

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

Reviewed results For the year ended 31 March 2019

Condensed consolidated statement of profit and loss and other comprehensive income  
For the year ended 31 March 2019

	Reviewed March 2019 R '000	Audited March 2018 R '000
Revenue	806 735	725 289
Cost of sales	(694 451)	(618 287)
Gross profit	112 284	107 002
Other income	2 461	1 069
Operating expenses	(89 483)	(85 817)
Operating profit	25 262	22 254
Interest received	293	268
Interest paid	(668)	(2 249)
Profit before taxation	24 887	20 273
Taxation	(1 883)	(586)
Profit and total comprehensive income	23 004	19 687
Profit and total comprehensive income attributable to:		
Ordinary shareholders of the Company	22 988	19 544
Non-controlling interest	16	143
Profit and total comprehensive income	23 004	19 687
Basic earnings per share and diluted earnings per shares (cents)	25.61	21.70

Condensed consolidated statement of financial position  
As at 31 March 2019

	Reviewed March 2019 R '000	Audited March 2018 R '000
<b>ASSETS</b>		
Non-current assets	42 244	44 936
Equipment and vehicles	5 104	5 514
Investment property	5 745	6 445
Goodwill	21 178	21 178
Intangible assets	430	646
Deferred tax asset	9 787	11 153
Current assets	172 372	127 311
Inventories	132	162
Trade and other receivables	165 244	122 707
Cash and cash equivalents	6 996	4 442
Total assets	214 616	172 247
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	141 872	122 686
Ordinary share capital and share premium	2 672	2 672
Treasury shares	(17 292)	(16 279)
Retained earnings	164 589	144 406
Equity attributable to equity holders of the Company	149 969	130 799

Non-controlling interests	(8 097)	(8 113)
Current liabilities	72 744	49 561
Trade and other payables	53 370	36 498
Bank borrowings	19 374	13 063
Total equity and liabilities	214 616	172 247

Condensed consolidated statement of changes in equity  
For the year ended 31 March 2019

	Share capital	Share premium	Treasury shares	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interests	Total equity
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Audited: Opening balances at 1 April 2017	1 321	1 351	(16 279)	128 033	114 426	(8 256)	106 170
Audited: Total comprehensive income - profit	-	-	-	19 544	19 544	143	19 687
Audited: Dividends paid (3.50 cents per share)	-	-	-	(3 171)	(3 171)	-	(3 171)
Audited: Balance at 1 April 2018	1 321	1 351	(16 279)	144 406	130 799	(8 113)	122 686
Reviewed: Total comprehensive income - profit	-	-	-	22 988	22 988	16	23 004
Reviewed: Dividends paid (3.10 cents per share)	-	-	-	(2 805)	(2 805)	-	(2 805)
Reviewed: Acquisition of treasury shares	-	-	(1 013)	-	(1 013)	-	(1 013)
Reviewed: Closing balances at 31 March 2019	1 321	1 351	(17 292)	164 589	149 969	(8 097)	141 872

Condensed consolidated statement of cash flows  
For the year ended 31 March 2019

	Reviewed March 2019	Audited March 2018
	R '000	R '000
Cash flows from operations	1 213	36 084
Taxation (paid) / refunded	(1)	451
Interest paid	(668)	(2 249)
Interest received	293	268
Cash flows generated from operating activities	837	34 554
Cash flows utilised in investing activities	(776)	(3 974)
· purchase of equipment and vehicles	(776)	(3 351)
· other investing activities	-	(623)
Cash flows utilised in financing activities	(3 818)	(3 171)
· acquisition of treasury shares	(1 013)	-
· dividends paid	(2 805)	(3 171)
Net (decrease) / increase in cash and cash equivalents	(3 757)	27 409
Cash and cash equivalents at beginning of year	(8 621)	(36 030)
Cash and cash equivalents at end of year	(12 378)	(8 621)

Segmental analysis  
For the year ended 31 March 2019

	Reviewed March 2019	Audited March 2018
	R '000	R '000
Revenue: sales to external customers	786 552	700 243
Staffing Services	20 183	25 046
Training and Consulting Services	806 735	725 289
Total		

Revenue: inter-segment revenue		
Staffing Services	-	-
Training and Consulting Services	90	30
Total	90	30
Business segment operating profit results		
Staffing Services	35 084	38 182
Training and Consulting Services	594	(5 901)
Shared Services	(10 416)	(10 027)
Operating profit	25 262	22 254
Interest received	293	268
Interest paid	(668)	(2 249)
Profit before taxation	24 887	20 273
Business segment EBITDA		
Staffing Services	35 840	39 295
Training and Consulting Services	1 084	(5 362)
Shared Services	(9 564)	(9 084)
Total	27 360	24 849

#### Notes

##### Basis of preparation

The reviewed condensed consolidated results for the year ended 31 March 2019 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and Financial Pronouncements as issued by the Financial Reporting Standards Council. The report contains the information required by International Accounting Standard (IAS) 34: Interim Financial Reporting, and are in compliance with the Listings Requirements of the JSE Limited. The accounting policies as well as the methods of computation used in the preparation of the results for the year ended 31 March 2019 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 31 March 2018, other than those in respect of the implementation of IFRS 9 and IFRS 15. There has been no material effect due to the adoption of IFRS 9 and IFRS 15. There is no significant difference between the carrying amounts of financial assets and liabilities and their fair values. The results are presented in Rand, which is Primeserv Group Limited's reporting currency.

The company's directors are responsible for the preparation and fair presentation of the reviewed condensed consolidated results. These results have been prepared by the Group Financial Director, Mr R Sack, CA(SA).

