its sustainability reporting processes with global reporting standards that are in accordance with the Global Reporting Initiative's guidelines. The Group is further committed to enhancing its sustainability management protocols and to increasing the visibility of its broader sustainability initiatives.

In order to address the issues relating to the ownership element of the balanced scorecard, and as part of Primeserv's ongoing B-BBEE initiatives, the Group's ownership participation structure has been fully assessed and further improvements to this aspect of the Group's transformation are being planned.

As we at Primeserv continue along this path of regeneration, I wish to express my appreciation to my fellow directors for their dedication and commitment to the Group. Thanks are especially due to our CEO, as well as the Group's executives, and our management and staff, who are the very heart of our business.

**J MICHAEL JUDIN**  
*Independent Non-Executive Chairman*



Primeserv Group Limited is an investment holding company with subsidiary operations focused on the delivery of human resources (HR) and industrial relations (IR) products, services and solutions through its operating pillar, Primeserv HR Services. This incorporates two main areas of specialisation: Human Capital Development and Human Capital Outsourcing.

Primeserv HR Services delivers and operates an extensive range of HR and IR consulting services and solutions, corporate and vocational training programmes, technical skills assessment and training centres, as well as permanent and temporary staffing services, wage bureaus and staff lifestyle and benefit products.

The 2014 financial year represented a period of consolidation for Primeserv, with the Group concentrating its efforts on its core business and enhancing its national capability to provide continued service excellence to its clients. Management also concentrated its efforts on optimising working capital and on growing and diversifying revenue streams. The Group is actively engaged in seeking acquisitive opportunities aimed at utilising the scalability inherent in its operational infrastructure.

The 2014 financial year has seen a return to overall profitability across the Group, with EBITDA up by 61%, operating profit up by 87%, net profit before tax up by 164% and headline earnings per share up by 9,56 cents from a headline loss per share of 3,05 cents last year to headline earnings of 6,51 cents per share for the current year. This improvement is attributable to an increase in earnings from continuing operations and a reduction in the loss attributable to the discontinued Colleges business.

### ECONOMIC CONTEXT

Primeserv operates within a challenging macroeconomic environment that inevitably impacts on its operations and results.

During the 2014 financial year, labour unrest at home and sluggish growth in both Europe and the United States impacted significantly on the local economy. Unemployment also remained exceptionally high, with the official unemployment rate for the period being 25.2% (South African Reserve Bank). By the first quarter of 2014, there were 5,07 million people out of work in the country, up from 4,83 million in the preceding quarter, mainly as a result of job losses in the agriculture, manufacturing and transport sectors (Trading Economics).

Of perhaps even greater concern is the fact that unemployment is particularly high amongst young people, with 36.1% of individuals aged between 15 and 34 being unemployed (Statistics South Africa).

This is exacerbated by the fact that job creation has failed to keep pace with growth, particularly in the private sector. Economic growth for the 12-month period ending December 2013 was 1.9%, while job growth in the formal sector languished at 0.5% (Statistics SA). By this date, 8,49 million people were employed in the formal sector, marginally up from 8,46 million in 2012. Given the increase in and duration of incidents

of labour unrest, including, often times violent and disruptive industry-wide industrial action, this trend is likely to continue.

Many economic analysts are of the opinion that, within the current constrained economic environment, companies have simply learnt to do with fewer people, and that there is also very little scope for further job creation in the public sector. Unless there is sustained economic growth in South Africa, neither sector is likely to create many new jobs (Stanlib).

Notwithstanding these challenges, one of the primary requirements of business in relation to growth and expanding employment is the need for flexibility which need can be efficiently met by trusted, compliant and well managed TES providers.

### PRODUCTIVITY

South Africa's labour productivity continues to decline and is currently at a 50-year low. Labour unrest in the mining and motor industry sectors has had a serious impact on economic output, particularly in export orientated sectors with high levels of downstream local supply. This is being aggravated by uncompetitive wage demands that are further compromising productivity. South Africa's low productivity levels remain one of the most serious constraints on economic growth and international competitiveness.

Primeserv specialises in providing and utilising best practice HR and IR processes to facilitate the optimisation of worker productivity.

More effective education and training would contribute greatly to a long-term solution to the country's productivity problem. One of the goals of the National Development Plan (NDP) is therefore to improve education, training and skills development through the active support of the private sector, whose role should be seen within the broader context of the ongoing dialogue between government, business, labour and civil society.

In this regard, Primeserv's Technical Training and Learnership units are able to provide a significant value added component, not only in regard to the upskilling of Primeserv's workforce, but also to those of its TES clients. During the year under review the Group opened a welding assessment and skills upliftment centre at its regional hub in Secunda to streamline the appointment and selection of welders at client operations.

### TEMPORARY EMPLOYMENT SERVICES

Approximately one million jobs were lost in South Africa during the global economic recession, and recent figures indicate that this trend is continuing, although on a smaller scale. Low levels of economic growth continue to hamper job creation, as does uncertainty in the labour market attributed largely to the impact of the protracted debate concerning the now recently legislated labour amendments and the consequent impact on flexibility in regard to employment. These amendments will have a significant impact on the costs associated with the employment of temporary labour directly by employers, not only in regard to direct costs but also in regard to the associated HR management costs.



