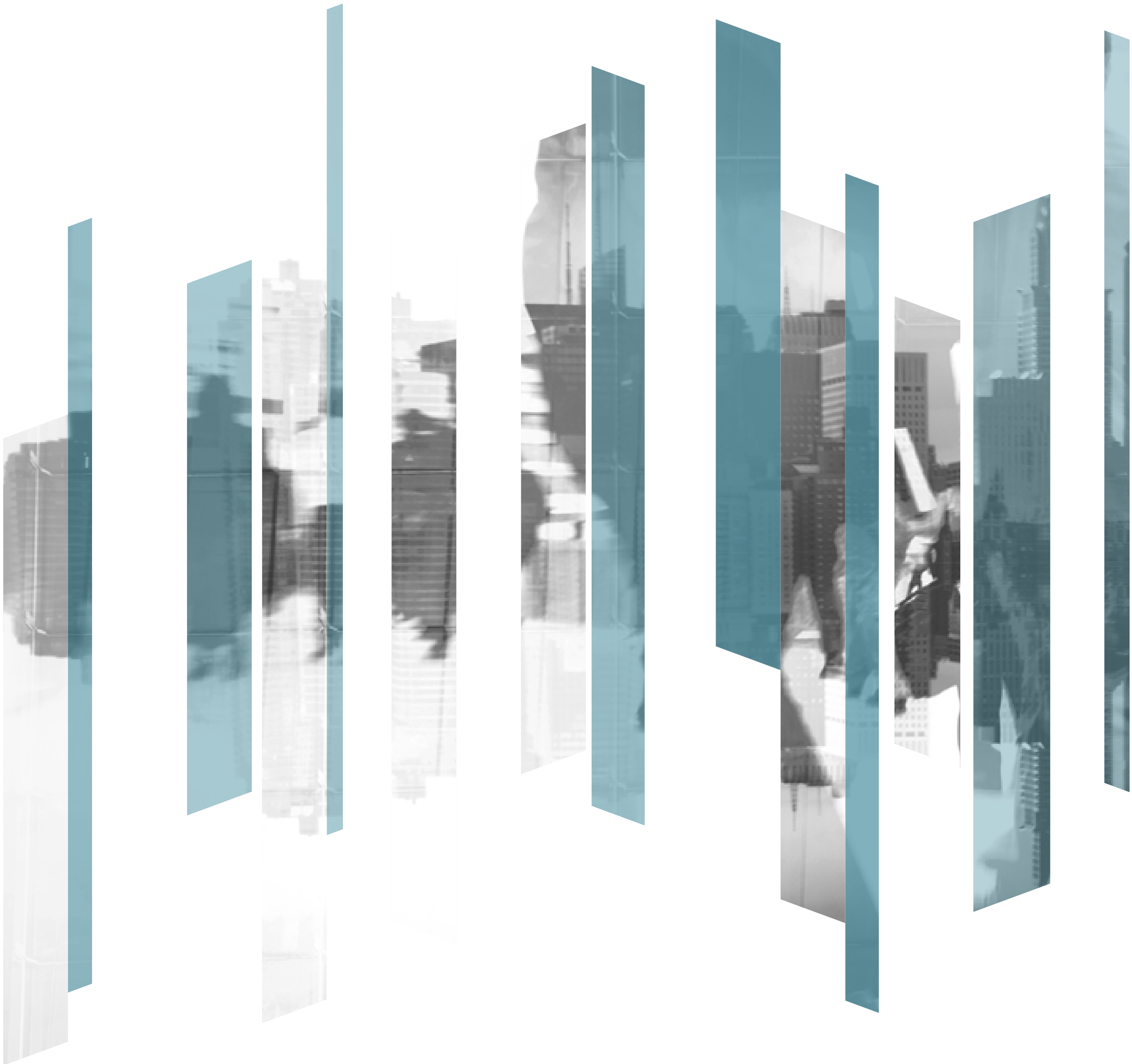
integrated report 20twenty2



primeserv

integrated business support services

a guide to this report

navigating the six capitals

Primeserv's nationwide operations successfully deliver a comprehensive range of Integrated Business Support Services to clients across a variety of different sectors of the economy to create positive financial and non-financial outcomes for the group. These support services are based on the six capital inputs and are key to how we create value for our stakeholders.

financial capital

The first of the six capital inputs is financial capital; the value of the equity and debt funding used to finance the group's operations. Securing Primeserv's profitability, cash flows, balance sheet, long-term growth potential and sustainability is achieved through a conservative and controlled approach to financial management, backed by integrated systems, processes and procedures.

human capital

Primeserv could not do what it does without its people. Human capital, the second of the six inputs, refers to the value of our people. To ensure that we can continue delivering on our value proposition to clients, we invest extensively in employee recruitment, retention and upskilling. We provide our people with ongoing training and skills development and nurture employee wellness and advancement. Diversity, equity, inclusivity and transformation are key human capital priorities of the group.

intellectual capital

Fundamental to Primeserv's business is our intellectual property ("IP") – the skills and experience of our people, our products, services, systems and processes. This encompasses intellectual capital, which is the value of our IP. We preserve the value of our intellectual capital by actively participating with industry and business bodies specialising in human capital and retaining highly experienced South African industry sector experts.

manufactured capital

For Primeserv to deliver our services, we require a robust infrastructure, appropriate equipment and effective systems, such as those delivered and managed through the group's Shared Services hub. This is a customised, client-centric system that enables the group to provide efficient payroll processes and management information that enhances, and then measures and monitors performance.

social and relationship capital

Relationship-building is a key area of value for Primeserv, both internally with our people, and externally with stakeholders and the communities in which we operate. This is social and relationship capital. We champion diversity, equity and inclusion throughout our business and promote transformation through our long-term Corporate Social Investment ("CSI") programmes, that actively advance youth and community development.

natural capital

Underlying everything we do are the natural resources that are imperative to the daily operation of the group. These resources, or natural capital, include air, water, electricity, fuel and paper. Primeserv promotes sustainable daily practices and raises environmental impact awareness by ensuring that the use of natural resources is very carefully managed so as to limit were possible impact on the environment.

introducing this report

We are pleased to present the Primeserv Group Limited ("Primeserv" or "the group") Integrated Report for the year ended 31 March 2022, which reports on the performance of the group and its subsidiaries, all of which operate within South Africa. This Integrated Report includes the group's annual financial statements, the analysis of these statements, and reports on our non-financial performance in key areas such as strategy, value creation, operational activity, governance, risk management and compliance with the King Report on Corporate Governance for South Africa (2016).

material issues and stakeholder engagement

Primeserv is committed to conducting the group's business in an ethical, transparent and responsible way so as to maintain a viably sustainable business that creates long-term value for all of our stakeholders.

This report has therefore been compiled in compliance with the principles of integrated reporting as set out by the International Integrated Reporting Council ("IIRC"), which align with Primeserv's strategy, purpose and values as a large employer operating in South Africa.

The report focuses on information that is material to the group's business, and provides a concise overview of its performance, prospects and ability to create sustainable value for all its stakeholders. The legitimate interests of all stakeholders have been taken into account and all known material information has been included in this Integrated Report.

preparation of the integrated report

In compiling this report, the reporting frameworks set out in the following legislation and guidelines were considered:

- The Companies Act of South Africa (No. 71 of 2008)
- The Listings Requirements of the JSE Limited ("JSE Listings Requirements")
- The King Report on Corporate Governance for South Africa (2016) ("King IV")
- The International Financial Reporting Standards ("IFRS")
- The IIRC Integrated Reporting Framework

The contents of this report are broadly comparable with those of the 2021 Integrated Report.

assurance

Primeserv has implemented a combined assurance framework for the assurance of its Integrated Report. Further information about this framework is available on page 28.

The Board of Directors, assisted by the Audit, Governance and Risk Committee, is responsible for ensuring the integrity of each year's report. The audit opinion expressed by the external auditors is included in their audit report, which is published as part of the group's annual financial statements.

forward-looking statements

Certain statements contained in this report are forward-looking and have been included for the information of stakeholders. The Board believes these statements to be reasonable and accurate as at the date of publication. Final results could, however, differ materially from those set out in any forward-looking statements due to factors such as changes in economic and market conditions or changes in the regulatory environment.

Such statements are not a guarantee of future performance and should be regarded as informed opinions based on Primeserv's business model, strategy and operating environment. Any subsequent oral or written forward-looking statements attributable to the group or anyone acting on its behalf are qualified in their entirety by this cautionary statement.

Primeserv also accepts no responsibility for undertaking or distributing updates or revisions to any forward-looking statement contained in this report or to react to any changes in expectations, events, conditions or circumstances that have informed these forward-looking statements, which have neither been reviewed nor audited by the group's auditors, RSM South Africa Inc.

contacts

Primeserv's executive directors for the reporting period were Merrick Abel (Chief Executive Officer – "CEO") and Raphael Sack (Financial Director – "FD"). They can be contacted at the company's registered office.

Primeserv's Integrated Report 2022 is available in electronic format on the group's website: www.primeserv.co.za and any queries regarding or related to the report are welcomed at the following email address: IR@primeserv.co.za.

approval of the integrated report

The Board of Directors acknowledges that it is responsible for ensuring the integrity of the group's Integrated Report and has therefore carefully considered all of the relevant guidelines for integrated reporting. It is of the opinion that this report addresses all material issues and fairly presents the integrated performance and impacts of the group.

For and on behalf of the Board

DL Rose	M Abel	R Sack
Chairperson	*CEO*	*FD*

31 July 2022

the year in review

Measure	Value	Change
revenue	R777.1 million	▲ 5%
operating profit	R16.2 million	▲ 166%
ebitda	R24.1 million	▲ 39%
profit before taxation	R17.2 million	▲ 157%
earnings per share (eps)	18.36 cents	▲ 73%
headline earnings per share (heps)	18.36 cents	▲ 33%
net cash	R59.6 million	▲ 62%
net asset value per share	220 cents	▲ 8%
dividends per share	7.5 cents	▲ 88%

our business

Primeserv is an established company, dedicated to providing innovative and customised Integrated Business Support Services to clients across varied industries and sectors. Our goal is to provide added-value services that optimise human capital so as to enhance our clients' capabilities, efficiencies, productivity and performance. Our Integrated Business Support Services focus on the implementation, management and measurement of human capital, made possible through a comprehensive range of products, services and best practice web-based systems. These include specialised staffing services, functional outsourcing and productivity services, skills training and consulting services, and related fulfilment and support services.

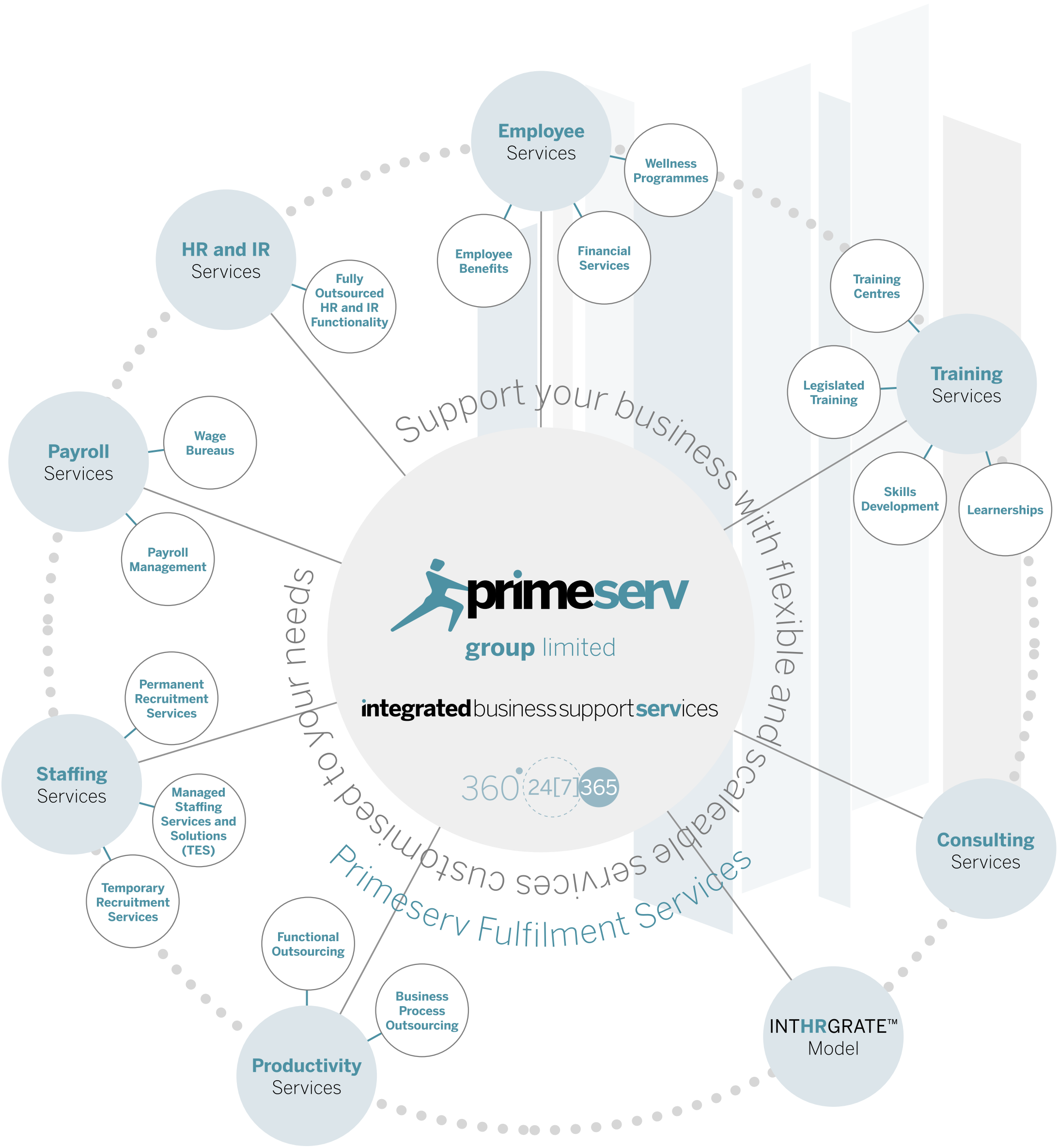
Through our strong commitment to service delivery excellence, Primeserv strives to support each of our clients by the customised matching of the group's integrated services to the client's core competencies, needs and strategic objectives.

our focus

Primeserv is strongly committed to the development and successful advancement of people, as we believe this to be key to the recovery of our economy and our society. Through our depth of expertise and specialised industry knowledge, we recognise that for Integrated Business Support Services and human capital management to be effective, individuals must be equipped across multiple disciplines. This includes having up-to-date knowledge, strategic thinking, skills, abilities, experience and intelligence. These attributes are imperative to develop an individual's employability and the potential for career enhancement. Mindful of all these factors and the employment challenges facing both employers and employees in South Africa today, Primeserv focuses on skills and capacity development through training and learnership programmes, many of which are aimed specifically at our youth.

In understanding our clients' needs, Primeserv combines a collaborative approach with ongoing solution-focused innovation. In our own business, we seek to foster a culture of inclusiveness, teamwork and a passion for excellence in client service. This is driven by an overarching philosophy of continuous improvement and conscious and responsible leadership at all levels.

our group at a glance



our group structure

primeserv group limited

integrated business support services

Staffing Services

Shared Services

Training and Consulting Services

- Staffing Services
- Permanent Recruitment
- Temporary Recruitment
- Temporary Employment Services (“TES”)
  - Contract Staffing
  - Contingent and Full Site Services
  - Ad hoc Labour Pools
  - Independent Contracting Services
  - Industrial Action/Strike Solutions
  - Business Continuity Services
  - Staff Express

- Related Fulfilment Services
  - Payroll Services
  - Wage Bureaus
  - Payroll Management
  - Productivity Services and Solutions
  - Functional Outsourcing
  - Business Process Outsourcing
  - Time and Attendance Systems
  - Customised Management Information
  - HR and IR Services
  - Fully Outsourced HR and IR Functionality
  - Mega-project Services
  - Employee Services
  - PPE and Health & Safety Services
  - Lifestyle and Employee Benefits
  - Wellness Programmes
  - Financial Services

- Shared Services
  - Corporate Office
  - Finance
  - Legal, Risk and Compliance
  - Information Technology
  - Human Resources
  - Marketing
  - Administration

- Training Services
  - Training Needs Identification
  - Implementation and Audits
  - Training Centres
  - Legislated Training
  - Customised Training Programmes
  - Training (at Primeserv Centres, online or on-site at client)
    - ABET
    - Technical
    - Corporate
    - Management
    - Legislated
  - Learnership Facilitation and Administration
  - Skills Development
  - Skills Centres
  - Workplace Skills Plans
  - Innovation Skills Development Hub
- Consulting Services
  - Human Capital Management Consulting
  - Strategic HR Planning
  - Skills Gap Analysis
  - Training Needs Advisory
  - Legislative Training Compliance
  - Performance Management
  - B-BBEE Advisory
  - EE Advisory
  - Remuneration Advisory
  - Development of Workplace Skills Plans

360 24[7]365

brands and trademarks

primeserv

integrated business support services

the Primeserv INTHRGRATE™ model

CONSCIOUS COMPANIES

STAFF DYNAMIX

Denverdraft

BATHUSI STAFFING SERVICES

LAPACE

our value proposition

Primeserv has an established reputation in the market as a JSE listed company and as a leading provider of client-centric Integrated Business Support Services.

Primeserv adds value to our clients by enhancing their productivity, performance and profitability. Our goal is to remain responsive and agile so as to support our clients and enable them to reach and exceed their goals within South Africa's challenging business environment.

We strive to develop and deliver innovative mechanisms to provide customised and relevant solutions to meet the specific human capital needs of our clients –importantly while ensuring that our clients are fully compliant with all relevant legislation and regulatory requirements.

At the heart of our service offering is Primeserv's proprietary INTHRGRATE™ model which has been developed using in-depth understanding of both our clients' businesses and the complexities of human capital management.

