

twentytwentyone

unaudited interim  
financial results

for the six months ended  
30 september 2021



condensed consolidated

## statement of profit and loss and other comprehensive income

for the six months ended 30 September 2021

	Unaudited September 2021 R'000	Unaudited September 2020 R'000	Audited March 2021 R'000
Revenue	363 319	323 306	737 259
Cost of sales	(318 254)	(287 050)	(647 553)
Gross profit	45 065	36 256	89 706
Other income	71	88	172
Operating expenses	(34 662)	(34 656)	(77 123)
Operating profit	10 474	1 688	12 755
Interest income	816	696	1 246
Interest expense	(269)	(379)	(651)
Profit before taxation	11 021	2 005	13 350
Taxation	(960)	(922)	(975)
<b>Profit and total comprehensive income</b>	<b>10 061</b>	<b>1 083</b>	<b>12 375</b>
Profit and total comprehensive income attributable to:			
Ordinary shareholders of the company	10 014	4 135	17 219
Non-controlling interest	47	(3 052)	(4 844)
<b>Profit and total comprehensive income</b>	<b>10 061</b>	<b>1 083</b>	<b>12 375</b>
Basic earnings per share and diluted earnings per shares (cents)	11.76	4.83	20.15



condensed consolidated  
statement of financial position  
as at 30 September 2021

	Unaudited September 2021 R'000	Unaudited September 2020 R'000	Audited March 2021 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	42 109	36 027	42 386
Equipment and vehicles	3 841	4 736	4 175
Investment property	3 500	4 250	3 500
Right-of-use assets	4 449	4 476	2 555
Goodwill	23 851	15 851	23 851
Deferred tax asset	6 468	6 714	8 305
<b>Current assets</b>	183 639	176 069	187 341
Inventories	51	53	53
Trade and other receivables	133 008	143 707	141 670
Cash and cash equivalents	50 580	32 309	45 618
<b>TOTAL ASSETS</b>	<b>225 748</b>	<b>212 096</b>	<b>229 727</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	177 886	160 222	169 985
Ordinary share capital and share premium	2 490	2 672	2 490
Treasury shares	(14 608)	(19 487)	(14 589)
Retained earnings	205 331	190 619	197 458
Equity attributable to equity holders of the company	193 213	173 804	185 359
Non-controlling interests	(15 327)	(13 582)	(15 374)
<b>Non-current liabilities</b>	8 565	2 463	5 053
Lease liabilities	3 127	2 463	126
Contingent consideration	4 581	–	3 361
Deferred tax liability	857	–	1 566
<b>Current liabilities</b>	39 297	49 411	54 689
Trade and other payables	34 242	43 344	38 566
Lease liabilities	1 636	2 277	2 612
Contingent consideration	3 419	–	4 639
Bank borrowings	–	3 790	8 872
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>225 748</b>	<b>212 096</b>	<b>229 727</b>



condensed consolidated

## statement of changes in equity

for the six months ended 30 September 2021

	Unaudited September 2021 R'000	Unaudited September 2020 R'000	Audited March 2021 R'000
Balance at beginning of period	169 985	160 547	160 547
Total comprehensive income – profit	10 014	4 135	17 219
Acquisition of treasury shares	(19)	(117)	(358)
Dividends paid	(2 141)	(1 291)	(2 579)
Non-controlling interest	47	(3 052)	(4 844)
<b>Balance at end of period</b>	<b>177 886</b>	<b>160 222</b>	<b>169 985</b>



condensed consolidated  
**statement of cash flows**  
for the six months ended 30 September 2021

	Unaudited September 2021 R'000	Unaudited September 2020 Restated R'000	Audited March 2021 R'000
Cash flows from operations	17 233	18 941	30 659
Interest income	816	696	1 246
Interest expense	(269)	(379)	(651)
Taxation paid	(136)	(79)	(157)
<b>Cash flows generated from operating activities</b>	<b>17 644</b>	<b>19 179</b>	<b>31 097</b>
<b>Cash flows utilised in investing activities</b>	<b>(346)</b>	<b>(669)</b>	<b>(829)</b>
• purchase of equipment and vehicles	(346)	(669)	(829)
<b>Cash flows utilised in financing activities</b>	<b>(3 464)</b>	<b>(3 530)</b>	<b>(7 061)</b>
• acquisition of treasury shares	(19)	(117)	(358)
• repayment of lease liabilities*	(1 304)	(2 122)	(4 124)
• dividends paid	(2 141)	(1 291)	(2 579)
Net increase in cash and cash equivalents	13 834	14 980	23 207
Cash and cash equivalents at beginning of period	36 746	13 539	13 539
<b>Cash and cash equivalents at end of period</b>	<b>50 580</b>	<b>28 519</b>	<b>36 746</b>

\* Repayment of lease liabilities restated – amount for prior interim period was inadvertently included as part of operating activities.