The increased costs of employment and the impact on the ability of business to address its requirements in regard to flexibility in meeting labour requirements has and will lead to a reticence by business to directly take on additional labour to meet any increases in demand until such time as the sustainability of such increase is assured. Given the numbers of temporary employees employed in the South African economy this could materially impact on an already poor employment outlook. The new labour legislation which imposes a three-month deeming provision in regard to direct temporary employment will greatly restrict business in achieving the requirement of labour flexibility. In this regard utilisation of large, integrated HR service providers will, in the view of Primeserv, provide an attractive alternative.

While the formal sector continues to shed jobs, the TES industry has continued to fill jobs, especially for skilled workers, where demand remains strong.

The TES sector constitutes a multi-billion-rand industry. Labour brokers employ over 20 000 internal staff and over 1 million temporary staff.

The use of TES providers is fundamentally connected to peaks in demand and to filling in for absent employees. Temporary workers or assignees are not substitutes for permanent workers, but are connected to production, manufacturing, distribution, agricultural and other business cycles that result in a variable demand for labour.

The TES industry has long advocated the need for specific regulation to govern this sector. Primeserv is committed to regulation that is fair, effectively enforced and that recognises the dynamic nature of the current labour market. The Group recognises that, in order to remain competitive, business is increasingly choosing to outsource non-core functions, as well as to contract specialist skills for specific projects.

In order to effectively manage the sourcing, recruiting, deployment and administering of flexible labour resources, business is therefore looking to the larger, reputable TES specialists, such as Primeserv, to meet their staffing needs.

## BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Primeserv has continued to place emphasis on a number of the more broad-based aspects of the B-BBEE scorecard. A range of initiatives related to skills development, preferential procurement, enterprise development and socio-economic development are also being explored and implemented. Its ownership credentials at the subsidiary level are satisfactory. The scorecards for individual Group entities are available for review on the Group's website.

## CORPORATE CITIZENSHIP

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

Details relating to the Group's corporate governance policies and procedures, as well as its sustainability, are available in the Integrated Report.

## DIVIDENDS

No final dividend is proposed for the 2014 financial year.

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

## OUTLOOK

Over the past two years, Primeserv has become a more streamlined, efficient and operationally effective organisation, and this should provide a sustainable platform for the future.

## ACKNOWLEDGEMENTS

I would like to take this opportunity to thank all of our stakeholders for their support during the year. We look forward to continuing our mutually beneficial relationships in the years to come.

Thanks are also due to our Chairman and our Board of Directors for their support, diligence and efforts on behalf of the Group throughout the past year. In particular I would like to extend my appreciation to Professor Saul Klein who after many years of exemplary and valued service, has, in view of his international commitments arising from his role as Dean and Landsdowne Professor of International Business of the Gustavson School of Business, University of Victoria, Canada, decided not to offer himself for re-election to the Board. His broad strategic input will be missed.

Finally, I would like to extend my special thanks to our management team and all Primeserv employees and contractors for their hard work and dedication, during the past year.

MERRICK ABEL  
Chief Executive Officer

Revenue from continuing operations was R638,8 million, a decrease of R34,0 million compared to the prior year R672,8 million. Gross profit from continuing operations increased from R90,6 million to R98,1 million.

	2014	Restated*	Variance	Variance
	R'000	2013	R'000	%
		R'000	R'000	
<b>REVENUE – Including Discontinued Operations</b>				
Human Capital Outsourcing	605 932	642 622	(36 690)	(6)
Human Capital Development	34 319	62 052	(27 733)	(45)
<b>Total</b>	<b>640 251</b>	<b>704 674</b>	<b>(64 423)</b>	<b>(9)</b>
<b>REVENUE – Continuing Operations</b>				
Human Capital Outsourcing	605 932	642 622	(36 690)	(6)
Human Capital Development	32 859	30 167	2 692	9
<b>Total</b>	<b>638 791</b>	<b>672 789</b>	<b>(33 998)</b>	<b>(5)</b>
<b>GROSS PROFIT – Continuing Operations</b>				
Human Capital Outsourcing	73 473	75 008	(1 535)	(2)
Human Capital Development	24 648	15 576	9 072	58
<b>Total</b>	<b>98 121</b>	<b>90 584</b>	<b>7 537</b>	<b>8</b>

\* Restated for IFRS 10

The Group's gross profit from continuing operations showed an improvement of 8% over the prior year, albeit at lower sales, due to a swing from lower margin clients to some with higher margins across different industry segments.

## DEPRECIATION AND CAPITAL ADDITIONS

During the year a total of R1,2 million was spent on capital additions across the Group, mainly for computer equipment and training and course material. Depreciation for the year was R1,4 million compared to R1,6 million for the last financial year. No major additions are intended in the forthcoming year.