INTHRGRATE™ guides an integrated approach to human capital management, determining the correct portfolio of services for each client. It takes into account the client's specific business strategy, objectives and structure to support the creation of a customised, effective solution for the organisation.

our pledge

- Demonstrate integrity in everything we do
- Work together to achieve common goals
- Celebrate innovation and cherish performance
- Perform with professionalism, skill and care
- Exceed clients' expectations every day
- Be conscious and respectful of our environment

our competitive differentiators

Primeserv's client-centred focus and integrated approach to business support services seeks to guide our clients' performance in their various market segments.

clients at the centre of everything

- Customised services and solutions to achieve our clients' strategic business objectives
- A collaborative approach to understand our clients' specific needs
- An extensive national operational network of industry-specific professional teams

specialist knowledge

- Deep, insightful knowledge and experience in Integrated Business Support Services
- Current, in-depth understanding and expertise of human capital management and related labour and regulatory issues
- Full legislative and regulatory compliance for complete peace of mind

innovative systems

- Market-leading client service excellence supported by the proprietary Primeserv INTHRGRATE™ Model
- Best practice information and management systems customised to client requirements
- Robust monitoring against performance objectives to deliver enhanced performance and productivity

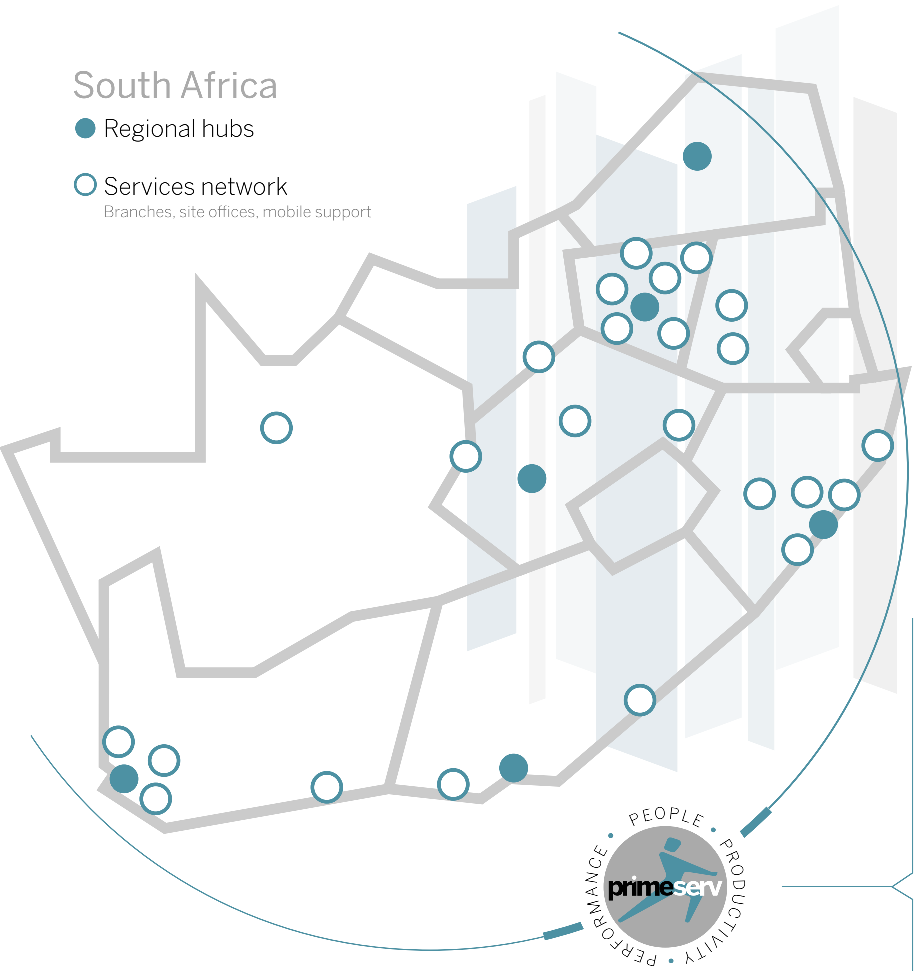
inclusiveness

- Entrenched culture of diversity, inclusion and transformation
- Teamwork imbued with mutual respect
- Strong B-BBEE credentials

our difference

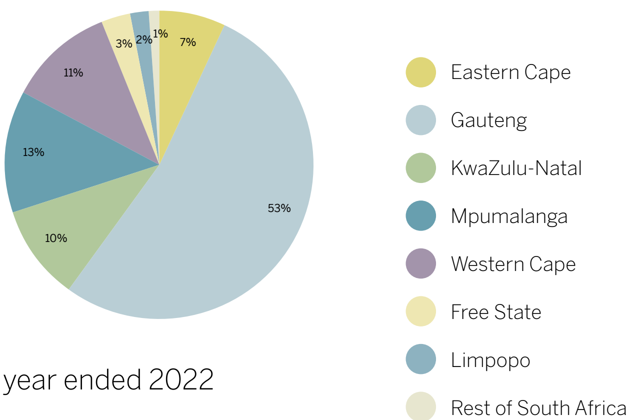
The Primeserv difference lies in our people, their productivity and the performance they deliver. It always has and it always will.

our national footprint



- Managed Staffing Services
- Permanent Recruitment
- Temporary Recruitment
- Temporary Employment Services
- Productivity Services
- Functional Outsourcing
- Business Process Outsourcing
- Payroll Services
- Time and Attendance Systems
- HR and IR Services
- Customised Management Information Reporting
- PPE and Health & Safety Services
- Mega-project Services
- Accredited Training and Skills Development
- Online Training
- Learnerships
- Human Capital Management Consulting
- Skills Development and Innovation Hub
- Lifestyle and Employee Benefits
- Wellness Programmes
- Financial Services

integrated business support services revenue by geographic region



year ended 2022

sectors and industries we service

Agriculture	Mechanical
Automotive	Mega-projects
Banking	Merchandising
Building and Construction	Mining
Design and Draughting	Paper and Pulp
Drivers and Transportation	Petrochemical
Engineering and Fabrication	Pharmaceutical
Facilities Management	Power Generation
Financial and Insurance	Retail and Wholesale
Food Production	Secretarial and Office Support
FMCG	Tourism and Hospitality
Government Services	Telecoms
Harbours and Railways	Telemarketing and Call Centres
Hospital, Nursing and Medical	Warehousing
Logistics and Distribution Centres	Waste Management

how we create value

The Primeserv Group creates value by using six key capital inputs, namely financial, human, intellectual, manufactured, social and relationship and natural capital. We transform these through our business activities in the market, to create a set of outputs in the form of products and services. Efficient delivery of these products and services for our clients, creates added-value outcomes for the business and all its stakeholders.

the value roadmap

our value

Primeserv's strategy is aimed at unlocking value for shareholders through dividend distributions and capital growth. Our value is unlocked through key objectives, and realised via targeted implementation within three primary areas, namely our business, our services and the market, as follows:

business

Establishing, maintaining and growing, where possible, a sound financial position in order to facilitate both organic and acquisitive growth.

market

- Securing, maintaining and developing short- and long-term contractual business to deliver real and consistent growth in earnings

key objectives

business

- Deliver economically measurable value to our clients
- Diversify our services offering to include higher margin businesses
- Partner with clients to support economic growth in South Africa

services

- Engage with a process of continuous innovation
- Constantly align our products and services to our clients' strategic objectives to meet their specific needs
- Evolve our services offerings in line with the dynamic labour environment

market

- Continuously expand our client base and market reach
- Be an employer of choice in South Africa
- Enhance and effect meaningful transformation, diversity and inclusion
- Advance youth employment in South Africa

targeted implementation

business

- Strong values and ethics
- Financial discipline and the maximisation of efficiencies

services

- A performance-driven culture in a respectful, conscious and nurturing environment
- Frequent and meaningful interaction with clients in order to align our products and services to their needs and to provide optimal client care and service excellence
- Targeted benchmarking to ensure that products and services are aligned to clients' needs as well as international best practice
- Market-leading, web-based technology that enhances the delivery of our services

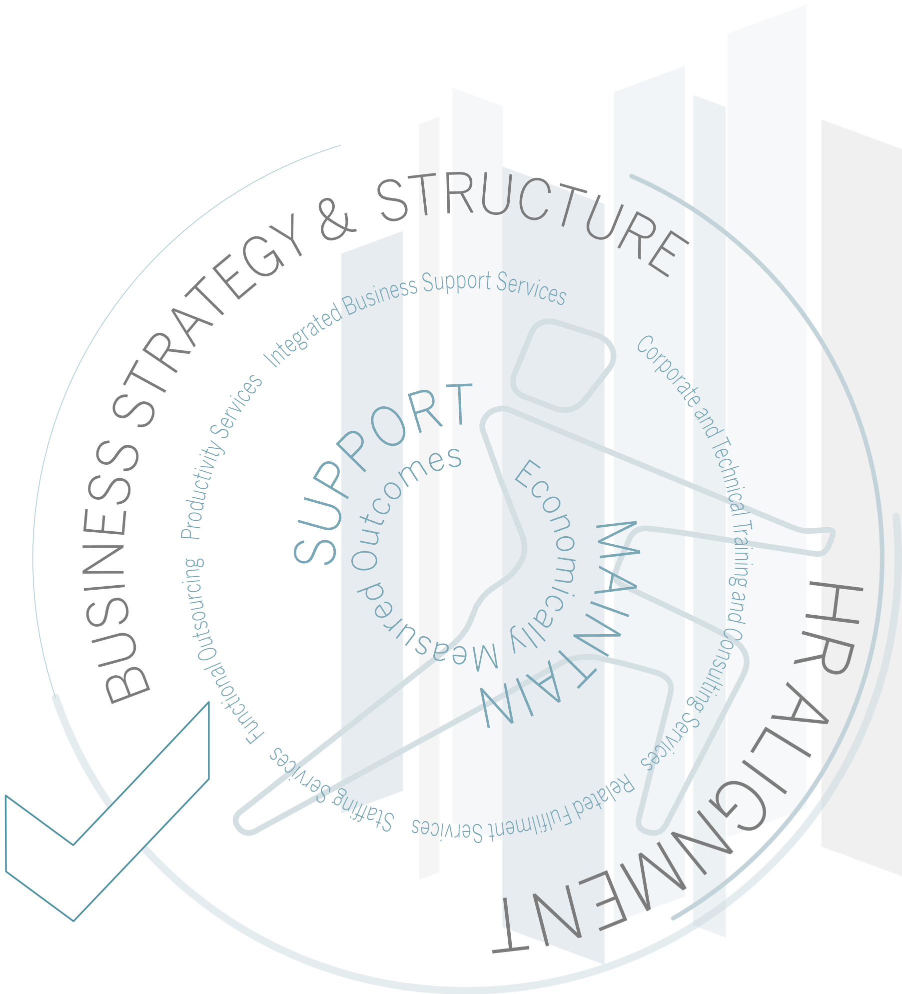
market

- In-depth knowledge of market dynamics and trends
- Representation on key industry bodies
- Market, client and staff surveys to assess internal performance relative to desired outcomes

services

- Investing in intellectual capital
- Securing and developing industry-specific skills
- Maintaining strong and experienced executive and management teams supported by a skilled and capable staff complement

our INTHRGRATE™ model



Our proprietary client management model, Primeserv INTHRGRATE™, informs and supports our services offering to our clients, whether they need a fully integrated and comprehensive solution or a modular service. This service is offered at no extra cost to our clients.

Complete Legislative Compliance

B-BBEE Level 1 & 2 Value Added Ratings

our business model

Primeserv's business model drives our process of value creation. It utilises inputs that have been defined in accordance with our strategy and operational business plans to create outputs in the form of products and services. The process of converting inputs into outputs using operational resources produces added-value outcomes, both for the business and its stakeholders.

inputs

Equity funding
Debt funding
Internal cash resources

Experienced executive and management teams
Suitably qualified, well-trained and capable personnel
Carefully selected and managed assignees
Reliable and compliant suppliers and service providers
Continuous training and skills development
Staff career advancement programmes

Proven leadership skills
Ethical values and responsible leadership
Sound business strategy
Implementable business plans
Risk management processes and procedures
Corporate governance aligned with international best practice

Enabling technology
IT hardware
Proprietary IT systems and software
Vehicles and transportation
Tools and equipment
Infrastructure

Strong organisational and company specific culture
Positive employee relations
Collaborative partnerships
Active and constructive relationships with government, labour and employer organisations
Active memberships of industry bodies
Established CSI programme
Covid-19 specific health and safety processes and protocols

Air
Water
Electricity
Fuel
Paper
Reduce Reuse Recycle

business activities

Strategy development and implementation
Tactical business plan development and execution
Investment and financial management
Risk management and mitigation processes
Client needs assessment
Development, provision, management and monitoring of customised and Integrated Business Support Services
Resource allocation
Brand management
Marketing
Logistics
Administration

impacts on our business

Macro-economic and socio-economic conditions
Political instability
Unstable labour environment
Labour legislation and regulations
B-BBEE compliance requirements
Digitisation and automation
Local and international governance requirements
JSE Listings Requirements
Covid-19 pandemic
Civil unrest
Loadshedding

operating environment

Geared to macro-economic conditions
Highly competitive and price sensitive
Hampered by skills shortages
Influenced by disruptive technologies and automation
Characterised by low growth and high levels of unemployment
Covid-19 pandemic restrictions
Socio-economic and political unrest
Environmental disasters
War in Ukraine
Unreliable power generation
Inflationary environment

outputs

A comprehensive range of primarily human capital related Integrated Business Support Services delivered through the group's national infrastructure:

Human capital consulting services
Functional outsourcing services
Business process outsourcing
Productivity services
Staffing and recruitment services
Accredited training and skills development services
Payroll management services
Fulfilment services
Shared services
Performance and productivity monitoring
Real-time and in-depth management reporting
Labour market research

outcomes

Business stability
Sustainable revenue and profits
Robust balance sheet
Fair remuneration
Tax contributions
Long-term sustainability
Value creation
Dividends to shareholders

Employment opportunities
Staff retention
Youth advancement
Continuous skills development
Enhanced efficiency and productivity
Fair labour practices
Individual and collective empowerment
Transformation, Diversity and Inclusion

Proprietary INT**HR**GRATE™ operating model
Unique intellectual property
Customised and proprietary systems and procedures
Legal and regulatory compliance
Influence in the labour industry

Modern, connected regional hubs
National branch network
Client-specific sites
Mobile sites
Shared services hub
Innovation hub
Technologically advanced training centres
Online training
Innovative systems and technology
Continuous benchmarking of expertise and service excellence

High B-BBEE ratings
Employer of choice
Social and economic transformation
Socio-economic growth and development

Planned and well-managed use of natural resources
Caring for the environment
Working towards a better planet for all

our stakeholders

Fundamentally, Primeserv's business is about people, and the productivity and performance that they can deliver. People are connected through relationships, partnerships, groups and communities and Primeserv recognises that the value within each of these is integral to ensuring productivity and performance. As such, we actively engage with all of our stakeholder groups in order to gain the critical insight that informs our strategic, tactical, risk and mitigation management and organisational development decisions.

the essence – our people

Our people, including permanent and contract employees, our assignees, shared services teams and operational and management teams, are everything to us. As a critical enabler of Primeserv's sustainable success, the development, motivation and retention of our people is a value-driven business goal for the group, our clients' businesses, broad-based economic growth and social development.

We are passionate about ensuring accessible employee care and wellness, because this fosters excellent service which ultimately fosters positive outcomes for both the group and its clients. We take care to engage with our employees in both formal and informal settings, from ensuring formal onboarding and induction programmes, performance management and a mentorship programme, to staff events, where possible, and an active internal communications programme, which includes wellness publications and direct messaging.

our value to employees:

- Providing a wide range of employment opportunities, including first-time employment opportunities
- Active and engaged performance management, coaching and mentorship
- General and industry-specific training and skills development
- Fair and rewarding performance-related remuneration and incentives
- Managed career development
- An innovative, supportive and safe working environment
- Transformation initiatives, incorporating a focus on diversity and inclusion initiatives

the cornerstone – our clients

Our clients, including local businesses and corporations, multinationals, government, state-owned enterprises and municipal-owned entities, are the cornerstone of our business. As such, we are committed to nurturing long-term relationships and partnerships with our existing clients, as well as actively engaging in the recruitment of new clients. Primeserv's team of dedicated client relationship managers are underpinned by a strong client support service system and the continual improvement of products and services to mirror the dynamic needs of our clients.

Our clients' successes are the greatest measure of our own success:

our value to clients

- Customised, fully managed, Integrated Business Support Services and solutions
- Greater business capability and resilience
- Increased competitiveness
- The ability to focus on their core competencies and activities while we manage their human capital requirements
- Service excellence backed by continuous monitoring and benchmarking of services using reliable systems
- Product and service offerings that provide solutions that address evolving business needs and objectives
- On-time and uninterrupted services
- Legislative and regulatory compliance

the driver – our shareholders and potential investors

Including our shareholders and the larger investment community, Primeserv recognises that a stable major shareholder base is essential to our success and sustainability. A sound relationship with the investment community enhances our ability to raise capital in the market if necessary. Current and important information is pivotal in serving these relationships, thus Primeserv endeavours to ensure accessible communication in this regard, from direct communications, announcements (such as SENS and results), media coverage, as well as Primeserv's website and social media channels.

Primeserv seeks to deliver value to its investors, through a meaningful return on investment, via a sustainable business enterprise that is compliant with relevant legislative and regulatory requirements, and which can support growth opportunities.