##### Auditor's review

The results have been reviewed by the Group's auditors, Mazars. Their unqualified review opinion is available for inspection at the company's registered office. Their review was conducted in accordance with ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity."

##### Headline earnings per share

	Reviewed	Audited
	March	March
	2019	2018
	R '000	R '000
Attributable earnings	22 988	19 544

Headline earnings adjustments		
· Loss on disposal of equipment and vehicles	4	67
· Impairment of investment in property	700	600
· Tax effect in respect of adjustments	(298)	(273)
Attributable headline earnings	23 394	19 938
Headline earnings and diluted headline earnings per share (cents)	26.06	22.14
Weighted average number of shares at year end ('000)	89 778	90 064

Net asset value per share

	Reviewed	Audited
	March	March
	2019	2018
	R '000	R '000
Number of shares in issue at end of year (net of treasury shares) ('000)	88 389	90 064
Net asset value per share (cents)	167	145
Tangible net asset value per share (cents)	132	109

Final dividend

Notice is hereby given that a gross cash dividend of 2.50 cents per share for the year ended 31 March 2019 was declared on Friday, 14 June 2019, payable to shareholders recorded in the share register of the Company at the close of business on the record date appearing below. The salient dates pertaining to the interim dividend are as follows:

Last date to trade "cum" dividend	Tuesday, 16 July 2019
Date trading commences "ex" dividend	Wednesday, 17 July 2019
Record date	Friday, 19 July 2019
Date of payment	Monday, 22 July 2019

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 17 July 2019 and Friday, 19 July 2019, both days inclusive.

Shareholders who are not exempt from the Dividend Withholding Tax of 20% will therefore receive a net dividend of 2.00 cents per share. The Company has 132 062 743 ordinary shares in issue and its income tax reference number is 9408/002/71/6. The dividend is being paid out of income reserves.

All times provided in this announcement are South African local times.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders at their risk. Ordinary shareholders who hold dematerialised shares will have their accounts credited at their CSDP or broker on Monday, 22 July 2019.

Events after the reporting date

Management is not aware of any material events that occurred subsequent to the end of March 2019. There has been no change in the Group's contingent liabilities since year-end.

Directors

DL Rose#^ (Chairman), M Abel (CEO), B Kali#, LM Maisela\*, R Sack (FD)  
# Independent non-executive \*Non-executive ^Lead Independent

On behalf of the Board

DL Rose

M Abel

R Sack

14 June 2019, Illovo

Commentary

For the year ended 31 March 2019

Primeserv is an investment holding company and a leading provider of integrated business support services focused on providing client-centric human capital services, spanning staffing and recruitment services, productivity and functional outsourcing services and training and consulting services. We align our customised services to our clients' needs, optimising their required human capital base to enhance the capabilities of their organisations. Our innovative solutions deliver economically measurable value-added services that directly impact on productivity and performance. This allows our clients to prioritise business objectives, so as to achieve their strategic goals. Primeserv has a strong focus on workplace flexibility solutions which are aligned to government initiatives aimed at enhancing youth employment opportunities, and on the development of labour force skills through its training and learnership programmes with a particular emphasis on the up-skilling of youth in South Africa.

The Group has delivered another solid set of results with revenue for the year increasing by 11% from R725.3 million to R806.7 million when compared to the previous year. Gross profit increased by 5% from R107.0 million to R112.3 million and operating profit increased by 14% from R22.3 million to R25.3 million. Net finance costs also reflected a strong improvement, decreasing from a net charge of R2.0 million to R0.4 million. Profit before taxation improved by 23% from R20.3 million to R24.9 million. Earnings per share increased by 18% from 21.70 cents per share for the past year to 25.61 cents per share. The Group's balance sheet has also continued to strengthen with the net asset value climbing by 15% from 145 cents per share to 167 cents per share. During the year under review the Group invested in the repurchase of shares as part of its buy-back programme. Cash flows for the year were affected by some significant project business that was delivered towards the latter part of the financial year, evidenced in the steep increase in trade receivables and cash outflows. A significant portion of these trade receivables were collected after year end, resulting in a return to positive cash generation. As a result the Days Sales Outstanding (DSO) moved out from 52 days to 63 days. Whilst the Group's gearing increased slightly from 7% to 8%, the interest cover improved from 11 times to 67 times.

The improved performance of the Group has facilitated an increase in the dividends declared with the overall dividend increasing by 29% from 3.10 cents per share to 4.00 cents per share (refer dividend declaration below).

Revenue generated by the Staffing Services segment increased by 12% from R700.2 million to R786.6 million albeit that the project business referred to above, was earned at lower margins. Consequently, the segment's operating profit decreased by 8% from R38.2 million to R35.1 million. The segment's DSO increased from 52 days to 63 days. The blue-collar staffing unit, which specialises in servicing the logistics, warehousing and distribution market, as well as the wholesale and retail, and manufacturing and construction sectors, produced a satisfactory set of results given the prevailing adverse economic conditions. The white-collar professional draughting and engineering staffing unit delivered another pleasing performance. As indicated in our interim report for the six months to September 2018, the staffing unit servicing the power generation sector faced "extreme margin pressure".

The Training and Consulting Services segment was restructured during the year and as a consequence saw its revenue decrease by 19% from R25.1 million to R20.2 million. The remedial actions implemented over the last year resulted in a meaningful turnaround with an operating profit of R0.6 million being delivered when compared to the operating loss of R5.9 million incurred in the prior year. The segment's DSO improved from 54 days to 38 days at the end of the current reporting period. The segment continues to perform a strategic function within the Group's operations.

Despite challenging and uncertain market conditions, the Group is well positioned to respond to opportunities as and when they present themselves.

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