## OPERATING PROFIT

Operating profit for the year from continuing operations increased by 87% from R6,7 million to R12,6 million. Central Services has continued to contain costs and its net operating costs were R13,3 million compared to R13,6 million in the comparable period.

## HUMAN CAPITAL DEVELOPMENT

The segment's revenue from continuing operations increased by 14% from R30,2 million to R32,9 million. Continuing operations within the segment recorded a better performance delivering an operating profit of R0,6 million compared to an operating loss of R2,1 million in the comparable period. EBITDA improved by R2,3 million from a loss of R1,2 million to an income of R1,1 million. The segment's Days Sales Outstanding (DSO) has moved out from 65 days to 143 days, largely due to delays in receipts from SETA-funded projects, albeit that a significant amount was collected subsequent to the year-end.

## HUMAN CAPITAL OUTSOURCING

Revenue for the segment decreased by 6% from R642,6 million to R605,9 million, with operating profit increasing by 13% from R22,5 million to R25,4 million. EBITDA increased by 14% from R23,6 million to R27,1 million. The segment's DSO showed an improvement from 46 days to 42 days. The segment continues to focus on working capital management, margin improvement and operating efficiencies.



### PROFIT BEFORE TAXATION

Profit before taxation from continuing operations was R7,8 million, an increase of 164% over the R3,0 million earned in the prior year.

### TAXATION

As the Group has improved its overall profitability and has also invested less in learnership programmes, there has been a return to a tax charge position from a tax credit position in the prior year.

### DISCONTINUED OPERATIONS

At the end of April 2013 the Group disposed of the non-core loss-making Colleges division and in so doing has avoided concomitant closure costs and other ongoing commitments to learners registered with the business. The net after tax effect for the year was a charge of R2,0 million compared to R9,0 million for the prior year.

### EARNINGS PER SHARE

The earnings per share and diluted earnings per share from continuing operations increased from 5,35 cents to 8,65 cents. Overall earnings per share increased from a loss of 4,26 cents per share to a profit of 6,51 cents per share. Similarly, headline earnings per share and diluted headline earnings per share from continuing operations increased from 5,28 cents per share to 8,65 cents per share while that for the overall Group improved from a loss of 3,05 cents per share to a profit of 6,51 cents per share.

### DIVIDENDS

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

### STATEMENT OF FINANCIAL POSITION

The Group's statement of financial position has shown an improvement in many respects when compared to the last financial year. The investment in trade receivables has decreased from R106,6 million to R94,6 million, with the average DSO improving from 51 days to 47 days. Trade payables have also decreased, by R13,3 million from R43,8 million to R30,5 million. This is due in part to the payment of statutory amounts relating to bargaining councils which were previously held as provisions. The overall level of borrowings at year-end decreased by R6,5 million from an aggregate of R55,6 million to R49,1 million. The net asset value per share improved by 9% from 76 cents per share to 83 cents per share.

### CASH FLOW

Cash flows relating to operating activities was a positive R1,8 million which reflects a R9,7 million turnaround from the net outflow of R7,9 million for the comparable period. Cash flows attributable to investing activities was an outflow of R1,9 million, relating primarily to the acquisition of equipment and training materials. The R5,0 million outflow in financing activities relates primarily to the settlement of a short-term loan through additional bank borrowings.

### CONCLUSION

The return to operating profit across both business segments and the mitigation of the costs associated with the discontinued Colleges operation have improved the Group's balance sheet and is expected to improve cash generation.

**RAPHAEL SACK**  
*Financial Director*



## DIRECTORS' APPROVAL AND RESPONSIBILITY STATEMENT

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

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

The summarised consolidated and separate financial statements should be read in conjunction with the consolidated and separate annual financial statements for the year ended 31 March 2014 which were prepared in accordance with the JSE Limited Listings Requirements for abridged reports and the requirements of the Companies Act of South Africa. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the summarised consolidated and separate financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements other than for the adoption of IFRS 10: Consolidated Financial Statements which is detailed in the notes to the financial statements. The results were prepared by the Group Financial Director, Mr R Sack CA(SA).

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

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

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

### APPROVAL OF THE SUMMARISED ANNUAL FINANCIAL STATEMENTS

The summarised consolidated and separate annual financial statements of Primeserv Group Limited, as identified above, were approved by the Board of Directors on 26 September 2014 and signed on their behalf by:

**JM JUDIN**  
*Independent Non-Executive Chairman*

Johannesburg

**M ABEL**  
*Chief Executive Officer*



# INDEPENDENT AUDITOR'S REPORT ON SUMMARY FINANCIAL STATEMENTS

## TO THE SHAREHOLDERS OF PRIMESERV GROUP LIMITED

The summary consolidated financial statements of Primeserv Group Limited, contained in the accompanying abridged report, which comprise the summary consolidated statement of financial position as at 31 March 2014, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Primeserv Group Limited for the year ended 31 March 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 26 September 2014. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph: "Other reports required by the Companies Act" (refer below).

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Primeserv Group Limited.