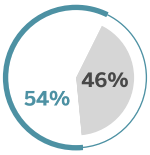
the guide – our government and regulators

As the custodian of labour legislation and regulations, government is a key stakeholder in Primeserv's business. We actively engage and collaborate with government and regulators to ensure that legislation and regulations protect and advance the interests of both labour and businesses. From a compliance perspective, Primeserv is rigorous in our compliance with legislation and regulation, and in our tax contributions. From the perspective of government's broad-based transformation, Primeserv is actively engaged in facilitating transformation through job creation, with a special focus on youth employment, a key national priority.

the source – our communities

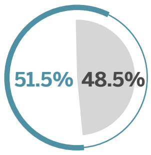
These encompass the communities in which we operate. Primeserv is adamant in our view that mutual benefit can be created through shared value. Not only does this secure the kind of stable operating environment in which both individuals and businesses can be successful, but it contributes towards broad-based socio-economic development. To this end, Primeserv endeavours to provide financial support to community skills development initiatives as well as including communities in the value chain via employment, procurement or CSI initiatives which directly benefit locals, particularly the youth.

shareholders 2022



- directors, management and treasury shares
- individuals and other corporate bodies

shareholders 2021



- directors, management and treasury shares
- individuals and other corporate bodies

risk management and mitigation

how we manage risk

Primeserv's full risk management measures are outlined on page 27 to 30. A summary of the most significant risks faced by the group and the processes it has in place in order to manage these risks, are detailed in the risk matrix below.

risk	management and mitigation measures
Labour legislation	Primeserv is fully compliant with existing labour legislation and regulations, and we will ensure that we maintain compliance should either legislation or regulations change.
Ability to attract and retain key staff and historically disadvantaged individuals ("HDIs")	Primeserv is well established in the market as an employer of choice and we consistently work to retain this position. We also have a formal recruitment and retention plan, which is supported by an active training and development plan. We provide learnerships in order to attract and develop young people.
Skills shortage	Most of our business units continue to be affected by skills shortages and we therefore consistently invest in employee development, as well as in community skills development programmes. A dedicated skills development and training unit facilitates employee skills development and upliftment.
Security of IT systems	Primeserv outsources its primary IT requirements to a highly skilled and experienced IT team which has developed systems that are specific to our business. Hardware and software are continually updated and tested to ensure optimal capability and efficiency. Advanced cybersecurity systems are in place to protect our IT systems, wherever possible, from both internal and external threats.
Creating, maintaining and securing business sustainability	Primeserv has uniform sustainability targets that have been developed with the business's strategy, values and objectives in mind. Monitoring, measuring and improving sustainability is the responsibility of the Social, Ethics and Transformation Committee and its decisions are monitored by the Board. Both internal and external surveys are carried out to measure sustainability metrics and to facilitate improvements where required.
Maintaining an effective system for the collection of sustainability data	Primeserv has a centralised HR, IR, administration and payroll platform that supports our national operational footprint and enables us to collect all relevant data. Dedicated modules enable us to interface directly with our staffing related systems and databases. Improvements to data definitions and the data collection process are ongoing. Data is managed in compliance with the Protection of Personal Information Act, No. 4 of 2013.
Covid-19 pandemic	Comprehensive health and safety operational protocols were developed and implemented at the very outset of the pandemic in order to maximise the safety of all stakeholders. An internal communication campaign was developed to keep safety protocols as well as staff motivation top-of-mind. A LinkedIn campaign was developed to keep clients and stakeholders informed.

our approach to management

primeserv shareholders and stakeholders

board of directors

independent non-executive director
David Rose – chairperson

non-executive directors
Brenda Kali
Letepe Maisela
Kefilwe Matjila

executive directors
Merrick Abel CEO
Raphael Sack FD

audit, governance and risk committee

David Rose – chairperson
Letepe Maisela
Kefilwe Matjila

remuneration and nominations committee

Letepe Maisela – chairperson
Brenda Kali
David Rose

social, ethics and tranformation committee

Brenda Kali – chairperson
Merrick Abel
Letepe Maisela

executive directors

exco

integrated business support **serv**ices

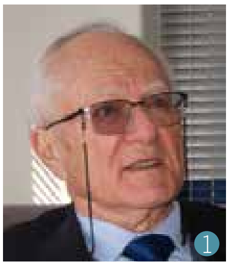
operational unit executives

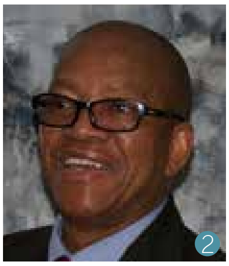
business unit management teams

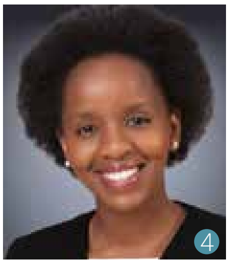
national hub and branch network

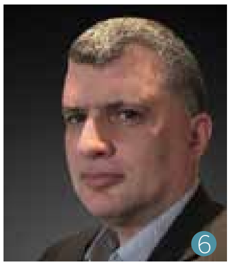
supported by shared services

our board









non-executive directors

1. David L Rose^#¤

Chairperson

BCom, BA, CA(SA), F.Inst.D

Appointed: February 2005

An independent consultant with a significant track record, David held dual positions at Super Group Limited until 2019, both as an independent non-executive director of Super Group Limited and Chairperson of its Audit, Risk and Social, Ethics and Transformation Committees. Prior to this, David worked at a major national chartered accounting firm, Fisher Hoffman, for forty-one years. Having made partner of the firm in 1970, David held the positions of Managing Partner of the Johannesburg office and Chairperson at the firm's national practice, for seven years until 1998.

2. Letepe M Maisela^#¤*

BA (Social Sciences) (Harvard Business School, PMD)

Appointed: December 2008

With twenty-nine years' experience in marketing and management consulting, Letepe is currently the Managing Director of Village Management Consulting Proprietary Limited, and the founder and Chairperson of Tsabatsaba Holdings Proprietary Limited. In addition to these roles, Letepe holds the position of Chairperson at International Finance Group, is a director of Reutech Limited, Kayamandi Resources and is the Chairperson of Tshwane Hub of Arts.

3. Brenda Kali#¤*

Appointed: March 2019

In her twenty-five-year tenure as an executive, Brenda has seen the reputational turnaround of major companies including Sasol and Telkom, where she spearheaded its reputational transformation. Today, Brenda is the CEO of the Conscious Leadership and Ethics Institute and the Founder of Conscious Companies and the Conscious Leadership Academy, a non-profit organisation. Prior to this she was the CEO of the Children's Media Council in the Office of the President and a member of the transformation team at the national broadcaster, SABC. Brenda has also been a board member of the South African Chamber of Commerce and Industries and is currently a board member at non-profit organisation, Project Literacy.

4. Kefilwe M Matjila^#

BCom Accounting (Hons), CA(SA)

Appointed: May 2022

Kefilwe is a registered Chartered Accountant with more than 10 years experience in the financial services sector. Kefilwe is currently a Senior Credit Risk Manager for the Energy and Infrastructure sectors at the Industrial Development Corporation. Prior to this she was in a Credit Risk Manager role at STANLIB Credit Alternatives and Liberty Group Holdings. She trained as a chartered accountant in PwC's Banking and Capital Markets division.

executive directors

5. Merrick Abel*

CEO

BA (Hons), MBA

Appointed: August 1997

Merrick has more than thirty years of both local and international business experience, primarily in the industrial and services sectors. Merrick founded the Primeserv Group in 1997 and is a director of both Primeserv Group Limited and several Primeserv subsidiaries. Merrick served as Chief Executive Officer and Executive Chairperson from 2000 to 2003, and fulfilled the role of Acting Chairperson whilst the group finalised the Board component of its transformation strategy, from April 2015 to March 2016.

6. Raphael Sack

FD

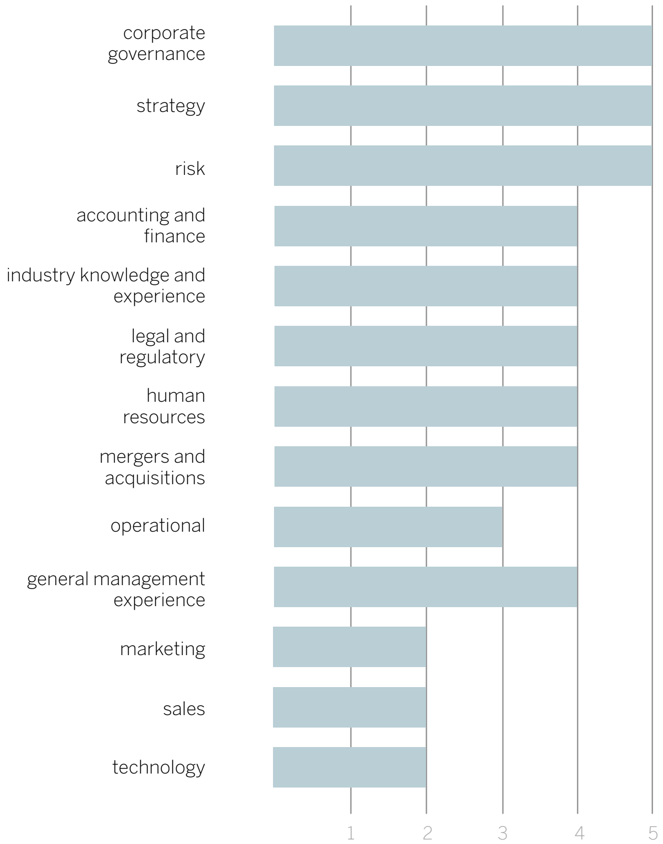
BCom, BCompt (Hons), CA(SA)

Appointed: June 2009

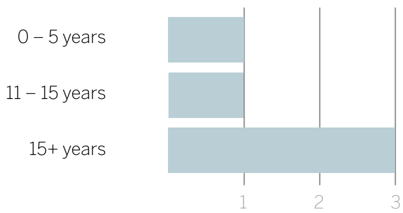
Raphael has been with the Primeserv Group for sixteen years, most of this time as its Financial Director. Since joining the group, he has also held the position of director of a number of Primeserv subsidiaries. Prior this, Raphael was the Financial Director of Spanjaard Limited, amongst other companies.

^ Independent Non-Executive # Audit, Governance and Risk Committee ¤ Remuneration and Nominations Committee * Social, Ethics and Transformation Committee

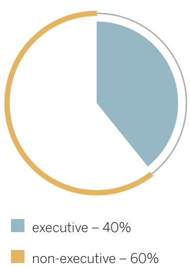
board skills
(number of directors) as at 31 March 2022



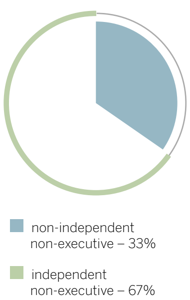
board tenure
(number of directors) as at 31 March 2022



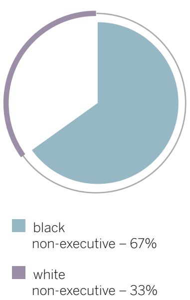
directors
as at 31 March 2022



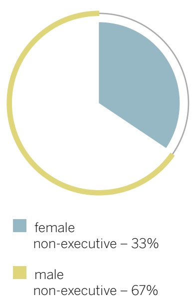
independence
as at 31 March 2022



race
as at 31 March 2022



gender
as at 31 March 2022



chairperson's report

"Notwithstanding tumultuous socio-economic conditions, Primeserv continued to support its clients and navigate effectively through the volatility."

David L Rose *Chairperson*

Primeserv's year under review saw the third and fourth waves of the Covid pandemic reach new peaks in mid-July and mid-December 2021 (sacoronavirus.co.za). The economy and our society continued to experience significant pressure as a result of ongoing restrictions. This extremely difficult operating environment was further negatively impacted by the catastrophic civil unrest, tragic loss of life, looting and destruction of property that occurred primarily in KwaZulu-Natal and in other urban centres across the country. Notwithstanding these tumultuous economic conditions, the group was able to support its clients and continue to navigate effectively through the volatility.

Primeserv's dedicated and professional management team and its committed people at all levels of the organisation worked tirelessly to continue to ensure a healthy and safe working environment, whilst staying focused on the primary aim of delivering the Primeserv brand of client centric service excellence to all of our clients. This enabled the group to make a sound recovery and resulted in the delivery of an improved operating performance, characterised by solid profitability, an ungeared and strengthened balance sheet and strong cash generation and, consequently, increased returns to shareholders through further share repurchases and a substantial increase in the final dividend.

The need for growing youth employment in order to achieve an inclusive and transformed society has never been more glaring. While the current official unemployment rate stands at 34,5%, the rate for those aged 25-34 years was 42,1% and for those aged 15-24 it stands at a staggering 63,9% (statssa.gov.za). Primeserv prioritised contributing to the upliftment of our youth and our society through the creation of employment opportunities targeted at our younger population. A commitment to alleviating unemployment and the resultant discouragement and disengagement from the economy, will ultimately support inclusion and social stability for the country.

South Africa remained under the declared National State of Disaster and resultant restrictions during the full year under review, ending only on 4 April 2022. The South African economy faced unprecedented difficulties during this financial year, which is clearly reflected in South Africa's SACCI business confidence index which showed strong fluctuation during the review period (tradingeconomics.com).

The Misery Index ("MI"), published by S&P Global, shows South Africa consistently in the top ten for the EMEA region which is disappointing for the third largest economy on the African continent. According to S&P, a persistently high MI suggests that formal labour markets are not functioning optimally, which is also a fiscal problem, and that an economy is suffering from a more generalised lack of competitiveness.

The group's overall financial position remains strong and positions it to actively pursue both organic and acquisitive growth opportunities. The group's strategic imperatives and operational plans are well developed and support our focus on developing our people, innovating our services to align to the ever changing world of work and to our clients' needs, whilst delivering a positive outcome for all our stakeholders.

Good corporate governance and an ethical and responsible approach to all aspects of the group's activities remains at the forefront of the Board's and the organisation's actions.

Primeserv made further strides in enhancing its diversity, equity and inclusion in line with its commitment to organisational transformation. As part of this process, Board transformation is a key element and the group was pleased to announce the appointment of Kefilwe Matjila to the Primeserv Board in May 2022. Further appointments aligned to both this transformation process and the group's succession planning processes are being pursued.

My very sincere thanks go out to the Primeserv Board Members and Board Committees, for the professional and committed delivery of their fiduciary duties during a particularly difficult year. Furthermore, Merrick Abel, Primeserv's CEO, and his management team, are to be congratulated for leading the group with clear strategic direction and alignment with responsible leadership.

Whilst worldwide macro-economic conditions are facing strong headwinds, the group is soundly positioned to respond to and benefit from an improved operating environment as and when it occurs.

David L Rose
Chairperson

31 July 2022

ceo's report

"We are so appreciative of the outstanding commitment and efforts of our people, and the valued partnerships with all our clients and service providers."

Merrick Abel *CEO*

The year under review was characterised by a second year of the Covid-19 pandemic, related national restrictions on all aspects of life in general, further economic hardship felt by so many and the tragic loss of more lives. This was made worse when in July 2021 South Africa, and the province of KwaZulu-Natal in particular, was subject to devastating civil unrest, looting and destruction of businesses and property and the loss of lives and livelihoods for so many.

The effects of the pandemic continue to be felt both globally and in South Africa. The lost working hours due to the pandemic are equivalent to the loss of 255 million full-time jobs around the world (UN International Labour Organization (ILO)). South Africa has been especially hard hit: our official unemployment rate stands at 34,5%, with the rate for those aged 25-34 years at 42,1% and for those aged 15-24 at a staggering 63,9%. The country's real gross domestic product ("GDP") per person has been falling since 2013/14, leading to the increasing impoverishment of the average South African. Real GDP grew by 1,2% in the fourth quarter (October–December 2021), taking the annual growth rate for 2021 to 4,9%; however, our GDP per capita is still below that of 2018. (statssa.gov.za). Inflation, having been declining since 2017, increased by 1,4% to reach 4,6% in 2021 (macrotrends.net), and continues to rise.

To compound the economic effects of the pandemic, the civil unrest in KwaZulu-Natal hit the economy hard. The unrest began in KwaZulu-Natal on the evening of 9 July, and spread to Gauteng on 11 July. It was the worst violence that South Africa had experienced since the end of Apartheid. The loss of life was shocking at 384 deaths* and the estimated cost of the looting and destruction of property was in excess of R50 billion. The negative effects continued to be felt during the financial year as many small businesses were permanently closed down, whilst key distribution centres, warehouses and related large business were destroyed or so severely damaged that the rebuilding process is still underway.(* SA Gov).

Much of the recovery predicted for the second half of the year under review was stalled and disrupted due to the effects of the civil unrest. Not only did this impact negatively on business but also resulted in the attendant nationwide loss of confidence that followed, which led to delays in planned investment and business activity.

Results for the financial year ended 31 March 2022 saw revenue increase by 5 percent from R737.3 million to R777.1 million, with gross profit up by 9 percent from R83.1 million to R90.4 million. Operating expenses were well managed, increasing by 6 percent from R77.1 million to R81.7 million. Operating profit increased by 166 percent from R6.1 million to R16.2 million. Net interest earned rose from R0.6 million to R1.0 million, a consequence of the improved cash generation over the past year. Interest received increased by 31 percent from R1.3 million to R1.7 million. Interest paid on funds borrowed decreased by 67 percent from R0.3 million to R0.1 million. The group's net profit before tax has increased by 157 percent from R6.7 million to R17.2 million, with after-tax profit increasing by 205 percent from R5.7 million to R17.4 million. As detailed in this report, the group needed to restate elements of its prior year results consequent to prior year errors that were identified by management. The technical reasons behind this have been addressed and rectified. Earnings per share increased by 73 percent from 10.64 cents per share to 18.36 cents per share for the year under review, whist headline earnings per share increased by 33 percent from 13.77 cents per share to 18.36 cents per share. Effective working capital management remained a key focus, underpinning the continued improvement in group cash generation resulting in the group's cash flows from operating activities increasing by 29 percent from R31.4 million in the prior year to R40.6 million in the current year. Funds returned to shareholders in the form of both dividends paid and share buy-backs increased by 162 percent year on year from R2.9 million to R7.6 million. At the end of the year the group closed on R59.6 million cash on hand and no borrowings, as compared to R45.6 million of cash on hand and borrowings of R8.9 million at the end of March 2021. A final gross cash dividend of 6.00 cents per share has been declared, up by 140 percent from the final cash dividend of 2.50 cents per share for the prior year. Total dividends for the year increased by 88 percent from 4.00 cents per share to 7.50 cents per share.

As part of Primeserv's ongoing commitment to advancing deeper and wider transformation in terms of increased black women equity ownership and increased staff, management and board appointments, the past two years have seen the group entrench two B-BBEE transactions. This has resulted in a substantial increase in the black women ownership component element in its operating subsidiaries. As a consequence of these activities there has been a significant increase in both the income and capital value attributable to these non-controlling interests.

Throughout the year the key imperatives were an unrelenting focus on the health and wellbeing of Primeserv's people, combined with continuous delivery of client service excellence whilst ensuring uninterrupted business continuity and long-term sustainability.

The impact of the civil unrest, as referred to above, had a negative effect on the overall operational performance of the group during the year which effect is still ongoing. Certain business across the logistics, wholesale and retail, and industrial manufacturing sectors, particularly in KwaZulu-Natal, has in some instances not resumed at all or continues to be materially constrained. This has also had a knock-on effect across volumes countrywide. Operating costs have remained fixed as the group continues to maintain full service operational capability so as to be ready to meet an anticipated increase in service demand in the year ahead.

The staffing support services business units specialising in servicing the warehousing, distribution and logistics and wholesale and retail sectors delivered a sound performance despite their uneven operating environment. Staffing services to the manufacturing, construction and heavy engineering sectors continued to be affected by muted trading conditions. Staffing services to the professional engineering, design and draughting sector were stable throughout the year, whilst project staffing support services within the mining sector were robust. The group's specialised artisan staffing unit, servicing clients within the electricity power generation sector, was and continues to be negatively affected by unplanned and long delays or cancellations of maintenance projects and shutdowns. Consequently, the group has exited certain large, high risk, erratic and uneconomic contracts across this sector. Costs associated with this exit have been incurred in the review period.