# segmental analysis

for the six months ended 30 September 2021

	Unaudited September 2021 R'000	Unaudited September 2020 R'000	Audited March 2021 R'000
<b>Revenue: sales to external customers</b>			
Integrated Business Support Services	363 319	323 306	737 259
Shared Services	–	–	–
<b>Total</b>	<b>363 319</b>	<b>323 306</b>	<b>737 259</b>
<b>Business segment operating profit results</b>			
Integrated Business Support Services	14 123	11 964	27 562
Shared Services	(3 649)	(4 949)	(14 807)
<b>Operating profit</b>	<b>10 474</b>	<b>7 015</b>	<b>12 755</b>
Interest income	816	696	1 246
Interest expense	(269)	(379)	(651)
<b>Profit before taxation</b>	<b>11 021</b>	<b>7 332</b>	<b>13 350</b>
<b>Business segment EBITDA*</b>			
Integrated Business Support Services	15 937	14 235	32 618
Shared Services	(3 359)	(4 871)	(8 572)
<b>Total</b>	<b>12 578</b>	<b>9 364</b>	<b>24 046</b>
* EBITDA is defined as Earnings Before Interest (received and paid), Tax, Depreciation and Amortisation (including impairments).			
<b>Business segment total assets</b>			
Integrated Business Support Services	209 912	196 615	210 687
Shared Services	15 836	15 481	19 040
<b>Total</b>	<b>225 748</b>	<b>212 096</b>	<b>229 727</b>
<b>Business segment total liabilities</b>			
Integrated Business Support Services	41 773	44 493	52 719
Shared Services	6 089	7 381	7 023
<b>Total</b>	<b>47 862</b>	<b>51 874</b>	<b>59 742</b>
<b>Business segment net assets</b>			
Integrated Business Support Services	168 139	152 122	157 968
Shared Services	9 747	8 100	12 017
<b>Total</b>	<b>177 886</b>	<b>160 222</b>	<b>169 985</b>



## 1. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 September 2021 have been prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and are also in accordance with IAS 34 Interim Financial Reporting, the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements. The results are presented in Rand, which is Primeserv's reporting currency and are rounded to the nearest thousand.

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

## 2. Headline earnings per share

	Unaudited September 2021 R'000	Unaudited September 2020 R'000	Audited March 2021 R'000
<b>Attributable earnings</b>	<b>10 014</b>	4 135	17 219
Headline earnings adjustments			
• Loss on disposal of equipment and vehicles	8	10	129
Gross loss	11	14	179
Tax effect	(3)	(4)	(50)
• Impairment of investment property	–	–	582
Gross loss	–	–	750
Tax effect	–	–	(168)
• Goodwill impairment attributable to ordinary shareholders of the company	–	1 962	1 962
<b>Attributable headline earnings</b>	<b>10 022</b>	6 107	19 892
Headline earnings and diluted headline earnings per share (cents)	<b>11.77</b>	7.14	23.28
Weighted average number of shares ('000)	<b>85 151</b>	85 569	85 457

## 3. Net asset value per share

	Unaudited September 2021 R'000	Unaudited September 2020 R'000	Audited March 2021 R'000
Number of shares in issue at end of period (net of treasury shares) ('000)	85 133	85 443	85 153
Net asset value per share (cents)	227	203	218
Tangible net asset value per share (cents)	191	177	182

During the six months ended 30 September 2021 the company acquired 19 990 (2020: 151 000) treasury shares at an average price of 95 (2020: 77) cents per share.





#### 4. Interim dividend

Notice is hereby given that a gross cash dividend of 1.50 cents per share for the interim period was declared on Thursday, 4 November 2021, 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, 18 January 2022
Date trading commences "ex" dividend	Wednesday, 19 January 2022
Record date	Friday, 21 January 2022
Date of payment	Monday, 24 January 2022

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 19 January 2022 and Friday, 21 January 2022, both days inclusive.

Shareholders who are not exempt from the Dividend Withholding Tax of 20% will therefore receive a net dividend of 1.20 cents per share. The company has 122 967 031 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. Ordinary shareholders who hold dematerialised shares will have their accounts credited at their Central Securities Depository Participant (CSDP) or broker on Monday, 24 January 2022.

#### 5. Events after the reporting date

Aside from the continuing effects of the Covid-19 pandemic, which continues to adversely affect the local economy, management is not aware of any other material events that occurred subsequent to the end of the financial period under review.