## DIRECTOR'S RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in the Directors' Approval and Responsibility Statement and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summary consolidated 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 the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

## OPINION

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Primeserv Group Limited for the year ended 31 March 2014 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

## OTHER REPORTS REQUIRED BY THE COMPANIES ACT

The "other reports required by the Companies Act" paragraph in our audit report dated 26 September 2014 states that as part of our audit of the consolidated financial statements for the year ended 31 March 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

**BAKER TILLY SVG**

L Vroom

Partner

Registered Auditor

Melrose Arch

26 September 2014



# STATEMENTS OF COMPREHENSIVE INCOME

for the twelve months ended 31 March 2014

	GROUP		COMPANY	
	2014 R'000	Restated* 2013 R'000	2014 R'000	2013 R'000
Revenue	638 791	672 789	–	–
Cost of sales	(540 670)	(582 205)	–	–
Gross profit	98 121	90 584	–	–
<b>Operating profit/(loss)</b>	<b>12 591</b>	<b>6 732</b>	<b>(675)</b>	<b>(103)</b>
Interest paid	(5 766)	(4 024)	(56)	(367)
Dividends received from subsidiaries	–	–	4 488	3 230
Interest received	983	254	879	296
Profit on disposal of subsidiaries	–	–	187	–
Net impairment of investment in subsidiaries and loans with subsidiaries	–	–	–	(7 476)
Profit/(loss) before taxation	7 808	2 962	4 823	(4 420)
Taxation	(1 366)	1 769	147	(177)
Profit/(loss) from continuing operations	6 442	4 731	4 970	(4 597)
Loss from discontinued operation (net of taxation)	(2 002)	(9 005)	–	–
Total comprehensive income/(loss)	4 440	(4 274)	4 970	(4 597)
<i>Total comprehensive income attributable to:</i>				
Ordinary shareholders of the Company	6 096	(3 991)		
– Continuing operations	8 098	5 014		
– Discontinued operation	(2 002)	(9 005)		
Non-controlling shareholders' interest	(1 656)	(283)		
Total comprehensive income	4 440	(4 274)		
Weighted average number of shares ('000)	93 682	93 682		
Diluted weighted average number of shares ('000)	93 682	93 682		
Earnings and diluted earnings per share (cents)	6,51	(4,26)		
– Continuing operations	8,65	5,35		
– Discontinued operation	(2,14)	(9,61)		
Headline earnings and diluted headline earnings per share (cents)	6,51	(3,05)		
– Continuing operations	8,65	5,28		
– Discontinued operation	(2,14)	(8,33)		

\* Restated for the adoption of IFRS 10



# STATEMENTS OF FINANCIAL POSITION

as at 31 March 2014

	GROUP			COMPANY		
	2014 R'000	Restated* 2013 R'000	Restated* 2012 R'000	2014 R'000	Restated* 2013 R'000	Restated* 2012 R'000
<b>ASSETS</b>						
<b>Non-current assets</b>	<b>50 567</b>	<b>44 701</b>	<b>47 856</b>	<b>159 642</b>	<b>137 521</b>	<b>136 036</b>
Equipment and vehicles	3 930	4 086	6 964	498	673	801
Investment property	7 645	7 645	7 645	–	–	–
Goodwill	18 170	18 170	18 170	–	–	–
Intangible assets	2 269	2 775	2 992	–	–	–
Investment in subsidiaries	–	–	–	98 330	93 842	55 269
Loans to subsidiaries	–	–	–	45 229	33 728	70 510
Long-term receivables	6 860	1 050	1 214	6 160	–	–
Deferred tax asset	11 693	10 975	10 871	180	33	210
Advance to share trust	–	–	–	9 245	9 245	9 246
<b>Current assets</b>	<b>102 595</b>	<b>120 532</b>	<b>111 650</b>	<b>6 633</b>	<b>11 657</b>	<b>12 020</b>
Inventories	200	857	559	–	–	–
Trade receivables	94 555	106 624	93 353	3 743	–	–
Other receivables	6 748	5 227	6 246	2 567	5 007	1 104
Cash and cash equivalents	1 092	7 824	11 492	323	6 650	10 916
<b>Non-current assets held for sale</b>	<b>–</b>	<b>1 639</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total assets</b>	<b>153 162</b>	<b>166 872</b>	<b>159 506</b>	<b>166 275</b>	<b>149 178</b>	<b>148 056</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>	<b>70 742</b>	<b>66 263</b>	<b>69 710</b>	<b>86 791</b>	<b>81 821</b>	<b>86 418</b>
Ordinary share capital	1 321	1 321	1 321	1 321	1 321	1 321
Share premium	1 351	1 351	1 351	1 351	1 351	1 351
Distributable reserves	89 385	83 289	87 280	30 438	25 468	22 589
Non-distributable reserve	–	–	–	55 729	55 729	63 205
Treasury shares	(14 748)	(14 748)	(15 575)	(2 048)	(2 048)	(2 048)
Total equity attributable to equity holders of the Company	77 309	71 213	74 377	86 791	81 821	86 418
Non-controlling interest	(6 567)	(4 950)	(4 667)	–	–	–
<b>Non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>76 681</b>	<b>65 173</b>	<b>59 430</b>
Loans from subsidiaries	–	–	–	76 681	65 173	59 430
<b>Current liabilities</b>	<b>82 420</b>	<b>100 609</b>	<b>89 796</b>	<b>2 803</b>	<b>2 184</b>	<b>2 208</b>
Trade and other payables	30 545	43 823	37 557	1 690	1 213	1 237
Current portion of financial liabilities	–	5 031	5 709	–	–	–
Taxation payable	2 803	1 180	1 216	392	971	971
Bank borrowings	49 072	50 575	45 314	721	–	–
<b>Total equity and liabilities</b>	<b>153 162</b>	<b>166 872</b>	<b>159 506</b>	<b>166 275</b>	<b>149 178</b>	<b>148 056</b>
Number of shares in issue at year-end ('000) (net of treasury and share trust shares)	93 682	93 682	93 682			
Net asset value per share (cents) (capital and reserves divided by number of shares in issue at year-end)	83	76	79			