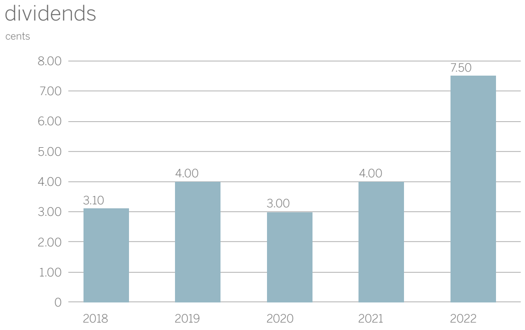
The training and consulting support services unit had another extremely tough year. Due to a client profile and range of training programmes primarily reliant on and directed through face-to-face, rather than on-line training interventions, revenue generation was unable to recover to pre-pandemic levels. This has been addressed with a restructuring and redirection of personnel, training programmes and delivery methods aimed at reinvigorating the unit's growth potential in the medium-term.

Overall trading throughout the year was heavily affected by external events that resulted in erratic revenue and consequently choppy operating margins. Increasing cost pressures, rising inflation, margin pressure, continued high unemployment and its socio-economic effects and the impact of unreliable power generation by Eskom are all expected to be elements that will exert pressure on trading in the year ahead.

Notwithstanding the negative pressure on operating margins allied with rising input costs as a consequence of the multiple challenges across the group's operating environment, the group maintained its agility and full operational capacity and service delivery capability across its entire national infrastructure. Further investment was made in expanding the group's national service network and support infrastructure in anticipation of clients' expansion and growth requirements, particularly relating to large scale project capacity. This was aligned to Primeserv's programme of continuous improvement and innovation across its entire Integrated Business Support Services offering. Skills training and upliftment of our people,

ceo's report (cont)

dividend history



improved systems and technology infrastructure and the increased use of digitisation across the operations were and continue to be key components of this process. The group's strong brand was further enhanced through expanded marketing initiatives.

The group, however, remains underpinned by its solid financial position, with no gearing and is fully resourced to advance its expansion plans and to respond immediately to large scale new business opportunities at existing and new clients. Acquisitive activity will continue to be considered as part of the group's current growth strategy.

Whilst the group is well positioned to respond positively to an improved trading environment, there is still a high level of uncertainty driven by global instability which could have significant economic impact. The regions and sectors across the group's operating environment continue to experience challenges with the ongoing delayed return to pre-pandemic and pre-civil unrest affected trading. This is further compounded by the effects of the post year-end catastrophic floods in KwaZulu-Natal, which all told result in inherent pressures on short-term profitability.

We are always so appreciative of the valued partnerships with all our clients and service providers and the support of the group's stakeholders, most especially during periods characterised by difficult and volatile trading conditions.

My sincere thanks to our Chairperson, David Rose, and the Primeserv Board whose responsible leadership, work ethic and professional guidance was so evident and valued during this year. I would like to extend my gratitude to Brenda Kali, Chairperson of our Social, Ethics and Transformation Committee, for inspiring conscious leadership at all times. Most importantly, my appreciation goes to each and every member of the Primeserv team for what they do every single day to deliver the Primeserv brand of client service excellence.

M. Abel

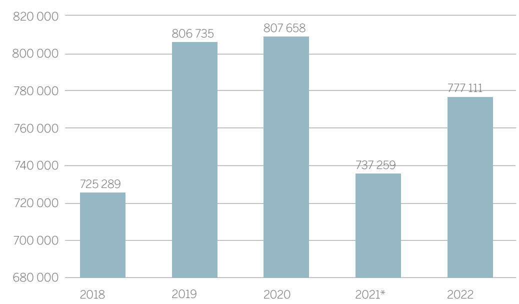
Merrick Abel
CEO
31 July 2022

five year historical performance

* restated

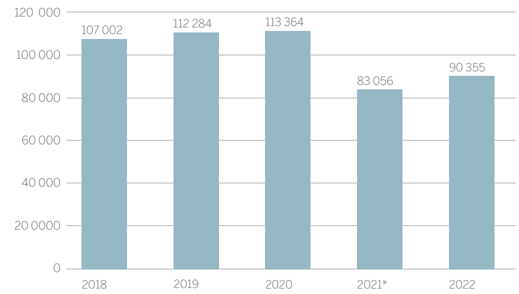
revenue

R '000



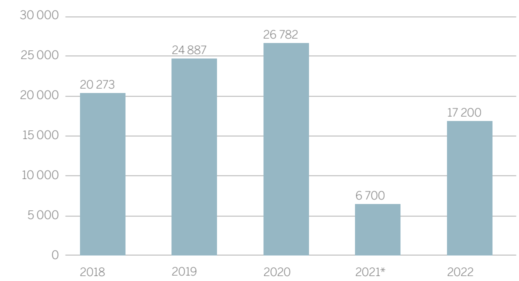
gross profit

R '000



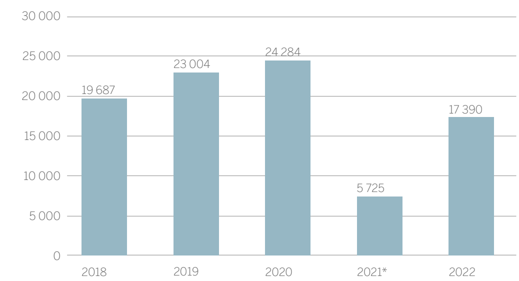
profit before tax

R '000



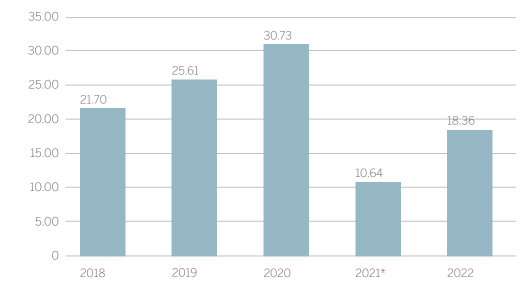
profit after tax

R '000



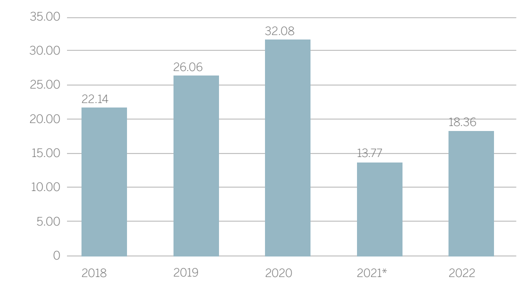
eps

cents per share



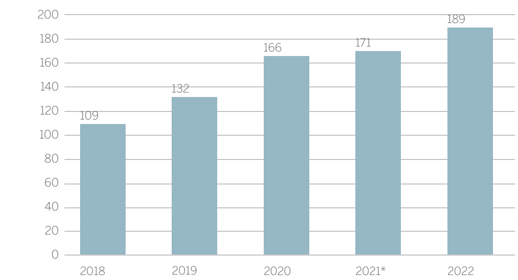
heps

cents per share



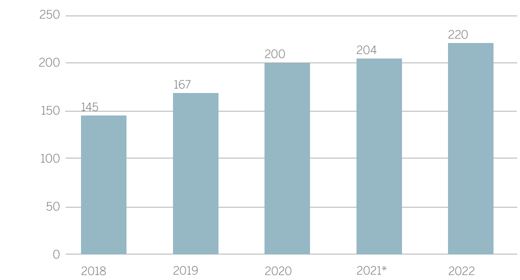
tangible nav

cents per share



nav

cents per share



governance and risk management

corporate governance report

governance framework

Corporate governance is the cornerstone of Primeserv's reputation as a leading provider of integrated business support services and is also essential to the group's performance and sustainability. Our Board of Directors leads by example: it subscribes to ethical, conscious and responsible leadership, principles of good governance, stakeholder inclusivity and business, social and environmental sustainability. The Board recognises its obligation to the broader community as a corporate citizen, by actively promoting ethical and responsible practices. The group has implemented a Code of Ethics and Corporate Conduct to ensure that it operates within a framework of good business practice. Alongside this is the Primeserv Pledge (page 5) that all Primeserv people adhere to and is proudly displayed in the group's offices.

Primeserv has four ethical values based on good corporate governance, that influence all decision-making by the Board and executive management.

Responsibility: Responsibility for all actions and assets of the group resides with the Board. It ensures that the group, its subsidiaries and business units follow the defined strategic objectives, and if required, has the power to take the necessary corrective action.

Accountability: The Board has to answer to the group's shareholders and other stakeholders by ensuring that it can justify its decisions and actions.

Fairness: The Board does not operate in self-interest; it considers the interests and concerns of all stakeholders.

Transparency: This is a core value in all communications by the Board to shareholders and other stakeholders to ensure that they can evaluate the group's activities in an informed and educated way.

To ensure effective governance, the group adheres to all relevant legislation, including the JSE Listings Requirements as well as the corporate governance guidelines outlined in King IV. The group follows a strict review procedure to guarantee that governance structures and processes are updated regularly to reflect best practice and internal changes and developments.

The group's Code of Ethics and Corporate Conduct, supported by the Primeserv Pledge, reinforces the way we strive to do business: being transparent at all times and acting in a responsible and ethical manner and ensuring our continued responsibility to stakeholders. The Primeserv Pledge underpins the expectations of our employees to conduct themselves professionally and with integrity in all interactions internally and externally. Our team are held to account with consistent and uncompromising adherence to the highest standards of ethical behaviour.

The Board maintains assurance that the group is upholding the ethical standards and values of good governance.

composition of the board

The Primeserv Board upholds the group's standards of excellence, bringing expertise and dedicated industry, financial, management and corporate experience. The Board is currently made up of five directors, including two executive directors, one non-executive director and two independent non-executive directors.

The independent non-executive Chairperson and the CEO have very clearly defined differences in their respective roles and responsibilities to ensure that any decisions taken that affect the group are measured, and encourage collaboration and cooperation. To further safeguard against decisions being made in self-interest, no single director has the power to exercise decision-making, ensuring that stakeholder's interests are considered.

The CEO is responsible for the daily operational decisions of the group and its business activities, as well as the over-arching short-term and long-term strategic leadership. The duty of the non-executive directors is to provide unbiased and independent assessment on issues including strategy, budgets and performance, resources, transformation, diversity, employment equity and standards of conduct. They are also required to ensure adherence of the Chairperson in encouraging proper and appropriate deliberation on matters requiring the Board's attention.

Executive directors and key management are bound by employment contracts and restraint agreements.

The Remuneration and Nominations Committee is responsible for reviewing the composition of the Board annually. The committee considers the range of qualities, skills and experience that Board members should have, as well as race and gender. It also assesses the effectiveness of the Board and its committees and each of the directors, and the individual contributions they make.

The appointment of executive directors is based on their skills, experience and cultural fit, as well as how they contribute to the group's activities, and the impact that they have. Non-executive directors are selected based on their industry knowledge, professional skills and experience, and their ability to improve decision-making and ensure stability within the organisation, in line with the group's transformation and diversity strategy. The Board Charter implies that the Social, Ethics and Transformation Committee may make recommendations on suitably qualified candidates who will enhance the Board whilst at the same time promoting transformative change within the group.

attendance at meetings during the year

	Board		Audit, Governance and Risk Committee		Remuneration and Nominations Committee		Social, Ethics and Transformation Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
DL Rose	4	4	3	3	2	2		
M Abel	4	4	3	3*	2	2*	2	2*
B Kali	4	4	3	3	2	2	2	2
LM Maisela	4	4	3	3	2	2	2	2
R Sack	4	4	3	3*				

** By invitation*

In accordance with the group's Memorandum of Incorporation ("MOI"), at least one-third of non-executive directors retire by rotation at the group's Annual General Meeting ("AGM"). Retiring directors may make themselves available for re-election if they remain eligible as outlined by the MOI and in compliance with the JSE Listings Requirements. All non-executive directors are subject to election by shareholders.

Accordingly, Board members B Kali and KM Matjila will retire by rotation at the upcoming AGM and will offer themselves for re-election owing to their eligibility. Their summary CVs are contained in this Integrated Report. The Remuneration and Nominations Committee considers the director's record of compliance with regulatory requirements, attendance at meetings, participation in and contributions to the activities of the Board in determining whether to recommend a director for re-election. The committee also considers the results of the most recent Board self-evaluation survey.

The appointment of non-executive directors is formalised through letters of appointment. The Board believes that a rigorous review of candidates also provides sufficient evidence to support their appointment. Any changes to the Board are published on the JSE's SENS. All new non-executive directors undergo an induction, which takes into account their individual experience, skills, requirements and responsibilities to the group.

Directors are remunerated in accordance with the group's Remuneration Policy, which is detailed on page 33.

evaluation of the board

The Chairperson, the Board, the committees of the Board and individual directors are evaluated annually. Appropriate measures are taken to address areas requiring improvement that may have been highlighted through the evaluation process. Each non-executive director provides input and is expected to demonstrate intellectual integrity in his/her self-assessment.

conflicts of interest

When considering, appointing and evaluating directors, the Board considers all of their interests, including either direct or indirect shareholding in the group and whether they have a contract with the group or an interest in the contract with the group.

The Board assesses the materiality of the directors' interests, but considers amounts constituting less than 5% (five percent) not material. Actual or perceived conflicts of interest are monitored and disclosed at each Board meeting. Share trading by directors and senior officers is governed by a formal policy.

board responsibilities and functioning

The Board operates in accordance with its Board Charter, a copy of which is available on request. It meets regularly and directs and controls the management of the group, is responsible for strategy and fiscal policy, and is involved in all material decisions affecting the group.

governance and risk management (cont)

The Board defines levels of materiality, reserving specific powers for itself and delegating other matters, together with the necessary authority, to the CEO, any other executive director, the committees of the Board or management. Notwithstanding this, the directors recognise that they are ultimately accountable and responsible for the performance and affairs of the group and that the use of these delegated authorities in no way absolves the Board of the obligation to carry out its duties and responsibilities.

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

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

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

company secretary and independent advice

The group's Company Secretary, ER Goodman Secretarial Services Proprietary Limited, provides guidance and assistance in line with the requirements outlined in the Companies Act (No. 71 of 2008), the King IV Report and the JSE Listings Requirements. The Board of Directors has direct access to the Company Secretary. Primeserv's FD and/or the group Legal and Risk Officer also attend to certain company secretarial responsibilities.

A review of the Company Secretary is conducted annually. The Board of Directors has reviewed and is satisfied with the Company Secretary's independence, competence, qualifications and experience. As the company secretarial duties are outsourced to an independent firm, in its assessment, the Board has considered the individuals who fulfil the role of Company Secretary, as well as the directors and shareholders of the firm, and confirms that it has maintained an arm's length relationship with the Board. The Company Secretary has over 20 years of company secretarial experience, having performed these duties both independently as well as within the company secretarial departments of well-known audit firms.

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

board committees

The Board delegates certain functions to appropriately constituted Committees without abdicating any of its responsibilities. Board Committee charters define the purpose, authority and responsibility of the various Board Committees.

The Audit, Governance and Risk Committee is constituted as a statutory committee of the Board in compliance with the Companies Act, King IV and the JSE Listings Requirements. Its composition, responsibilities and activities are covered in the Audit, Governance and Risk Committee section on pages 31 and 32.

The Remuneration and Nominations Committee is constituted as a statutory committee of the Board for the purposes of considering remuneration across the group. It also reviews the composition of the Board and its Committees, executive training and succession planning. Its composition, responsibilities and activities are covered in the Remuneration and Nominations Committee Report on pages 33 to 37.

social, ethics and transformation committee

The Social, Ethics and Transformation Committee is constituted as a statutory committee of the Board in compliance with the Companies Act. Its composition, responsibilities and activities are covered in the Social, Ethics and Transformation Committee Report on pages 38 to 40.

risk and compliance

risk management policy

Primeserv has a comprehensive risk management policy in place, which is ingrained throughout the group. The Audit, Governance and Risk Committee is responsible for monitoring the implementation and effectiveness of the policy. The Board plays a vital role in risk management and mitigation. The group's risk management strategy is determined by the Board, with input from the executive directors, the group's Legal and Risk Officer and senior management. This strategy identifies, assesses, monitors, manages and, where possible, mitigates all identified forms of risk across the group.

The identification of risks and opportunities is a robust and systematic process that is conducted at all levels in the group. The Board is responsible for determining the group's tolerance or appetite for risk. The Audit, Governance and Risk Committee assists the Board in reviewing both the risks facing the group and the risk management process. The role of the Committee is to ensure that the group has effective ongoing processes that are designed to identify and assess risk and that, whatever measures are considered to be necessary in order to manage this risk proactively, are implemented as and when necessary.

The Audit, Governance and Risk Committee makes use of a heat risk mapping process aimed at identifying key performance areas and associated areas of risk. It assesses and addresses, inter alia, physical and operational risk, human resources risk, technology risk, business continuity risk, disaster recovery, cyber risk, credit and market risk, governance and compliance risk, diversity and inclusion risk, and transformation and B-BBEE risk. This assists the Board in the process of assessing, managing and mitigating risk.

The group's risk management policy is reviewed annually and, together with an appropriately updated risk management plan, is presented to the Board for review and approval. The approved policy is disseminated and implemented throughout the group and the risk management plan is integrated into the day-to-day activities of the group.

The Board is regularly updated as to the group's risks, and risk management and mitigation recommendations are then made. The Board approves the assessment and management of risk within the levels of tolerance and appetite.

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

risk management framework

A key focus in the ongoing process of building a successful and sustainable business, is risk management and the continuous improvement in the corresponding control structures. The Board recognises that risk management is a dynamic process and that the risk framework should be robust enough to effectively manage and react to changes in an efficient and timeous manner. The group's Board is responsible for the formalisation of a risk management framework.

Primeserv's risk management framework aims to ensure:

- efficient allocation of capital across various activities to maximise returns;
- the diversification of income streams;
- risk-taking within levels acceptable to the group and within the constraints of the relevant business units;
- efficient liquidity management and control of funding costs;
- the continuous improvement in risk management and control.

governance and risk management (cont)

operational risk management

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

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

combined assurance framework

The group utilises a combined assurance framework in alignment with the assurance model introduced in King IV. This model aims to optimise all of the various assurance services and functions, both internal and external, so that when taken as a whole, they will support the integrity of the information used for decision-making by all stakeholders, including management, the Board, shareholders and regulatory bodies.