#### 6. Auditors responsibility

The results have not been reviewed or audited by the group's external auditors, Mazars.

#### 7. Forward-looking statements

Certain statements contained in the report are forward-looking statements which Primeserv believes are reasonable and which consider information up to the date of publication. These statements could differ materially due to various 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. Forward-looking statements have not been reviewed nor audited by the group's external auditors, Mazars.

#### 8. Directors

DL Rose<sup>#</sup> (Chairperson), M Abel (CEO), B Kali\*, LM Maisela<sup>#</sup>, R Sack (FD)

<sup>#</sup> Independent non-executive \* Non-executive

On behalf of the Board

DL Rose	M Abel	R Sack
Chairperson	CEO	FD
4 November 2021		
Illovo, Sandton		



Primeserv delivered a strongly improved performance across all its operations for the six-month period ended 30 September 2021. These solid results were achieved despite the ongoing impact of the Covid-19 pandemic and its associated lockdowns and their negative impact on the general operating environment of the country and the group, and the devastating civil unrest, looting, destruction of property, assets and businesses and consequent loss of jobs that occurred during this reporting period.

Notwithstanding these circumstances, revenue increased by 12% from R323.3 million to R363.3 million with gross profit improving by 24% from R36.3 million to R45.1 million. EBITDA for the period has increased by 34% from R9.4 million to R12.6 million. Interest paid for the six months decreased from R0.4 million for the comparable period, to R0.3 million in the current review period. The increase in the group's cash position has led to interest received increasing from R0.7 million to R0.8 million. Primeserv's profit before tax for the six months under review increased by 450% from R2.0 million to R11.0 million. Earnings per share have increased by 144% from 4.83 cents per share for the comparable six-month period to 11.76 cents per share for the current six-month period. Headline earnings per share have increased by 65% from 7.14 cents per share to 11.77 cents per share. The group has maintained its trend of a strengthening balance sheet with net asset value increasing by 12% from 203 cents per share to 227 cents per share. Tangible net asset value improved by 8% from 177 cents per share to 191 cents per share. Effective working capital management and sound cash flows from operating activities resulted in the group continuing to generate positive cash flows. Consequently, the group is currently operating in an ungeared position with net cash on hand having increased year on year by 78% from R28.5 million to R50.6 million at the close of the current reporting period.

Primeserv's comprehensive range of value-added services and solutions, delivered across its Integrated Business Support Services' national operating platform, continues to fulfil the constantly evolving needs of its clients. With highly specialised and client centric capability across a broad spectrum of staffing and related fulfilment services, combined with customised skills development and human capital services, Primeserv is able to efficiently and effectively meet the needs of its diverse range of clients. Ensuring service excellence at all stages of the group's support services value chain ensures that Primeserv remains a key contributor to client productivity and performance. The group continues to invest in upskilling its people for the everchanging world of work, developing opportunities for the enablement of youth employment, further enhancing its national footprint, and in group wide systems that facilitate innovative client specific support services. Performance of the group's support services to the logistics, distribution and warehousing and wholesale and retail sectors showed the most significant improvement compared to the prior comparable period, however, this positive momentum was stalled by the effects of the unrest earlier in the year. The professional engineering, design and draughting sectors remained stable. Volumes within the petrochemical, heavy engineering, construction, industrial manufacturing and project mining sectors were satisfactory, especially given the challenges these industries have experienced in recent years.

The prevailing socio-economic environment remains testing and is still beset with uncertainties, particularly relating to the pandemic. The group, however, is well placed to respond to market improvements and opportunities as and when they materialise.



# corporate information

## Primeserv Group Limited

(Incorporated in the Republic of South Africa)

Registration number: 1997/013448/06

Share code: PMV

ISIN: ZAE000039277

## Registered Office

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## Contact Information

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email: [productivity@primeserv.co.za](mailto:productivity@primeserv.co.za)

## Company Secretary

ER Goodman Secretarial Services Proprietary Limited

(represented by Marilis Janse van Rensburg)

3 River Road

Bedfordview, 2008

## Legal Advisors

DLA Cliffe Dekker Hofmeyr

Harris Marcus Mahlangu

Kirchmanns

Werksmans

## Sponsor

Grindrod Bank Limited

Grindrod Towers

8A Protea Place

Sandton, 2196

## Bankers

FirstRand Bank Limited

Investec Bank Limited

## Auditors

Mazars

54 Glenhove Road

Melrose Estate, 2196

## Transfer Secretaries

JSE Investor Services Proprietary Limited

19 Ameshoff Street

Braamfontein, 2001