\* Restated for the adoption of IFRS 10



## STATEMENTS OF CHANGES IN EQUITY

for the twelve months ended 31 March 2014

	Share capital R'000	Share premium R'000	Distributable reserves R'000	Non-distributable reserve R'000	Treasury shares R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
<b>Group</b>								
Opening balances at 1 April 2012	1 321	1 351	87 280	–	(15 575)	74 377	(847)	73 530
Restatement for adoption of IFRS 10	–	–	–	–	–	–	(3 820)	(3 820)
Restated balance at beginning of year	1 321	1 351	87 280	–	(15 575)	74 377	(4 667)	69 710
Attributable earnings for the year	–	–	(3 991)	–	–	(3 991)	(283)	(4 274)
Shares disposed of	–	–	–	–	827	827	–	827
<b>Balances at 1 April 2013</b>	<b>1 321</b>	<b>1 351</b>	<b>83 289</b>	<b>–</b>	<b>(14 748)</b>	<b>71 213</b>	<b>(4 950)</b>	<b>66 263</b>
Attributable earnings for the year	–	–	6 096	–	–	6 096	(1 656)	4 440
Disposal of interest to minority	–	–	–	–	–	–	39	39
<b>Closing balances at 31 March 2014</b>	<b>1 321</b>	<b>1 351</b>	<b>89 385</b>	<b>–</b>	<b>(14 748)</b>	<b>77 309</b>	<b>(6 567)</b>	<b>70 742</b>
<b>Company</b>								
Opening balances at 1 April 2012	1 321	1 351	22 589	63 205	(2 048)	86 418	–	86 418
Attributable earnings for the year	–	–	(4 597)	–	–	(4 597)	–	(4 597)
Transfer of net impairment increase to non-distributable reserve	–	–	7 476	(7 476)	–	–	–	–
<b>Balances at 1 April 2013</b>	<b>1 321</b>	<b>1 351</b>	<b>25 468</b>	<b>55 729</b>	<b>(2 048)</b>	<b>81 821</b>	<b>–</b>	<b>81 821</b>
Attributable earnings for the year	–	–	4 970	–	–	4 970	–	4 970
<b>Closing balances at 31 March 2014</b>	<b>1 321</b>	<b>1 351</b>	<b>30 438</b>	<b>55 729</b>	<b>(2 048)</b>	<b>86 791</b>	<b>–</b>	<b>86 791</b>



# STATEMENTS OF CASH FLOWS

for the twelve months ended 31 March 2014

	GROUP		COMPANY	
	2014 R'000	Restated* 2013 R'000	2014 R'000	2013 R'000
<b>Cash flows generated from/(utilised in) operating activities</b>	<b>1 748</b>	<b>(7 921)</b>	<b>3 613</b>	<b>(711)</b>
Profit before taxation from continuing operations	7 808	2 962	4 823	(4 420)
Loss before tax from discontinued operations	(2 002)	(7 340)	–	–
Adjustments	6 646	7 141	(628)	7 706
– Interest received	(983)	(254)	(879)	(296)
– Interest paid	5 766	4 024	56	367
– Non-cash flow items	–	(65)	–	–
– Depreciation	1 357	1 614	195	159
– Impairments	–	627	–	7 476
– Amortisation and impairment of intangibles	506	1 195	–	–
Operating cash flows before working capital changes	12 452	2 763	4 195	3 286
Working capital changes	(5 460)	(6 878)	(826)	(3 926)
– Decrease/(increase) in inventories	653	(325)	–	–
– Decrease/(increase) in trade and other receivables	3 449	(19 976)	(1 303)	(3 903)
– (Decrease)/increase in trade and other payables	(9 562)	13 423	477	(23)
Cash generated from/(utilised in) operations	6 992	(4 115)	3 369	(640)
– Interest received	983	254	879	296
– Interest paid	(5 766)	(4 024)	(56)	(367)
– Taxation paid	(461)	(36)	(579)	–
<b>Cash flows utilised in investing activities</b>	<b>(1 946)</b>	<b>(1 207)</b>	<b>(10 661)</b>	<b>(3 555)</b>
Purchase of equipment and vehicles to maintain operations	(1 201)	(1 067)	(20)	(31)
Acquisition of intangible assets	–	(978)	–	–
Proceeds on disposal of equipment and vehicles	–	131	–	–
Increase in long-term receivable	(660)	–	–	–
Net movement in loans	–	707	(6 160)	–
Disposal of subsidiary	(85)	–	–	–
Movement in subsidiary company investments and loans	–	–	(4 481)	(3 524)
<b>Cash flows utilised in financing activities</b>	<b>(5 031)</b>	<b>(678)</b>	<b>–</b>	<b>–</b>
Decrease in non-current financial liabilities	–	(40)	–	–
Short-term loan	(4 830)	442	–	–
Repayment of vendor obligation	(201)	(1 080)	–	–
Net decrease in cash and cash equivalents	(5 229)	(9 806)	(7 048)	(4 266)
Cash and cash equivalents at beginning of year	(42 751)	(32 945)	6 650	10 916
<b>Cash and cash equivalents at end of year</b>	<b>(47 980)</b>	<b>(42 751)</b>	<b>(398)</b>	<b>6 650</b>