Primeserv makes use of several assurance providers to provide cost-effective and relevant assurance given the group's risk tolerance. The group applies, where practical, the four-lines-of-defence model, which is depicted below:

Line of defence	Assurance provider	Nature of assurance
First	Management oversight	Operational management is accountable and responsible for following the established guidelines, protocols and operating processes and procedures as outlined by the group's Best Operating Practices and Internal Controls so as to ensure that identified risk areas are managed and mitigated where possible by using a combination of both preventative and detective controls.
Second	Internal assurance	Senior management reviews the implementation and appropriateness of existing controls and, where appropriate, refines or develops processes that will enhance existing risk mitigation processes.
		The people responsible for doing this typically include the executives in charge of the various business units, the executives within the shared services structure (which includes finance, payroll, HR/IR and IT) and the group's Legal and Risk Officer.
Third	Internal audit	The group has assessed the possibility of implementing an internal audit function, but does not believe that the cost of a full-time resource is currently warranted. The group does, however, engage external consultants from time to time to review, audit and report on identified aspects of the business.
Fourth	Independent external assurance	External assurance derives from external audits performed by various bodies governed by both statute and regulation. This includes the annual audit of the financial statements of the business, as well as those performed by accreditation bodies such as bargaining councils and SETAs. The group is also reviewed where applicable by its bankers and sponsors as well as by its B-BBEE verification agencies.

internal control

The internal control systems exist to provide reasonable assurances regarding key areas of the business. This includes the safeguarding of assets and the prevention of their unauthorised use or disposal, the maintenance of proper accounting records, and the reliability of financial and operational information used in the business.

The system of internal control is designed to manage rather than eliminate the risk of failure so as to achieve business objectives. It can provide reasonable rather than absolute assurance against material misstatement or loss.

The Board is responsible for the group's systems of internal control and risk management and mitigation, where possible. It ensures that there are internally defined lines of accountability and delegation of authority, and makes provision for comprehensive reporting and analysis against approved standards and budgets. There is an ongoing process of identifying, evaluating, managing, monitoring and reporting on significant risks faced by the group.

The Board is assisted by the Audit, Governance and Risk Committee, which evaluates the adequacy and effectiveness of internal control systems and monitors the implementation of recommendations made by the external auditors.

Compliance is tested by way of management reviews, internal review processes and external audit. The Audit, Governance and Risk Committee considers the results of these reviews on a regular basis. It confirms the appropriateness and satisfactory nature of these processes, and ensures that breakdowns involving material loss, if any, together with the remedial actions taken to rectify these, are reported to the Board.

internal audit

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

external audit

The group aims to achieve efficient audit processes using its internal controls and external auditors. The Board is confident in the ability of the group's auditors to uphold professional ethics and operate to the highest standards of business practice.

insurance

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

information technology

Information Technology (IT) provides value to the group in a technologically efficient and secure way. Given its dynamic nature, it allows for cost-effective innovation. It also plays a critical role in the identification and response to risks, thus ultimately contributing to the achievement of the group's objectives.

The Board, which oversees and is responsible for the governance of the group's IT, ensures the robustness of the IT framework which has been developed according to best- practice IT governance procedures. The IT framework takes into account The group's business requirements, control needs and technical issues, while ensuring the integrity of the group's IT.

governance and risk management (cont)

The scope of the IT governance framework is constantly evolving to take changing conditions into account. It allows for:

- alignment of strategic IT objectives and strategic enterprise objectives and processes;
- prioritisation of IT project initiatives and delivery of IT investment recommendations for Board approval;
- sufficient organisational capacity and capability to enable the business to deliver on its strategic and operational objectives;
- continual evaluation of processes and procedures;
- remedial action to deal with poor performance if and when required;
- suitable criteria for decision-making;
- open communication between the IT service provider and the business units to promote collaborative planning;
- evaluation of the benefits of outsourcing certain IT functionalities;
- an annual IT assurance statement on key IT projects and performance metrics; and
- a robust disaster recovery and business continuity management process.

tax

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

compliance with laws, rules, codes and standards

Primeserv operates within a complex legislative framework. The group monitors amendments to existing laws, new laws and the passing of new Bills to ensure compliance at all times. Business processes are then updated in order to align them to the legislative framework.

restrictions on share dealings

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

stakeholder relationships

Inclusivity of all stakeholders is of the utmost importance to the group, with all shareholders and stakeholders that have a legitimate interest in the group's activities being able to obtain a full, fair and honest account of our pursuits and performance.

The Board accepts its duty to present a balanced and understandable assessment of the group's position when reporting to our stakeholders. This must include material matters of significant interest and concern, and a comprehensive and objective assessment of the group.

Primeserv is proactive regarding its stakeholder engagement policy, which is aimed at aligning the group's stakeholder engagement policies and processes with the principles outlined in King IV.

Details of the group's engagement with key stakeholders is outlined on pages 12 and 13.

integrated reporting and disclosure

The Board acknowledges its responsibility to ensure the integrity of the Integrated Report and its Responsibility Statement authorising the release of the Integrated Report appears on page 1.

annual general meeting

Primeserv recognises the Annual General Meeting as an important institution for the protection of our shareholders. It provides them with the opportunity to vote on the group's issues, where applicable, and to interact with our executives in a formalised manner.

The agenda for the AGM is set by the Company Secretary well in advance of the meeting, and is communicated to all shareholders in the notice of the meeting that accompanies the Integrated Report. This gives all shareholders sufficient time to familiarise themselves with the effects of any proposed resolutions.

During the meeting, the Chairperson ensures that there is adequate time for the discussion of any proposed resolutions. The conducting of a vote to decide on any such resolutions is controlled by the Chairperson and takes account of the votes of all shareholders, whether present in person or by proxy. A proxy form is included in the Integrated Report for this purpose.

All attendees at the AGM are required to provide satisfactory identification at the meeting. Acceptable forms of identification include original and valid identity documents, driver's licences and passports.

Unless otherwise communicated to shareholders, the AGM is a physical meeting. However, those shareholders choosing to participate electronically are required to make an application to the transfer secretaries in order to do so. The cost of accessing any means of electronic participation provided by the group will be borne by the shareholder accessing the facility.

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

audit, governance and risk committee

The information presented below relates to corporate governance pertaining to the committee and should be read in conjunction with Audit, Governance and Risk Committee ("AGRC") Report on pages 44 and 45 which forms part of the annual financial statements.

The committee is chaired by DL Rose and included B Kali and LM Maisela during the course of the 2022 financial year all of whom together have the skills, expertise and experience as required in terms of King IV. Executive directors M Abel (CEO) and R Sack (FD) attend by invitation. The designated audit partner also attends meetings of the AGRC by invitation.

The committee meets at least three times a year and convenes additional meetings if required. Attendance at committee meetings is set out on page 25.

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

governance and risk management (cont)

The responsibilities of the Committee include:

- developing and maintaining effective systems of internal control;
- assessing the need for and monitoring the function of internal audit and/or reviews;
- safeguarding the group's assets;
- maintaining adequate financial reporting systems;
- evaluating and defining the levels of risk that are appropriate and acceptable to the group;
- ensuring the reliability and accuracy of financial information provided to shareholders and other users of financial information;
- appointing external and, where deemed necessary, internal auditors;
- assessing the relevance, impact and resolution of accounting and/or auditing issues as may be identified by the external auditors;
- ensuring compliance with legal and regulatory provisions, including stock exchange requirements;
- formulating and updating the group's Memorandum of Incorporation;
- formulating and updating the Code of Ethics and Corporate Conduct;
- formulating and updating the by-laws and rules established by the Board; and
- reviewing both the risks facing the group and the risk management and mitigation processes.

management process

The Committee is satisfied that the appropriate risk management processes are in place. The effectiveness of the Committee is assessed annually and, based on the most recent assessment, it duly fulfilled its responsibilities during the reporting period in accordance with its terms of reference. The AGRC has developed an annual work plan that sets out the timing of events and the tasks to be performed by the committee.

going-concern assessment

The Committee has reviewed management's assessment of the solvency and liquidity of the group as well as its operational budgets, management accounts and cash flow forecast and regards the group to be a going concern. It is expected to continue to be profitable in the current financial year and to have adequate cash and other resources to fund its combined operations without the need to dispose of any assets or undertake any capital restructuring.

solvency and liquidity assessment

The AGRC performs a solvency and liquidity assessment before dividend recommendations are recommended to the Board, as well as performing an assessment in relation to share buy-backs as might be approved by shareholders at the AGM.

risk management

The AGRC holds a dedicated risk meeting at least once each year using a heat risk map prepared by executive management to consider those risk areas particularly relevant to the group. The key risk areas that have been identified include:

- macro environment;
- governance;
- transformation, diversity, equity and inclusion and B-BBEE;
- statutory compliance;
- human resources;
- credit and market;
- controls;
- information technology;
- disaster recovery and business continuity;
- working capital management;
- financial management; and
- operational sustainability.

covid-19

Management is continually assessing and monitoring developments with regards to the Covid-19 pandemic and at the time of finalising the annual report for the year ended 31 March 2022 are confident that the group's responses to date have been adequate and that the situation is being continuously monitored to assess the effect on the financial position of the group. Should current circumstances change to the extent that they would negatively impact the group's operating environment, the group will implement its proactive operational sustainability plan accordingly. The Committee has satisfied itself as to the adequacy of the processes and protocols implemented across the group.

David L Rose
Audit, Governance and Risk Committee Chairperson

31 July 2022

remuneration and nominations committee report

background statement

The Remuneration and Nominations Committee, during the 2022 financial year, comprised of LM Maisela as Chairperson and B Kali and DL Rose. The CEO, M Abel, attends meetings by invitation to assist the Committee with information related to some of its deliberations, but is excluded from any deliberations relating to his own remuneration. None of the directors is directly involved in decisions relating to their own remuneration.

The Committee is governed by a formal charter, which is reviewed by the Board. The Charter has been updated in order to comply with the principles of King IV.

Details of meeting attendance are given on page 25 .

responsibilities

The Committee's responsibilities include:

- ensuring that the group's remuneration structures effectively and adequately attract and retain talented and relevantly experienced individuals who can contribute to the group's performance, growth and sustainability;
- recommending compensation policies and remuneration packages that support the group's strategic and tactical objectives, and which remunerate and reward employees for their contribution to strategic, operational and financial performance; and
- ensuring that nominees to the Board are not disqualified from being directors and, prior to their appointment, investigating their backgrounds in accordance with JSE recommendations.

key objectives

Key objectives are to:

- offer remuneration levels that will attract the best and most relevant talent available to the business;
- develop, motivate and retain a skilled, industry relevant and knowledgeable staff complement;
- maintain a stable, committed executive management team that enables business sustainability in an environment short on key skills, and
- continue, wherever possible, to implement the policy of filling vacant positions with qualifying black, preferably female, candidates.

remuneration policy

remuneration philosophy

Primeserv is committed to offering fair and market-related remuneration, taking into account scarce skills, critical and strategically important positions and the need to reward consistent and excellent performance. Remuneration philosophy therefore focuses on maintaining, rewarding and developing the value of all employees. The group considers remuneration a key element in empowering each employee to make a positive contribution to the performance, growth and sustainability of the business.

The Remuneration and Nominations Committee considers the remuneration principles applicable to employees holding permanent positions and does not consider remuneration in regard to temporary and probationary employees.

Primeserv's remuneration strategies and objectives are formulated to take account of desired outcomes at individual, segmental and group level. An appropriate balance is maintained between employee and shareholder interests. The Board remains ultimately responsible for the group's remuneration policy.

The group's remuneration policy includes principles designed to ensure compliance with the recommended practices set out in King IV. It provides the group with a basis for ensuring that it remunerates its employees fairly, responsibly and transparently in order to ensure the realisation of the group's strategy and the best levels of performance over the short, medium and long-term.

remuneration elements and principles

Primeserv subscribes to the principles of employment equity. It seeks to address disparities between the upper and lower levels of remuneration over time. As a consequence, salaries payable to employees in the lowest income band are adjusted at rates greater than those applied to management and executives.

The group remunerates its employees on the following basis:

- salaries are calculated as a total cost to company;
- salaries are reviewed annually in March and increases are implemented with effect from 1 April, subject to qualifying criteria;
- salaries are where possible benchmarked against market and industry standards and prevailing market conditions;
- remuneration for executive directors and prescribed officers is considered in relation to peer group remuneration, relevant remuneration surveys and scarcity of industry specific skills and the crucial elements of key strategic and operational roles in the business;
- a number of employee benefits are available to employees as part of their total cost to company, depending on their role and position and length of service;
- remuneration includes contributions to the group pension fund and a medical scheme; and
- packages include amongst others, such contractually negotiated benefits as a travel allowance and a telephone allowance.

remuneration of non-executive directors

terms of service

Non-executive directors are appointed by shareholders at the group's AGM. Group policy does, however, make allowance for interim Board appointments to be made between AGMs, as and if necessary. Interim appointees serve until the next AGM, when they may make themselves available for election by shareholders.

In accordance with the group's MOI, non-executive directors are required to retire periodically by rotation, at which point they may seek re-election. Within this context, the length of service of non-executive directors who have served for more than 10 years has been reviewed. Given the need for continuity in an industry subject to constant change, the size of the group and its ability to attract and retain essential skills, the Board has determined that the continued involvement of long-serving directors remains vital and is of benefit to the group.

remuneration

Non-executive directors are remunerated for their contribution to the Board and Board Committees. Compensation for loss of office is not a contractual agreement. The annual remuneration payable to non-executive directors consists of a retainer-based fee for membership or chairpersonship of the Board and its Committees as well as a fee for attendance at meetings. At each AGM special resolutions regarding remuneration of non-executive directors are tabled for approval by shareholders. There are no short- or long-term incentive schemes for non-executive directors. There are no pension, medical or other benefits for non-executive directors.

Reviews of non-executive directors' remuneration are made on an annual basis and recommendations are then made to the Board, which, in turn, proposes fees for approval by shareholders at the AGM.

remuneration of executive directors

terms of service

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

In terms of their contracts of employment, a six-month notice period applies to the CEO, a three-month notice period applies to the other executive director, and a period of between one and three months applies to prescribed officers. Based upon seniority and length of service, certain benefits continue after retirement or termination, but there are no other benefits contractually payable to executives arising out of the standard termination of their contracts.

external appointments

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

remuneration

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

Fixed remuneration may be complemented by short-term performance bonuses, which may reach up to 70 percent of executive directors' basic packages. The group's longer-term incentives for key executives include cash rewards, share options, share purchase schemes and share awards.

The group adopts the principle of total cost to company in determining executive directors' remuneration packages. This includes basic remuneration and retirement, medical and other benefits. In addition, executive directors benefit from long-term incentives linked to performance and retention measures.

Remuneration packages comprise the following:

- a basic cost-to-company salary, which is determined by market value and the executive director's role;
- short-term cash-based incentives, which are determined by the fulfilment of short-term strategic, operational and performance targets; and
- long-term cash and/or share-based incentives, which are determined by the successful development and implementation of medium and long-term business strategies, the implementation of key business imperatives, growth in shareholder value, and behaviour consistent with this goal.
- The extent of managerial responsibility, together with actual workplace location, plays a role in determining the basic remuneration of executive directors.

short-term incentives

Discretionary performance bonus schemes are applicable to executive directors as well as to prescribed officers. Job level, business unit and individual performance determine individual awards. The aim of the bonus scheme is to reward performance in line with organisational objectives and achievements. Incentives are assessed and paid after the end of the relevant financial year once there is certainty regarding the achievement of the relevant financial and other performance measures.

long-term incentives

Retention of skills is a vital long-term objective for the group and this is becoming increasingly important given prevailing economic conditions. Retention plans may include cash payments and/or asset-based awards as well as share-based incentive schemes.

Long-term awards are designed to align the performance of the individual and the group as well as to retain high-calibre and key personnel. Share incentive awards and other financial awards as may be considered appropriate from time to time are recommended to the Board by the Remuneration and Nominations Committee only when business and individual performance targets and/or other key objectives have been attained.

governance and risk management (cont)

implementation report

remuneration of non-executive directors

Non-executive directors receive a base fee plus an attendance fee per meeting. Fees proposed for the 2023 financial year are outlined in the table below.

Role	Base Fees R	Attendance fee per meeting R	Attendance fees at all scheduled meetings R
Chairperson	120 000	24 000	96 000
Non-executive director	32 000	24 000	96 000
Chairperson of Audit, Governance and Risk Committee	160 000		
Chairperson of Remuneration and Nominations Committee	25 000		
Chairperson of Social, Ethics and Transformation Committee	25 000		
Committee members			
– Audit, Governance and Risk Committee		14 000	42 000
– Remuneration and Nominations Committee		6 000	12 000
– Social, Ethics and Transformation Committee		6 000	12 000

The fees in the table are for individual roles.

The aggregate fees any single director will earn for the 2023 financial year will be based on the combined fees for all roles performed and meetings attended.

The table below shows what the non-executive directors may be expected to earn for the 2023 financial year based on attendance at all scheduled meetings.

Non-executive director	Total fees year-end March 2023 (expected based on full attendance) R	Total fees year-end March 2022 (based on actual attendance) R
DL Rose	388 000	341 934
B Kali	165 000	196 756
LM Maisela	207 000	191 085
KM Matjila	170 000	n/a
Total fees	930 000	729 775

remuneration of executive directors

Details of executive directors' remuneration are listed on page 82 of the Integrated Report.

Details of remuneration paid to Prescribed Officers is set out on page 82 of the Integrated Report.

In relation to the 2022 financial year (and prior years as may have been applicable), short-term incentives paid to executive directors are set out on page 82 of the Integrated Report.

No long-term incentive share awards were made to executive directors in the year ended March 2022. The Committee has, however, sanctioned the grant of share options and cash awards as a retention tool in regard to executive directors and certain senior management, details of which will be released on SENS, if so required, at the appropriate time.

implementation of remuneration policy

In terms of King IV, the group's remuneration policy and a report on its implementation must be tabled every year for separate non-binding votes by shareholders at the AGM. Should 25% (twenty-five percent) or more of the votes cast be against one or both of these resolutions, the company will engage with shareholders as to the reasons for this. It also undertakes to consider and make recommendations based upon the feedback received.

conclusion

The Committee, through its individual members, is satisfied that it has diligently fulfilled its mandate as required in terms of its Charter for the year ending 31 March 2022.

LM Maisela
Remuneration and Nominations Committee Chairperson

31 July 2022

governance and risk management (cont)

social, ethics and transformation committee report

The Social, Ethics and Transformation Committee performs its duties in line with the Companies Act and in terms of any additional duties that may be assigned to it by the Board. Although management is tasked with the day-to-day operational sustainability of their respective areas of business, the Board remains ultimately responsible for group sustainability and has delegated certain duties in this regard to the Committee.

The Committee was chaired by B Kali, for the year under review, and comprised LM Maisela and M Abel during that period. Details of meeting attendance are given on page 25.

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

responsibilities

The statutory duties and responsibilities of the Committee, as outlined in the Companies Act, are the monitoring of the group's activities in relation to relevant legislation, other legal requirements and the prevailing codes of best practice.

The Committee assists the Board in ensuring that there are appropriate strategies and policies in place to further transformation, diversity and inclusion across all facets of the group. The Committee seeks to address all issues pertaining to the transformation of the group into an organisation that is relevant within the context of a democratic South Africa. It plays a role in seeking to ensure that demographic composition of the group is fully representative of the country's diversity.

Its role is not to redress the imbalances that exist in society as a whole, but to ensure that Primeserv is a leader in the implementation of HR and IR practices that recognise the equality of all individuals. Primeserv seeks to implement, through careful and considered processes, a range of measures – including affirmative action in support of the group's employment equity and workplace skills plans – that do not detract from the organisation's long-term goal of delivering sustainable returns to shareholders and stakeholders alike.

During the reporting period the Committee accordingly reviewed the following:

- social indicators;
- demographic representation and diversity and inclusion;
- employment equity;
- skills development and employee career advancement; and
- youth employment and the creation of workplace opportunities.

Primeserv promotes equal opportunities and fair treatment in employment and does not tolerate discrimination against any employee. Primeserv employees may exercise their rights in terms of the Basic Conditions of Employment Act (No. 75 of 1997) without fear of discrimination. All new employees are required to attend a formal induction programme where they are made aware of the various group policies and procedures, as well as rights, duties and obligations. The group's disciplinary practices are conducted in accordance with its Disciplinary Code and Procedures, which are in line with King IV. A formal grievance procedure is also in place to address employee grievances.

The group, including the holding company and its subsidiaries, has submitted its Employment Equity and Workplace Skills Development Plans to the relevant authorities, and continues to strive to exceed the required targets. The Board subscribes to the principles of employment equity and recognises the value of demographic and cultural inclusion and diversity.

The group is committed to providing equal opportunities for its employees, regardless of their ethnic origin or gender. It actively develops its employees to empower them to fulfil more responsible positions within the group, while also placing a concerted focus on increasing representation of historically disadvantaged individuals ("HDIs") and women throughout the organisation, thereby reinforcing its diversity and meeting demographic representational requirements. A range of measures have been put in place that include employment equity, diversity, training and skills development. The group's role as a responsible company is relevant and aligned to how it does its business, and by its very actions, is aligned to the United Nations Global Compact principles that speak to its sustainability and its people, especially giving employees better healthcare and training, ensuring that the company promotes equality and prevents unfair discrimination as well as considering the environment. The groups' protocols and care for the health and safety concerns of its employees as well as business continuity is an imperative and goes beyond the call of duty.

The Board monitors the group's compliance with the Skills Development Act (No. 97 of 1998) and ensures that the required plans and reports have been submitted to the relevant authorities. Primeserv is committed to the growth of its own people and recognises the need to continually improve the productivity and performance of its operating units through training and development programmes.

Consideration has been given to the group's policies, procedures, practices as well as to the working environment to identify equity barriers and any other negative influences that might influence the positive outcome of the Primeserv Employment Equity Plan. A designated officer manages and monitors the implementation of the plan, and a budget is allocated to support developmental goals. When recruiting, Primeserv ensures that, wherever possible, vacancies are filled from within the group.

Primeserv is committed to the development of all employees and provides equal opportunities in the workplace.

The group provides skills development opportunities to enable employees to build on their existing strengths and personal potential. It also aligns employment equity targets with skills development programmes and objectives. Employees from designated groups have personal development plans in place to ensure that training, development and study opportunities are made available in order to further promote equity within the staff complement.

In addition, Primeserv offers a mentoring and coaching programme comprising a developmentally oriented relationship between a senior and junior colleague. Mentoring and coaching is an essential aspect of the process of evaluation for promotion. It is designed to assist with goal-setting and planning, as well as to identify certain employees for fast-tracking.

preferential procurement

Primeserv has a rigorous B-BBEE procurement programme in place, which is aimed at increasing the amount of money spent on procurement from highly-rated B-BBEE-compliant enterprises, particularly those that are black-women owned.

corporate social investment

Primeserv's CSI initiatives are close to our hearts. The professional planning and implementation of these initiatives is both a core objective and a privilege.

Primeserv's corporate social responsibility and investment strategy is focused on promoting the sustainable upliftment of disadvantaged communities with primary emphasis on youth development and upliftment, which the group sees as key to future socio-economic success.

Primeserv continues to create employment and upskilling opportunities for our youth and poorly skilled employees nationally. Our operational activities are aligned to support youth employment, learnerships and skills development grants.

The group is a long-standing partner and benefactor of the Siyakhula Trust, which works with rural youth to develop leadership skills and capability. The group makes available financial, professional and skills transfer assistance, whilst also providing ongoing support to disadvantaged children in informal settlements.

Ongoing initiatives, managed by internal volunteers, aim to support animal welfare organisations in our communities.

The group prioritises the communities in which we operate, thus increasing employment opportunities while uplifting the very communities in which our employees and their families live.

conscious companies partnership

Primeserv is proud of its entrenched partnership with Conscious Companies which plays an important role in developing and advancing conscious and ethical leadership in South Africa and beyond.

The group sponsors and supports the Conscious Leadership Summit as well as the Conscious Companies Awards, both instrumental in raising awareness of the importance of conscious and responsible leadership among key stakeholders in the South African economy.

The Conscious Leadership Academy trains youth and works to build conscious leadership capacity.

ethical indicators

As a responsible corporate citizen and employer, Primeserv meets the requirements of the various Acts, rules and regulations governing labour, including the Constitution of the Republic of South Africa, the Labour Relations Act (No. 66 of 1995), the Employment Equity Act (No. 55 of 1998), the Skills Development Act and the Basic Conditions of Employment Act (No. 75 of 1997).

The group is implacably opposed to bribery and corruption and has implemented anti-corruption practices. Employees are discouraged from accepting any gifts or favours from suppliers that obligate them in any way to reciprocate. The group has also implemented a system that encourages employees to report all incidences or suspicions of fraud, theft, corruption and similar unethical behaviour through a confidential and secure line of communication to either the CEO or to the Chairperson.

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

governance and risk management (cont)

safety, health and environment indicators

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

The group sets high quality standards through an internal review process. Most of the business contracts it enters into are linked to agreed quality levels and service level agreements. Primeserv also adheres to the training standards set down by the relevant accreditation authorities, where applicable, and training programmes are registered and accredited.

environmental indicators

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

B Kali
Social, Ethics and Transformation Committee Chairperson

31 July 2022

annual financial statements 2022

contents

directors' approval and responsibility statement

The directors are responsible for the preparation, integrity and fair presentation of the group and separate annual financial statements and other financial information included in this report. The accompanying annual financial statements have been prepared in conformity with International Financial Reporting Standards, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act No. 71 of 2008 and the JSE Limited Listings Requirements. Applicable accounting assumptions have been used while reasonable and prudent judgements and estimates have been made.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are satisfied that the Company has complied with the provisions of the Companies Act, relating to its incorporation and is operating in conformity with its Memorandum of Incorporation.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, but not absolute, assurance against material misstatement or loss.

The Directors have reviewed the group and company's cash flow forecast for the period to 31 March 2023 and, in light of this review and the current financial position, they are satisfied that the group and company has or had access to adequate resources and will negotiate to replace any expiring facilities in order to continue in operational existence for the foreseeable future.

The annual financial statements support the viability of the group and company and have been prepared by R Sack, CA(SA) Financial Director.

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

The group and separate annual financial statements were approved by the Board of Directors on 31 July 2022, and signed on its behalf by:

DL Rose	M Abel	R Sack
Chairperson	*CEO*	*FD*

31 July 2022

level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act No. 71 of 2008.

PREPARER
Raphael Sack
FD

PUBLISHED

4 August 2022

ceo and fd responsibility statement

Each of the directors, whose names are stated below, after due, proper and careful consideration, hereby confirm that:

a. the annual financial statements set out on pages 52 to 99, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

b. to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

c. internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

d. the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

e. where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and

f. we are not aware of any fraud involving directors.

M Abel	R Sack
CEO	FD

31 July 2022

statement of compliance by the company secretary

For the year ended 31 March 2022 the company has, to the best of my knowledge, lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act No. 71 of 2008, as amended, and that all such returns are true, correct and up to date.

ER Goodman Secretarial Services Proprietary Limited
(represented by M Janse van Rensburg)

Company Secretary

31 July 2022

audit, governance and risk committee report

for the year ended 31 March 2022

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

membership

The Committee was elected by shareholders on 26 November 2021 to hold office until the conclusion of the AGM to be held on Friday, 25 November 2022. The Committee is chaired by an independent non-executive director, DL Rose. Other members during the financial year being LM Maisela (independent non-executive director) and B Kali (non-executive director). On 20 May 2022 KM Matjila was appointed as an independent non-executive director and joined the Committee, replacing B Kali.

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

Shareholder approval of the appointment of the members of the Committee will be sought at the AGM to be held on 25 November 2022. The members proposed for the Committee are DL Rose, LM Maisela and KM Matjila, all of whom are non- executive directors with the required skills and expertise, as outlined in the King IV Report on Corporate Governance. Group executive directors and external auditors attend the meetings by invitation.

external audit

The appointment of RSM South Africa Inc. as auditors of the group will be recommended by the Committee to the shareholders for approval at the AGM on 25 November 2022. The Committee has satisfied itself through enquiry of the independence of the firm. Ben Frey, a registered independent auditor, will be nominated as the designated audit partner. The Committee confirms that the firm is accredited by the JSE.

The required assurance was sought and provided by the auditor that the partners and staff responsible for the audit comply with all legal and professional requirements in relation to independence. The Committee is satisfied that the external auditor complies with the JSE Listings Requirements and is independent of the group.

The Committee, in consultation with the CEO, agreed to the engagement letter, terms, nature and scope of the audit function and audit plan for the 2022 financial year. The budgeted fee is considered appropriate for the work that could reasonably have been foreseen at that time.

Non-audit services rendered by the auditor are governed by a formal procedure and each engagement letter for such services, where material, is reviewed and approved by the Committee. No such services have been rendered during the year ended 31 March 2022.

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

The Committee meets at least once a year with the auditors without the presence of any executive directors or management. This is the first year that RSM South Africa Inc. has conducted the audit. The audit partner in charge of the audit is rotated off the audit after five years. The current audit partner will be replaced by Ben Frey for the next audit.

risk management

While the Board as a whole is responsible for the group's risk management, it has delegated authority to the Committee which reports to the Board. The Committee utilises a heat risk mapping process aimed at identifying key risk areas and key performance indicators.

It assesses and addresses, inter alia, physical and operational risk, HR risk, technology risk, business continuity and disaster recovery, credit and market risk and governance and compliance risk. This assists the Board in its assessment and management of risk.

financial risk management

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

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

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

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

operational risk management

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

Senior management takes an active role in the risk management process and is responsible for the implementation, ongoing maintenance of and ultimate compliance with the risk process as it applies to each business unit.

The Board is kept apprised of developments through formalised reporting structures, ongoing communication with management, regular management meetings at an operating subsidiary level and through representation of executive members of the Board on certain of the forums responsible for the management of risk at an operating subsidiary level.

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

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

annual financial statements and accounting policies

The Committee has reviewed the accounting policies and the annual financial statements of the group and company and is satisfied that they are appropriate and comply in all material respects with International Financial Reporting Standards, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and the requirements of the Companies Act No. 71 of 2008. Issues involving significant judgement are set out in the summary of accounting policies.

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

The Committee fulfilled its mandate and recommended the Integrated Report for the year ended 31 March 2022 for approval to the Board. The Board approved the annual financial statements on 31 July 2022 and the annual financial statements will be open for discussion at the AGM.

jse proactive monitoring

The Committee has considered the JSE's latest report on their monitoring of annual financial statements and has taken appropriate measures, where necessary, to respond to the findings when preparing the annual financial statements.

group financial director and financial function

The Committee confirms that it is of the view that the group's FD, R Sack CA(SA), has the necessary expertise and experience to carry out his duties. The Committee is also satisfied as to the skills and adequacy of resources of the finance function.

approval

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

Signed on behalf of the Audit, Governance and Risk Committee.

DL Rose
Audit, Governance and Risk Committee Chairperson

31 July 2022

directors' report
for the year ended 31 March 2022

The Directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Primeserv Group Limited and the Group for the year ended 31 March 2022.

nature of business

Primeserv Group Limited is an investment holding company whose trading activities are conducted through its subsidiary companies, providing a comprehensive range of Integrated Business Support Services. These include a broad range of human capital management and consulting services and solutions, productivity and functional outsourcing services, permanent and temporary employment staffing services, training and skills development products and services, as well as related fulfilment services. The group reports its results in two distinct segments, namely Integrated Business Support Services and Shared Services.

financial results

The financial results of the group and company are set out on pages 52 to 99 of this report and in our opinion require no further comment. A review of the group's results and performance of the business units is contained in the CEO's Report on pages 20 to 22.

share capital

Details of the authorised or issued share capital of the company are set out in Note 26 – ordinary share capital.

treasury shares

Details of treasury shares are set out in Note 27 – treasury shares.

employee share incentive scheme

The total number of shares, which may be purchased and/or in terms of which options may be granted, is equivalent to 20% (twenty percent) of the issued share capital of the company.

	2022	2021
Shares held by share trust*	26 189 326	26 189 326

* *No options granted to employees during the year under review*

These shares are intended to be allocated or cancelled in the 2023 financial year. The impact of IFRS 2 – Share-Based Payments, and section 8C of the Income Tax Act No. 58 of 1962 has been evaluated in order to determine the optimum use of the shares held as an incentive mechanism. The directors use the scheme to retain key personnel and for the purpose of providing opportunities to employees to participate in the group's growth and success.

authority to buy back shares

At the last Annual General Meeting ("AGM") held on 26 November 2021, shareholders gave the Company or any of its subsidiaries a general approval in terms of section 48 of the Companies Act of South Africa, by way of special resolution, for the acquisition of its own shares. As this general approval remains valid only until the next AGM, the shareholders will be asked at that meeting to consider a special resolution to renew this general authority until the next AGM.

A total of 3 963 438 (2021: 441 260) shares were repurchased at an average price of 111 cents per share during the current year in terms of this authority, bringing the total treasury shares held to 37 372 833.

control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act of South Africa. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 20% of the Company's issued share capital, under the control of the directors until the next AGM.

dividends

A gross final dividend of 6.00 cents per share was declared on 15 July 2022. The aggregate dividend in relation to the financial year ended 31 March 2022 is 7.50 cents per share (2021: 4.00 cents per share). The dividends may be subject to dividends withholding tax, where applicable.

directorate

M Abel, B Kali, LM Maisela, DL Rose and R Sack were directors of Primeserv Group Limited throughout the financial year under review and at the date of this report. In terms of the Memorandum of Incorporation of the company, B Kali and KM Matjila retire as directors at the forthcoming AGM, and, being eligible, offer themselves for re-election.

Details of the directorate are set out on page 16.

company secretary

ER Goodman Secretarial Services Proprietary Limited (represented by M Janse van Rensburg) is the Company Secretary.

subsidiary companies

Details of the company's interest in its subsidiaries are set out on page 74 Note 25.

directors' interests

As at 31 March 2022, the aggregate direct and indirect beneficial interests were:

Shares held by	2022 Beneficial	2021 Beneficial
Executive Directors		
M Abel	21 625 003	21 575 003
R Sack	568 750	524 000
Non-Executive Directors		
LM Maisela	55 000	55 000
DL Rose*	120 000	70 000
Total – Directors	22 368 753	22 224 003

* *This shareholding is held in a trust.*

There has been no change in the directors' interest in the issued share capital between 31 March 2022 and the date of this report.

For the purposes of assessing independence the Board assesses the materiality of directors' interests but considers amounts constituting less than 5% (five percent) as not material.

going concern assessment

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

subsequent events

There are no other known matters or circumstances arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the group or company.

disclosures

The Board has considered the disclosure of accounting policies and only details those policies in the annual financial statements that are significant to the group.

independent auditors' report

To the shareholders of Primeserv Group Limited

Opinion

We have audited the consolidated and separate financial statements of Primeserv Group Limited and its subsidiaries ("the Company" and " the Group", respectively) set out on pages 52 to 99, which comprise the consolidated and separate statements of financial position as at 31 March 2022, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and Company as of 31 March 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters with regard to the audit of the financial statements of the Group and Company are set out below.

Key Audit Matter	How our audit addressed the key audit matter
1. Goodwill and intangible assets (Group) Goodwill and intangible assets comprise 9% of total assets of the group and represent R17 607 000 for goodwill and R3 279 000 for intangible assets. Goodwill and intangible assets arose on the acquisitions by the group of businesses and represents the premium paid for the business and customer contracts. As required by the applicable accounting standards (IAS 36), the directors conduct annual impairment tests to assess the recoverability of the carrying value of goodwill and intangible assets, after considering the annual amortisation of intangible assets. In order to establish whether an impairment exists, the value-in-use is determined for the cash-generating units ("CGU") and compared to the carrying value. As disclosed in the accounting policies and Note 21, this determination of an impairment is highly subjective as significant judgement is required in determining the value-in-use as appropriate. The value-in-use is based on the discounted cash flow models for each CGU and requires the estimation and the determination model assumptions which includes: • Future revenue; • Operating margins; • Interest rates; and • Discount rates applied to projected future cash flows. The impairment test of goodwill and intangible assets are considered to be a key audit matter due to the extent of judgement and estimation involved. In terms of IAS 36 – Impairment of assets, goodwill should be assessed for impairment annually in order to establish whether it should be impaired. Fair value less costs to sell, as well as the value in use should be determined, and these values compared to the carrying value of the goodwill. The determination of the impairment is highly subjective as significant judgements are required by the directors in determining the appropriate cash generating unit (CGU), the future cash flows, and the growth and discount rates. Other variables implicit in the valuation of goodwill include: • Discount rate • The capital structure of the Company, as it affects the discount rate to be applied. • Expected long-term growth rates. • Contractual fee income and operational escalation rates. For the purpose of the audit, we identified the measurement of the intangible assets balance as disclosed under note 21 to be a key audit matter due to the significance of the balance to the consolidated financial statements as a whole and the judgements associated in performing the impairment assessment.	Our audit procedures included the following: We performed substantive tests of detail on the lowest level of cash generating units to which the goodwill and intangible asset have been allocated. We performed the following substantive procedures: • reperformed the directors' valuation of the goodwill for reasonability; • tested the key assumptions used in determining the valuation of the recoverable amount by comparing the budgeted revenue and profits to approved budgets and past actual results, reviewing forecasted results for reasonability and assessing the reasonability of the discount rates used; • evaluated and challenged the inputs used by management in determining the discount rate; • reassessed the contingent consideration for over values in prior year and determination of the intangible asset (customer contracts) and amortisation; • reviewed the adequacy of disclosures with regard to the goodwill and intangible assets held in the consolidated financial statements and disclosure of the factors affecting the discount rates.