\* Restated for the adoption of IFRS 10

for the twelve months ended 31 March 2014

## 1. SIGNIFICANT ACCOUNTING POLICIES

### REVENUE

Group revenue consists of sales to customers from services rendered and is stated net of value added taxation. Course fees received in advance are recognised over the period of the course. Income received on long-term staff supply and training contracts is recognised as it is earned.

### 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.

### 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.

## 2. CHANGE IN ACCOUNTING POLICY

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. Some guidance included in IFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Specifically, the Group has a 45% ownership interest in Bathusi Staffing Services Proprietary Limited. The Group's 45% ownership interest in Bathusi Staffing Services Proprietary Limited gives the Group the same percentage of the voting rights in Bathusi Staffing Services Proprietary Limited. The Group's 45% ownership interest in Bathusi Staffing Services Proprietary Limited was acquired in January 2005 and there has been no change in the Group's ownership in Bathusi Staffing Services Proprietary Limited since then.

The directors of the Company made an assessment as at the date of initial application of IFRS 10 (i.e. 1 April 2013) as to whether or not the Group has control over Bathusi Staffing Services Proprietary Limited in accordance with the new definition of control and the related guidance set out in IFRS 10. The directors concluded that it does have control in terms of IFRS 10 over Bathusi Staffing Services Proprietary Limited on the basis of the Group's absolute size of holding in Bathusi Staffing Services Proprietary Limited and the relative size of and dispersion of the shareholdings owned by the other shareholders. Therefore, in accordance with the requirements of IFRS 10, Bathusi Staffing Services Proprietary Limited has been a subsidiary of the Company since April 2013. Previously, Bathusi Staffing Services Proprietary Limited was treated as an associate of the Group and accounted for using the equity method of accounting. Comparative amounts for 2013 and the related amounts as at 1 April 2013 have been restated in accordance with the relevant transitional provisions set out in IFRS 10.

## 3. EARNINGS PER SHARE

The earnings per share and diluted earnings per share from continuing operations increased from 5,35 cents to 8,65 cents. Overall earnings per share improved from a loss of 4,26 cents per share to a profit of 6,51 cents per share. Similarly, headline earnings per share and diluted headline earnings per share from continuing operations increased from 5,28 cents per share to 8,65 cents per share while that for the overall Group improved from a loss of 3,05 cents per share to a profit of 6,51 cents per share.

### Reconciliation of Headline Earnings

	2014 R'000	2013 R'000
<b>Net profit/(loss) attributable to shareholders</b>	<b>6 096</b>	<b>(3 991)</b>
After-tax effect of profit on sale of fixed assets – continuing operations	–	(65)
Impairment of assets – discontinued operations	–	1 203
<b>Headline earnings/(loss)</b>	<b>6 096</b>	<b>(2 853)</b>
– Continuing operations	<b>8 098</b>	4 949
– Discontinued operation	<b>(2 002)</b>	(7 802)



continued

#### 4. SEGMENTAL ANALYSIS

The segmental analysis describes the relative performance of the main operating sectors of the business, including that of Central Services. Revenue in the Human Capital Outsourcing segment decreased from R642,6 million to R605,9 million, while that of the Human Capital Development segment decreased from R62,1 million to R34,3 million, taking into consideration that these amounts include the revenue of the discontinued colleges business. Operating profits in the Human Capital Outsourcing segment were up when compared with the prior year.