Key Audit Matter	How our audit addressed the key audit matter
2. Prior period error restatements (Group and Company)	
The consolidated and separate financial statements of Primeserv Group Limited as at and for the years ended 31 March 2021 and 31 March 2020, excluding the adjustments described in note 31 to the consolidated and separate financial statements, were audited by another auditor who expressed an unmodified opinion on those consolidated and separate financial statements on 30 July 2021 and 29 September 2020, respectively. As part of our audit of the consolidated and separate financial statements as at and for the year ended 31 March 2022, we audited the adjustments described in note 31 that were applied to restate the comparative information presented as at and for the years 31 March 2021 and 31 March 2020. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 March 2021 and 31 March 2020, other than with respect to the adjustments described under note 31 to the consolidated and statements. Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole for the respective periods. For the purpose of the audit, we identified prior period error restatements as disclosed under note 31 as a key audit matter due to the materiality thereof and the significant judgements and audit effort involved in the restatements.	Our audit procedures included the following: • We critically assessed management's judgements and representations made with regards to the prior period error restatements. • We assessed the appropriateness of the accounting treatment relating to the prior period error restatements in determining whether the relevant transactions were accounted for in accordance with the requirements of IFRS. We considered if the prior period error restatements were appropriate and adequately disclosed in the consolidated and separate financial statements.

Other matter

The consolidated and separate financial statements of Primeserv Group Limited for the year ended 31 March 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 30 July 2021. We draw attention to note 31 to the consolidated and separate financial statements which indicates that the comparative information presented as at and for the years ended 31 March 2021 and 31 March 2020 has been restated. Our opinion is not modified in respect of this matter. Refer to point 2, Key Audit Matter for further explanation on the nature of the adjustments.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, the Audit, Governance and Risk Committee Report, Chief Executive Officer and Financial Director's Responsibility Statement and the statement of Compliance by the Company Secretary as required by the Companies Act of South Africa and additional information included in the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

independent auditor's report (cont)

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit, Governance and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit, Governance and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit, Governance and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that RSM South Africa Inc. has been the auditor of Primeserv Group Limited for one year.

RSM South Africa Inc.

RSM South Africa Inc.
Gary Parker
Chartered Accountant (SA)
Registered Auditor
Director

4 August 2022

Executive City
Cnr. Cross Street and Charmaine Avenue
President Ridge
Randburg 2125

statements of profit and loss and other comprehensive income

for the year ended 31 March 2022

		Group		Company	
	Notes	**2022 R'000**	Restated 2021 R'000	**2022 R'000**	Restated 2021 R'000
Revenue	1	**777 111**	737 259	**22 103**	23 290
Cost of sales	2	**(686 756)**	(654 203)	**–**	–
Gross profit		**90 355**	83 056	**22 103**	23 290
Other income	3	**7 512**	172	**9 264**	6 864
Operating expenses		**(81 670)**	(77 123)	**(6 463)**	(24 602)
Operating profit	4	**16 197**	6 105	**24 904**	5 552
Interest income	5	**1 661**	1 246	**3 835**	1 798
Interest expense	6	**(658)**	(651)	**(2 127)**	(1 795)
Profit before taxation		**17 200**	6 700	**26 612**	5 555
Taxation	7	**190**	(975)	**665**	(287)
Profit and total comprehensive income		**17 390**	5 725	**27 277**	5 268
Profit and total comprehensive income attributable to:					
Ordinary shareholders of the company		**15 506**	9 091		
Non-controlling interests	29	**1 884**	(3 366)		
Profit and total comprehensive income		**17 390**	5 725		
Basic earnings per share and diluted earnings per share (cents)	8	**18.36**	10.64		

statements of financial position

as at 31 March 2022

		Group			Company		
	Notes	2022 R'000	Restated 2021 R'000	Restated 2020 R'000	2022 R'000	Restated 2021 R'000	Restated 2020 R'000
ASSETS							
Non-current assets		39 181	38 865	39 794	95 421	106 716	104 301
Equipment and vehicles	10	4 935	4 175	4 783	956	769	773
Investment property	20	3 500	3 500	4 250	–	–	–
Right-of-use assets	11	5 346	2 555	5 547	–	–	–
Goodwill and intangible asset	21	20 886	23 851	21 178	–	–	–
Investment in subsidiaries	22	–	–	–	1	1	1
Investment in preference shares	23	–	–	–	93 801	85 338	89 767
Preference dividend receivable		–	–	–	–	20 608	13 760
Deferred tax asset	12	4 514	4 784	4 036	663	–	–
Current assets		195 892	187 341	189 770	147 891	100 344	114 398
Inventories		56	53	54	–	–	–
Trade and other receivables	13	133 477	141 670	156 958	14 760	1 942	18 949
Contract assets	14	2 770	–	–	–	–	–
Preference dividend receivable		–	–	–	27 457	–	–
Loans to group companies and share trust	24 & 25	–	–	–	54 213	53 866	63 314
Cash and cash equivalents	15	59 589	45 618	32 758	51 461	44 536	32 135
Total assets		235 073	226 206	229 564	243 312	207 060	218 699
EQUITY AND LIABILITIES							
Capital and reserves		169 614	159 812	157 024	176 712	158 496	157 270
Ordinary share capital and share premium	26	2 405	2 489	2 671	2 405	2 489	2 671
Treasury shares	27	(16 681)	(17 039)	(21 820)	–	(358)	(5 139)
Retained earnings		192 830	188 258	186 703	174 307	(3 447)	(74)
Non-distributable reserves	28	–	–	–	–	159 812	159 812
Equity attributable to equity holders of the company		178 554	173 708	167 554	176 712	158 496	157 270
Non-controlling interests	29	(8 940)	(13 896)	(10 530)	–	–	–
Non-current liabilities		3 440	5 053	2 077	–	408	121
Lease liabilities	18	2 738	126	2 077	–	–	–
Contingent consideration	19	702	3 361	–	–	–	–
Deferred tax liability	12	–	1 566	–	–	408	121
Current liabilities		62 019	61 341	70 463	66 600	48 156	61 308
Trade and other payables	16	54 986	45 218	47 424	5 405	1 820	5 616
Loans from group companies	25	–	–	–	60 808	46 336	55 692
Lease liabilities	18	3 046	2 612	3 820	–	–	–
Contingent consideration	19	324	4 639	–	–	–	–
Taxation payable		3 663	–	–	387	–	–
Bank borrowings	17	–	8 872	19 219	–	–	–
Total equity and liabilities		235 073	226 206	229 564	243 312	207 060	218 699

statements of changes in equity

for the year ended 31 March 2022

Group

	Share capital R'000	Share premium R'000	Treasury shares R'000	Retained earnings R'000	Total attributable to equity holders of the company R'000	Non-controlling interests R'000	Total equity R'000
Opening balances at 1 April 2020 as previously reported	1 321	1 350	(19 371)	187 775	171 075	(10 530)	160 545
Prior period error (Refer Note 31.1.3 and 31.2)	–	–	(2 449)	(1 072)	(3 521)	–	(3 521)
Balances at 1 April 2020 restated	1 321	1 350	(21 820)	186 703	167 554	(10 530)	157 024
Total comprehensive income – restated	–	–	–	9 091	9 091	(3 366)	5 725
Total comprehensive income – as previously reported	–	–	–	17 219	17 219	(4 844)	12 375
Prior period error (refer Note 31.1.2)	–	–	–	(1 478)	(1 478)	1 478	–
Prior period error (refer Note 31.1.1)	–	–	–	(6 650)	(6 650)	–	(6 650)
Dividends paid (3.00 cents per share)	–	–	–	(2 579)	(2 579)	–	(2 579)
Shares cancelled	(91)	(91)	5 139	(4 957)	–	–	–
Acquisition of treasury shares	–	–	(358)	–	(358)	–	(358)
Restated balances at 1 April 2021	1 230	1 259	(17 039)	188 258	173 708	(13 896)	159 812
Total comprehensive income	–	–	–	15 506	15 506	1 884	17 390
Dividends paid (4.00 cents per share)	–	–	–	(3 415)	(3 415)	–	(3 415)
Disposal to non-controlling interests (Refer Note 30)	–	–	–	(3 072)	(3 072)	3 072	–
Shares cancelled (2021)	(4)	(4)	358	(350)	–	–	–
Shares cancelled (2022)	(38)	(38)	–	(4 097)	(4 173)	–	(4 173)
Closing balances at 31 March 2022	**1 188**	**1 217**	**(16 681)**	**192 830**	**178 554**	**(8 940)**	**169 614**
Notes	26	26	27			29	

Company

	Share capital R'000	Share premium R'000	Treasury shares R'000	Retained earnings R'000	Non-distributable reserves R'000	Total equity R'000
Opening balances at 1 April 2020 as previously reported	1 321	1 350	(5 139)	6 769	159 812	164 113
Prior period error (Refer Note 31.2)	–	–	–	2 449	–	2 449
Prior period error (Refer Note 31.3)	–	–	–	(9 292)	–	(9 292)
Balances at 1 April 2020 restated	1 321	1 350	(5 139)	(74)	159 812	157 270
Total comprehensive income – restated	–	–	–	5 268	–	5 268
Total comprehensive income as previously reported	–	–	–	1 962	–	1 962
Prior period error (Refer Note 31.3)	–	–	–	3 306	–	3 306
Dividends paid (3.00 cents per share)	–	–	–	(3 684)	–	(3 684)
Shares cancelled	(91)	(91)	5 139	(4 957)	–	–
Acquisitions by company	–	–	(358)	–	–	(358)
Balances at 1 April 2021	1 230	1 259	(358)	(3 447)	159 812	158 496
Total comprehensive income	–	–	–	27 277	–	27 277
Dividends paid (4.00 cents per share)	–	–	–	(4 888)	–	(4 888)
Transfer between equity accounts	–	–	–	159 812	(159 812)	–
Shares cancelled (2021)	(4)	(4)	358	(350)	–	–
Shares cancelled (2022)	(38)	(38)	–	(4 097)	–	(4 173)
Closing balances at 31 March 2022	**1 188**	**1 217**	**–**	**174 307**	**–**	**176 712**
Notes	26	26			28	

statements of cash flows

for the year ended 31 March 2022

		Group		Company	
	Notes	**2022 R'000**	Restated 2021 R'000	**2022 R'000**	Restated 2021 R'000
Cash flows generated from operating activities		40 639	31 420	(1 513)	14 321
Cash generated from operations	A	39 096	30 658	(3 202)	14 318
Interest income		1 661	1 246	3 835	1 798
Interest expense		(80)	(327)	(2 127)	(1 795)
Taxation paid	7	(38)	(157)	(19)	–
Cash flows utilised in investing activities		(5 995)	(829)	3 027	11 478
Purchase of equipment and vehicles	10	(2 145)	(829)	(331)	(79)
Purchase of contract asset		(3 850)	–	–	–
Proceeds on disposal of equipment and vehicles		–	–	–	–
Loans repaid by group companies		–	–	3 358	3 825
Proceeds on disposal of preference shares		–	–	–	7 732
Cash flows utilised in financing activities		(11 801)	(7 384)	5 411	(13 398)
Acquisition of treasury shares		(4 173)	(358)	(4 173)	(358)
Repayment of lease liabilities	18	(4 213)	(4 447)	–	–
Repayment of loans from group companies		–	–	14 472	(9 356)
Dividends paid	9	(3 415)	(2 579)	(4 888)	(3 684)
Net increase in cash and cash equivalents		22 843	23 207	6 925	12 401
Cash and cash equivalents at beginning of year		36 746	13 539	44 536	32 135
Cash and cash equivalents at end of year	B	59 589	36 746	51 461	44 536

notes to the statements of cash flows

for the year ended 31 March 2022

		Notes	Group 2022 R'000	Group Restated 2021 R'000	Company 2022 R'000	Company Restated 2021 R'000
A	CASH FLOWS GENERATED FROM OPERATING ACTIVITIES					
	Profit before taxation		17 200	6 700	26 612	5 555
	Adjustments		8 529	11 198	(20 581)	(4 448)
	– interest income		(1 661)	(1 246)	(3 835)	(1 798)
	– interest expense		658	651	2 127	1 795
	– loss on disposal of equipment and vehicles		14	179	–	–
	– preference dividends		–	–	(6 848)	(6 848)
	– amortisation of contract assets		5 671	–	–	–
	– amortisation of intangible asset		3 279	–	–	–
	– release to income of contingent consideration		(5 450)	–	–	–
	– loan amount impaired		–	–	(3 011)	5 623
	– impairment reversal on preference shares		–	–	(8 463)	(3 303)
	– depreciation	4	5 261	5 213	144	83
	– fair value loss on investment property		–	750	–	–
	– impairment of goodwill		–	5 327	–	–
	– Other		757	–	(695)	–
	Operating cash flows before working capital changes		25 729	17 574	6 031	1 107
	Working capital changes		13 367	13 084	(9 233)	13 211
	– (increase)/decrease in inventories		(3)	1	–	–
	– decrease/(increase) in trade and other receivables		8 193	15 288	(12 818)	17 007
	– increase/(decrease) in trade and other payables		5 177	(2 205)	3 585	(3 796)
	Cash generated from operations		39 096	30 658	(3 202)	14 318
B	CASH AT BANK AND BORROWINGS					
	Cash at bank		59 589	45 618	51 461	44 536
	Bank borrowings		–	(8 872)	–	–
			59 589	36 746	51 461	44 536

notes to the annual financial statements –

for the year ended 31 March 2022

		Group		Company	
		2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
1	**REVENUE**				
	Revenue comprises:				
	Services rendered – over time	776 994	736 294	22 103	23 390
	Services rendered – at a point in time	117	965	–	–
		777 111	737 259	22 103	23 390
	Refer to Segment Note for disaggregation (Note 38)				
2	**COST OF SALES**				
	Cost of sales comprises:				
	Payroll, training, consulting and associated costs	686 756	654 203	–	–
		686 756	654 203	–	–
3	**OTHER INCOME**				
	Release to income of contingent consideration on remeasurement	5 450	–	–	–
	Recovery of loans from purchaser of business	2 062	–	2 062	–
	Preference share dividend income	–	–	6 864	6 864
	Other	–	172	338	–
		7 512	172	9 264	6 864
4	**OPERATING PROFIT**				
	Operating profit is stated after taking into account the following:				
	Amortisation of intangible assets	3 279	–	–	–
	Amortisation of contract assets	5 671	–	–	–
	Depreciation: Equipment and vehicles	1 371	1 258	144	83
	Depreciation: Right-of-use assets	3 890	3 955	–	–
	Employee costs and benefits	43 824	43 738	10 310	9 997
	Staff costs – short-term	41 154	41 861	9 869	9 556
	Retirement costs	2 670	1 877	441	441
	Fair value loss on Investment Property	–	750	–	–
	Leasing charges – other	2 611	1 788	–	–
	Preference share impairment reversal	–	–	(8 463)	(3 303)
	Impairment – goodwill	–	5 327	–	–
	Impairment – loans to subsidiaries	–	–	(3 011)	5 623
5	**INTEREST INCOME**				
	Bank and cash	1 610	1 245	1 607	–
	Loans to group companies	–	–	2 228	1 798
	Other	51	1	–	–
		1 661	1 246	3 835	1 798
6	**INTEREST EXPENSE**				
	Interest on bank borrowings	12	326	–	6
	Interest on finance lease liabilities	578	325	–	–
	Loans from group companies	–	–	2 104	1 789
	Other	68	–	23	–
		658	651	2 127	1 795

		Group		Company	
		2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
7	**TAXATION**				
	SA normal taxation				
	> current	3 258	–	387	–
	> prior year	233	–	–	–
	Deferred tax				
	> current	(3 911)	818	1 425	287
	> prior year	(95)	–	(2 481)	–
	> rate change	115	–	(15)	–
	Dividend Withholding Tax	210	157	19	–
		(190)	975	(665)	287
	Taxation paid				
	Opening balance	–	–	–	–
	Current year charge	(3 701)	(157)	(406)	–
	Closing balance	3 663	–	387	–
		(38)	(157)	(19)	–
		%	%	%	%
	Tax rate reconciliation				
	Statutory tax rate	28.0	28.0	28.0	28.0
	Exempt income				
	> Capital profits	(13.3)	–	(2.8)	–
	> Learnerships	(0.8)	–	–	–
	> Employment tax incentives	(11.4)	(23.0)	–	–
	> Preference share dividend income	–	–	(7.2)	(34.5)
	> Preference share impairments	–	–	(5.1)	(16.7)
	Utilisation of deferred tax losses in current year	(9.1)	–	(5.9)	–
	Deferred tax asset on tax losses not raised	–	23.3	–	28.2
	Disallowed expenditure				
	> Capital losses	2.2	–	–	–
	Current tax - prior period	1.4	–	–	–
	Deferred tax				
	> Rate change	0.7	–	–	–
	> Prior period	(0.6)	–	(9.3)	–
	Dividend withholding tax	1.2	2.3	–	–
	CGT rate on fair value of investment property	–	0.6	–	–
	Other	0.6	(16.7)	(0.2)	0.1
	Effective tax rate	(1.1)	14.5	(2.5)	5.1

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of shares in issue during the year as calculated by excluding shares purchased by the company and held as treasury shares. There are no dilutive potential shares. During the year, 4 215 198 (2021: 9 095 712) treasury shares were cancelled.