	2014 R'000	2013 R'000
<b>Revenue from external customers</b>		
Human Capital Outsourcing	605 932	642 622
Human Capital Development	34 319	62 052
<b>Total</b>	<b>640 251</b>	<b>704 674</b>
<b>Revenue – Inter-segment</b>		
Human Capital Outsourcing	–	–
Human Capital Development	493	4 089
<b>Total</b>	<b>493</b>	<b>4 089</b>
<b>Business segment operating profit results</b>		
Human Capital Outsourcing	25 347	22 463
Human Capital Development	(1 428)	(7 870)
– Continuing operations	574	(2 107)
– Discontinued operations	(2 002)	(5 763)
Central Services	(13 330)	(13 624)
<b>Operating profit</b>	<b>10 589</b>	<b>969</b>
Interest received	983	1 723
Interest paid	(5 766)	(5 867)
Impairment of assets	–	(1 203)
– Discontinued operations	–	(1 203)
<b>Profit/(loss) before taxation</b>	<b>5 806</b>	<b>(4 378)</b>
<b>Business segment total assets</b>		
Human Capital Outsourcing	116 789	135 182
Human Capital Development	26 617	26 036
Central Services	9 756	5 654
<b>Total</b>	<b>153 162</b>	<b>166 872</b>
<b>Business segment total liabilities</b>		
Human Capital Outsourcing	75 810	91 069
Human Capital Development	5 062	4 350
Central Services	1 548	5 190
<b>Total</b>	<b>82 420</b>	<b>100 609</b>



# NOTICE OF ANNUAL GENERAL MEETING

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

Notice is hereby given in terms of section 62(1) of the Companies Act, Act 71 of 2008 as amended ("the Companies Act"), that the annual general meeting of the shareholders of Primeserv Group Limited ("Primeserv" or "the Company") will be held at Protea Hotel Wanderers, Corner of Corlett Drive and Rudd Road, Johannesburg at 09:00 on Friday 21 November 2014 for the following:

### PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated audited annual financial statements for the Company and the Group, including the external Independent Auditor's Report, the Report of the Audit Committee and the Directors' Report for the year ended 31 March 2014, 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 above-mentioned reports are set out in the 2014 Integrated Report.

### REPORT FROM THE SOCIAL AND ETHICS COMMITTEE

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

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

### AS ORDINARY RESOLUTIONS

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

### APPOINTMENT OF AUDITORS

1. Subject to the Group Audit, Governance and Risk Committee continuing to be satisfied of their independence, to confirm the appointment of the Company's auditors, Baker Tilly SVG, as independent auditors of the Company and to appoint Lennard Vroom as the designated auditor for the following year, to hold office until the conclusion of the annual general meeting of the Company to be held in 2015.

### Terms of Engagement and Fees

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

### RE-ELECTION OF DIRECTORS

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

- S Klein
- CS Shiceka

Professor Saul Klein who has served on the Board since the listing of the Company in 1998, has due to his role as Dean and Landsdowne Professor of International Business of the Gustavson School of Business, University of Victoria, Canada, found that his international travel commitments preclude regular attendance at Board meetings. He has accordingly elected not to offer himself for re-election to the Board. The Board wishes to thank Professor Klein for his many years of service and his ongoing insight and level of contribution to the Board. The Board and the Nomination Committee are in the final stages of negotiating the appointment of a new independent non-executive Director to the Board, which Director will also be nominated for appointment to the Audit Committee. A further notice in regard to the confirmation of appointment and election to the Audit Committee of the nominated candidate will be circulated to shareholders in accordance with the Companies Act, prior to the AGM.

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

Cleopatra Shiceka  
BA (Law), LLB, HDip Tax

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



# NOTICE OF ANNUAL GENERAL MEETING

continued

## ELECTION OF AUDIT COMMITTEE

3. To elect and confirm the following members of the Audit, Governance and Risk Committee to hold office until the conclusion of the next annual general meeting.

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

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

David is an independent consultant, who previously worked for 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 a non-executive director and the Chairman of the Audit Committee of Super Group Limited.

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

Cleopatra Shiceka  
BA (Law), LLB, HDip Tax

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

## ENDORSEMENT OF REMUNERATION POLICY

4. To endorse, by way of a non-binding advisory vote, the Company's remuneration policy, as described in the Remuneration Report, set out in the 2014 Integrated Report.

This is in terms of King III recommendations that the remuneration policy be presented to shareholders and allow them to express their views on the remuneration policies adopted in the remuneration of directors.

## AUTHORISATION OF DIRECTOR TO SIGN

5. 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

6. To confirm the remuneration payable to the non-executive directors of the Company for the 2015 financial year as follows:

	Retainer R	Attendance fees per meeting R
Chairman	69 000	16 000
Non-executive directors	21 000	16 000
Chairman of Audit, Governance and Risk Committee	69 000	–
Chairman of Remuneration Committee	11 000	–
Chairman of Social and Ethics Committee	11 000	–
Committee members		
– Audit	–	7 000
– Remuneration	–	5 000
– Social and Ethics	–	2 500

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

The fees in the table are for individual roles while the aggregate fees of any single director 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 JSE Listings Requirements and King III, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

### SPECIAL RESOLUTION NUMBER 2 – FINANCIAL ASSISTANCE TO SUBSIDIARIES AND ASSOCIATES

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

continued

#### **Reason for and effect of this special resolution**

In terms of the Companies Act, the Board may authorise the Company to provide any financial assistance to related or inter-related companies which are Group companies, including subsidiary companies of the Company, where it believes it would be beneficial to the Company to do so in future, subject to certain requirements set out in the Companies 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 Companies Act, the Company's Memorandum of Incorporation and the JSE 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 Companies Act, the Company's Memorandum of Incorporation and the JSE Listings Requirements.

### **VOTING AND PROXIES**

#### **Record dates**

The posting record date, being the date to be recorded in the register to be eligible to receive this notice of annual general meeting is Friday, 19 September 2014. The record date on which shareholders of the company must be registered as such in the Companies' Securities register, which date was set by the Board of the Company determining which shareholders are entitled to attend and vote at the annual general meeting is Friday 14 November 2014. Accordingly the last day to trade in order to be able to attend and vote at the annual general meeting is Friday, 7 November 2014.

#### **Voting**

The shareholders of the Company will be entitled to attend the general meeting and to vote on the resolutions set out above. On a show of hands, every Primeserv shareholder who is present in person, by proxy or represented at the general meeting shall have one vote (irrespective of the number of shares held in the Company), and on a poll, which any shareholder can request, every Primeserv shareholder shall have for each share held by him/her that proportion of the total votes in the Company which the aggregate amount of the nominal value of that share held by him bears to the aggregate of the nominal value of all the shares issued by the Company.

In terms of the JSE Listings Requirements, any shares currently held by the Primeserv Share Incentive Trust will not be taken into account in determining the results of voting on special resolution number 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 (including details as to how the shareholder or its representative can be contacted) to so participate to the transfer secretaries at the address below, to be received by the transfer secretaries at least five business days prior to the annual general meeting in order for the transfer secretaries to arrange for the shareholder (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The Company reserves the right to elect not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation. Shareholders are advised that participation in the annual general meeting by way of electronic participation will not entitle a shareholder to vote.

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

#### **Proxies**

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

A form of proxy is attached for the convenience of certificated shareholders and "own name" dematerialised shareholders of the Company who are unable to attend the annual general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), not later than 9:00 on Wednesday, 19 November 2014.



# NOTICE OF ANNUAL GENERAL MEETING

continued

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

- (1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
  - (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
  - (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
- (2) A proxy appointment
  - (a) must be in writing, dated and signed by the shareholder; and
  - (b) remains valid for
    - (i) one year after the date on which it was signed; or
    - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in sub-section (4) (c), or expires earlier as contemplated in subsection (8) (d).
- (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
  - (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  - (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy:
  - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
  - (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:
    - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
    - (ii) delivering a copy of the revocation instrument to the proxy, and to the Company.
- (5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
  - (a) the date stated in the revocation instrument, if any; or
  - (b) the date on which the revocation instrument was delivered as required in sub-section (4)(c)(ii).
- (6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

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

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

By order of the Board

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

Johannesburg  
26 September 2014

**PRIMESERV GROUP LIMITED**  
Incorporated in the Republic of South Africa  
Registration number 1997/013448/06  
Share code: PMV  
ISIN: ZAE00039277  
25 Rudd Rd, Illovo, Sandton  
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 09:00 on Friday 21 November 2014 (“the annual general meeting”).

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

I/We \_\_\_\_\_  
(Name/s in block letters)

of (address) \_\_\_\_\_

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

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

		Number of votes (one vote per ordinary share)		
		For	Against	Abstain
Resolution number 1	– To confirm the reappointment of Baker Tilly SVG as independent auditors of the Company and L Vroom as the designated auditor for the following year			
Resolution number 2	– To confirm the re-appointment as director of CS Shiceka			
Resolution number 3	– To elect the members of the Audit, Governance and Risk Committee			
	3.1 DL Rose			
	3.2 CS Shiceka			
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 \_\_\_\_\_ 2014

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 09:00 on Wednesday, 19 November 2014.
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.

**PRIMESERV GROUP LIMITED**

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ISIN: ZAE000039277

**REGISTERED OFFICE**

25 Rudd Road, Illovo, Sandton  
PO Box 3008, Saxonwold, 2132  
Telephone: +27 011 691 8000  
Telefax: +27 011 691 8011  
[www.primeserv.co.za](http://www.primeserv.co.za)  
email: [productivity@primeserv.co.za](mailto:productivity@primeserv.co.za)

**COMPANY SECRETARY**

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

**LEGAL ADVISORS**

**DLA Cliffe Dekker Hofmeyr**

Edward Nathan Sonnenbergs

**SPONSOR**

**Deloitte & Touche Sponsor Services  
Proprietary Limited**  
Deloitte & Touche Place  
The Woodlands  
20 Woodlands Drive  
Woodmead, 2196  
Private Bag X6, Gallo Manor, 2052

**BANKERS**

**FirstRand Bank Limited**

Investec Bank Limited

**AUDITORS**

**Baker Tilly SVG**  
Third Floor  
3 Melrose Boulevard  
Melrose Arch, 2076

**TRANSFER SECRETARIES**

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Proprietary Limited  
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70 Marshall Street, Marshalltown, 2001  
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