	Group	
	2022 R'000	2021 R'000
Number of shares in issue ('000)		
Number of shares in issue at the end of the year	120 218	122 967
Less: Adjustments to shares in issue		
Treasury shares at the end of the year	(39 218)	(37 814)
Number of shares in issue at the end of the year (net of treasury shares)	81 000	85 153
Effect of weighting – treasury shares purchased	3 459	304
Weighted average shares at the end of the year	84 459	85 457
Attributable earnings	15 506	9 091
Basic earnings and diluted earnings per share (cents)	18.36	10.64
Headline earnings per share		
Attributable earnings	15 506	9 091
Headline earnings adjustments		
– Goodwill impairment attributable to ordinary shareholders of the company	–	1 962
Gross impairment	–	5 327
Non-controlling interests	–	(3 365)
– Loss on disposal of equipment and vehicles	10	129
Gross loss	14	179
Tax effect	(4)	(50)
– Loss on fair value of investment in property	–	582
Gross loss	–	750
Tax effect	–	(168)
Attributable headline earnings	15 516	11 764
Headline earnings and diluted headline earnings per share (cents)	18.36	13.77

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
9 DIVIDENDS PAID				
Ordinary dividends	3 415	2 579	4 888	3 684

On 15 July 2022 the Board declared a gross cash dividend from income reserves of 6.00 cents per share (2021: 2.50 cents per share), net of dividend withholding tax at a rate of 20% payable to shareholders recorded in the share register on Tuesday, 30 August 2022.

notes to the annual financial statements –
for the year ended 31 March 2022 – continued

10 EQUIPMENT AND VEHICLES

	Computer equipment R'000	Motor vehicles R'000	Furniture, fittings and equipment R'000	Total R'000
Group				
2022				
Cost	4 729	453	7 617	12 799
Accumulated depreciation	(3 463)	(453)	(4 708)	(8 624)
Net book value at beginning of year	1 266	–	2 909	4 175
Additions	652	1 168	325	2 145
Disposals at book value*	(4)	–	(10)	(14)
Depreciation	(449)	(72)	(850)	(1 371)
Net book value at end of year	1 465	1 096	2 374	4 935
Cost	4 171	1 575	6 272	12 018
Accumulated depreciation	(2 706)	(479)	(3 898)	(7 083)
Net book value at end of year	1 465	1 096	2 374	4 935
2021				
Cost	4 531	453	6 325	11 309
Accumulated depreciation	(3 182)	(441)	(2 903)	(6 526)
Net book value at beginning of year	1 349	12	3 422	4 783
Additions	311	–	518	829
Disposals at book value*	(95)	–	(84)	(179)
Depreciation	(299)	(12)	(947)	(1 258)
Net book value at end of year	1 266	–	2 909	4 175
Cost	4 729	453	7 617	12 799
Accumulated depreciation	(3 463)	(453)	(4 708)	(8 624)
Net book value at end of year	1 266	–	2 909	4 175

** Assets are disposed of and replaced in the ordinary course of business*

10 EQUIPMENT AND VEHICLES (cont)

	Computer equipment R'000	Furniture, fittings and equipment R'000	Total R'000
Company			
2022			
Cost	806	1 195	2 001
Accumulated depreciation	(629)	(603)	(1 232)
Net book value at beginning of year	177	592	769
Additions	131	200	331
Depreciation	(87)	(57)	(144)
Net book value at end of year	221	735	956
Cost	937	1 395	2 332
Accumulated depreciation	(716)	(660)	(1 376)
Net book value at end of year	221	735	956
2021			
Cost	727	1 195	1 922
Accumulated depreciation	(601)	(548)	(1 149)
Net book value at beginning of year	126	647	773
Additions	79	–	79
Depreciation	(28)	(55)	(83)
Net book value at end of year	177	592	769
Cost	806	1 195	2 001
Accumulated depreciation	(629)	(603)	(1 232)
Net book value at end of year	177	592	769

* *Assets are disposed of and replaced in the ordinary course of business*

11 RIGHT-OF-USE ASSETS

Group 2022	Leasehold properties R'000	Office equipment and vehicles R'000	Total R'000
Net book value at beginning of year	2 105	450	2 555
Additions	6 681	–	6 681
Depreciation	(3 463)	(427)	(3 890)
Net book value at end of year	5 323	23	5 346
Cost	7 453	1 301	8 754
Accumulated depreciation	(2 130)	(1 278)	(3 408)
Net book value at end of year	5 323	23	5 346
2021			
Net book value at beginning of year	3 592	1 955	5 547
Additions	963	–	963
Depreciation	(2 450)	(1 505)	(3 955)
Net book value at end of year	2 105	450	2 555
Cost	6 718	4 654	11 372
Accumulated depreciation	(4 613)	(4 204)	(8 817)
Net book value at end of year	2 105	450	2 555

Company
There are no right-of-use assets attributable to the company.

	Group			Company	
	2022 R'000	2021 R'000	2020 R'000	**2022 R'000**	2021 R'000
12 DEFERRED TAX ASSETS/(LIABILITIES)					
The deferred tax asset (liability) arises as a result of:					
Computed tax losses	4 116	4 620	5 888	–	29
Payroll payables, accruals and allowances for impairments	1 575	(47)	(244)	–	–
Impairments	–	–	–	718	–
Prepayments	(326)	(670)	(736)	(55)	(437)
Capital gains tax on fair value adjustments	284	274	(18)	–	–
Work in progress	(1 135)	(959)	(854)	–	–
	4 514	3 218	4 036	663	(408)
Reconciliation between deferred tax opening and closing balance					
Deferred tax opening balance	3 218	4 036	6 324	(408)	(121)
Charge per profit and loss	3 891	(818)	(2 288)	1 071	(287)
Other	(759)	–	–	–	–
Intangible asset acquired	(1 836)	–	–	–	–
Deferred tax at end of year	4 514	3 218	4 036	663	(408)
Deferred tax assets	4 514	4 784	4 036	663	–
Deferred tax liabilities	–	(1 566)	–	–	(408)
Deferred tax at end of year	4 514	3 218	4 036	663	(408)
Estimated tax losses available for utilisation against future taxable income	21 160	27 295	21 700	–	5 595
Applied to increase deferred tax asset	(15 200)	(16 500)	(21 030)	–	(100)
Net tax loss carried forward	5 960	10 795	400	–	5 495

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
13 TRADE AND OTHER RECEIVABLES				
Trade receivables	**128 625**	136 001	**14 557**	210
	4 852	5 669	**203**	1 732
Other receivables*	**2 945**	3 144	**–**	101
Loan to director	**700**	700	**–**	–
Prepayments (non-financial instrument)	**1 207**	1 825	**203**	1 631
	133 477	141 670	**14 760**	1 942

* *Expected Credit Loss ("ECL") assessments performed did not require any adjustments to be made.*

Trade receivables include accrued revenue amounting to R19 520 000 (2021: R21 844 000) which relate to services rendered at the end of the financial year but not yet invoiced due to cut-off for billing policies.

The debtor cover policies held with Credit Guarantee Insurance Corporation of Africa Limited have been ceded to the group's bankers as security for overdraft facilities granted to the group. Refer Note 17.

Based on the historic level of client defaults, the risk covered by credit insurance contracts and the VAT component recoverable from SARS, the credit quality of year-end trade receivables which are not past due is considered to be high. These debts relate to a number of independent clients for whom there is no recent history of default.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Due to the short-term nature of the trade and other receivables, the fair value approximates the carrying value.

Client credit risk is managed by each business unit subject to the group's established policy, procedures and control relating to client credit risk management. Credit quality of a client is assessed based on a credit assessment and individual credit limits are defined in accordance with this assessment.

Trade receivables are written off when there is no reasonable expectation of recovery through either legal processes or through the credit insurance policies.

As part of the ongoing maintenance and retention of key personnel programme, fixed-term employment contracts, not longer than three years, have been entered into with M Abel. The contract entered into with M Abel (CEO) includes terms and conditions relating to an interest-free loan facility through the Primeserv Group Limited Share Trust with a maximum of R700 000. This amount is unsecured and has no fixed terms of repayment. The amount funded the purchase by him of shares in the company at a price not exceeding 10% below the ruling market price (Closing price at 31 March 2022: 110 cents per share (2021: 90 cents per share)).

The expected credit loss ("ECL") rates are based on the payment profiles of sales over the period of 48 months before 31 March 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the clients to settle the receivables. The group has identified the GDP and the unemployment rate of South Africa to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Credit insurance policies have largely mitigated the group's overall exposure to credit risk. The group evaluates the concentration of risk with respect to trade receivables as low, as its clients are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the group's trade receivables using a provision matrix. The gross carrying amount is calculated by deducting from the trade receivables balances any VAT charged as this amount may be recovered from SARS as an input VAT amount arising from a bad debt. The balance is further reduced by the amount of credit insurance in place. Against this amount the historical loss rates are then applied to arrive at the ECL. The ECL was determined as not being material.

31 March 2022	Current	30 days	60 days	90 days	120 days	Total
Expected default rate	0.0000%	0.0394%	0.0352%	0.0066%	0.9109%	
Gross carrying amount (R'000)	10 892	5 892	73	25	714	17 596
Lifetime ECL (R'000)	–	2	–	–	7	9

31 March 2021	Current	30 days	60 days	90 days	120 days	Total
Expected default rate	0.0000%	0.0257%	0.0306%	0.0046%	0.5181%	
Gross carrying amount (R'000)	13 585	7 510	240	64	463	21 862
Lifetime ECL (R'000)	–	2	–	–	3	5

The ECL in relation to financial assets is not material and accordingly no adjustment has been made to the balances at year-end.

ECL adjustments in relation to subsidiary companies have been reversed on consolidation. The company recognised an ECL loss reversal of R3.0 million for the year (2021: R5.62 million), which amount has been included in operating expenses.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
14 CONTRACT ASSETS				
Opening balance	–	–	–	–
Transfer from payroll related liabilities	4 591	–	–	–
Purchases during the year	3 850	–	–	–
Amortisation for the year	(5 671)	–	–	–
	2 770	–	–	–
15 CASH AND CASH EQUIVALENTS				
Cash on hand	97	70	–	–
Bank balances and short-term deposits	59 492	45 548	51 461	44 536
	59 589	45 618	51 461	44 536
16 TRADE AND OTHER PAYABLES				
Trade payables	30 227	24 195	1 013	257
Payroll payables related liabilities	24 389	21 023	4 392	1 563
Other payables	370	–	–	–
	54 986	45 218	5 405	1 820

Trade payables are ordinarily payable 30 days from statement date. Payroll payables are settled as and when they fall due and dependent on the nature of the payable. Amounts payable to bargaining councils are settled between seven and 20 days after month-end, while amounts payable to assignees are settled at varying times, including as and when the assignee takes leave. Amounts payable to SARS for payroll related imposts are settled within seven days of month-end.

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
17 BANK BORROWINGS				
The group has an overdraft facility that bears interest at the prime bank overdraft rate per annum less 1.0% (2021: prime overdraft rate per annum less 1.0%).	–	8 872	–	–
	–	8 872	–	–

The facilities were secured through a combination of the cession of the debtor cover policies held with Credit Guarantee Insurance Corporation of Africa Limited and cross-surety arrangements between the group companies. The group also undertook, during the year under review, not to reduce its tangible equity to below R50 000 000 (2021: R50 000 000). Tangible equity at year-end was R148.7 million (2021: R135.9 million).

The group had an overdraft facility of R30 million (2021: overdraft facility of R54 million) utilised by various subsidiaries. At year-end the unutilised amount was R30.0 million (2021: R45.1 million). Facilities revolve month-to-month.

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
18 LEASE LIABILITIES				
Opening balance	2 738	5 897	–	–
Additions	6 681	963	–	–
Accretion of interest during the year	578	325	–	–
Payments	(4 213)	(4 447)	–	–
	5 784	2 738	–	–
Current	3 046	2 612	–	–
Non-current	2 738	126	–	–
	5 784	2 738	–	–

Leases typically relate to leasehold property, office equipment and motor vehicles. Refer to Note 11.

Company

There are no lease liabilities attributable to the company.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000

19 CONTINGENT CONSIDERATION

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Opening balance	8 000	–	–	–
Contingent consideration arising	–	8 455	–	–
Remeasurement against goodwill	(1 524)	–	–	–
Less: Remeasurement of contingent consideration realised in other income	(5 450)	–	–	–
Less: Paid to vendors for fixed assets acquired	–	(455)	–	–
Total	1 026	8 000	–	–
Current	324	4 639	–	–
Non-current	702	3 361	–	–
Total	1 026	8 000	–	–

Amounts payable to vendors for businesses acquired that are subject to profit warranties are treated as contingent considerations. The final values payable will be determined based on an agreed formula. The initial estimate is the estimated fair value of the income that is reasonably expected to be achieved over the warranty period and is based on agreed budgets and forecasts and the existing client mix. Amounts achieved in excess of the initial estimate will result in an increase in the related liability, limited to the amounts as agreed with the vendors. All amounts will be settled in cash.

The contingent consideration relates to the acquisition of the business of the Lapace group of companies with effect from 17 April 2020. The business is expected to enhance Primeserv's operations in the artisan and skilled labour temporary employment services sector. The goodwill arising on the transaction relates to the anticipated synergies through the integration of the Lapace business into that of Primeserv. The contingent consideration has been apportioned on the statement of financial position between current and non-current to reflect when the amounts are anticipated to be paid. The purchase price includes the acquisition of fixed assets amounting to R455 000. No other assets or liabilities were acquired. The revenue and profits in relation to the Lapace business are far too sensitive to disclose as this information could easily be used by both clients and competitors and could compromise the business's ability to trade profitability with clients.

	Group 2022 R'000	Group 2021 R'000
20 INVESTMENT PROPERTY		
Cost	7 645	7 645
Accumulated fair value adjustments	(4 145)	(4 145)
Properties at fair value	3 500	3 500
Fair value adjustment for the year	–	750

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

These properties were acquired in 2012 in a multi-party transaction resulting in the exchange of long outstanding debtor claims for a fixed property and the application of cash for the acquisition of the balance of the property portfolio. The vacant stands and house are being held for capital appreciation.

Independent valuations were performed in 2021 by a valuation expert, Brian Jeffrey Mylod, owner of Smitties Estates, appraiser appointed in terms of section 6 of the Administration of Estates Act of 1965 for the district of Parys, as well as member of the Valuation Court of Parys.

The valuations were performed on the comparable sales approach, which was assessed as the highest and best use of the property, which does not differ to the intended use by the group. The comparable sales approach takes into account recent sales in the area under market conditions of similar properties in the prevailing circumstances. There was a fair value loss on the investment property in 2021 as a consequence of the effect that the Covid-19 pandemic had on property prices in the area.

The valuations stated above are in line with the directors' valuations of the same properties.

Any reasonable change in the assumptions listed that management believes could occur would not cause the value to differ materially.

Operating costs incurred primarily relate to the payment of levies, power and water charges, and repairs and maintenance and totalled R206 000 (2021: R141 000).

Company

There is no investment property held by the company.

21 GOODWILL AND INTANGIBLE ASSET

A – Goodwill

Goodwill is not amortised but tested for impairment at the end of each financial year or when there are indications that the goodwill may be impaired. For the purposes of performing the impairment test, the goodwill is allocated to each entity within the group, and therein the smallest cash-generating unit (CGU) expected to benefit from the acquisition which gave rise to the goodwill. The recoverable amount of the CGU is determined on a value in use basis, and this is compared to the carrying value of the CGU, including the goodwill. To the extent the carrying value of the CGU exceeds its recoverable amount, goodwill is impaired, limited to its carrying value. Management has performed the valuation of goodwill based on past experience.

Value in use was determined using a discounted cash flow (DCF) model which used budgets and forecasts for 5 years, and then bringing in a perpetuity value which is discounted to present value.

Goodwill has been allocated for impairment testing purposes to the group's operating segments, which represents the lowest level of assets for which there are separate cash flows, and as reported in Note 38, as follows:

	Group	
	2022 R'000	2021 R'000
Integrated Business Support Services	17 607	23 851
The impairment calculations performed indicated that no impairment of goodwill was necessary		
Goodwill is attributable to the following Cash-Generating Units ("CGU")		
Primeserv Corporate Solutions Proprietary Limited	2 708	2 708
Primeserv Denverdraft Proprietary Limited	7 494	13 738
> Professional Engineering	5 741	5 741
> Lapace	1 753	8 000
Primeserv Staff Dynamix Proprietary Limited	7 405	7 405
Closing balance	17 607	23 851
Opening balance – Lapace	8 000	–
Remeasurement	(1 524)	–
Transfer to intangible asset	(6 558)	–
Deferred tax raised on intangible asset	1 835	–
Closing balance	1 753	–

The following rates were applied in the valuations of goodwill:

	Weighted average cost of capital	Beta	Growth rate	Terminal growth rate
Primeserv Corporate Solutions Proprietary Limited	12.0%	0.70	3.0%	1.6%
Primeserv Denverdraft Proprietary Limited				
> Professional Engineering	14.0%	0.70	3.0%	1.6%
> Lapace	13.5%	0.70	3.0%	1.6%
Primeserv Staff Dynamix Proprietary Limited	11.8%	0.70	3.0%	1.6%

Sensitivity analysis was conducted for each CGU taking into account changes in the Weighted Average Cost of Capital and the expected growth rate. Taking into account the changes, there was no indication of impairment against goodwill.

21 GOODWILL AND INTANGIBLE ASSET (cont)

Primeserv Corporate Solutions Proprietary Limited		Weighted Average Cost of Capital 12.08%	12.58%	13.08%
	2.50%	32 100	30 200	28 500
Growth Rate	3.00%	35 200	30 600	28 800
	3.50%	32 900	31 000	29 200

Primeserv Denverdraft Proprietary Limited – Professional Engineering		Weighted Average Cost of Capital 13.04%	13.54%	14.04%
	2.50%	115 600	110 200	105 200
Growth Rate	3.00%	116 400	110 900	105 900
	3.50%	117 200	111 700	106 600

Primeserv Denverdraft Proprietary Limited – Lapace		Weighted Average Cost of Capital 13.04%	13.54%	14.04%
	2.50%	7 400	6 900	6 500
Growth Rate	3.00%	7 400	6 900	6 400
	3.50%	7 300	6 800	6 400

Primeserv Staff Dynamix Proprietary Limited		Weighted Average Cost of Capital 11.26%	11.76%	12.26%
	2.50%	144 700	136 300	128 600
Growth Rate	3.00%	145 000	136 500	128 800
	3.50%	145 200	136 700	129 000

	Group 2022 R'000	2021 R'000
B – Intangible assets		
Primeserv Denverdraft Proprietary Limited		
Opening balance	–	–
Transfer from goodwill	6 558	–
Amortisation	(3 279)	–
Closing balance	3 279	–
Total	20 886	23 851

Reallocation based on Purchase Price Allocation performed in respect of Lapace business combination

	Company 2022 R'000	Company 2021 R'000

22 INVESTMENT IN SUBSIDIARIES

	2022 R'000	2021 R'000
Ordinary shares at cost	1	1

Details of subsidiaries are noted on pages 74 and 75 of this report.

23 INVESTMENT IN PREFERENCE SHARES

2022

Company

Preference shares	Primeserv ABC Recruitment Proprietary Limited R'000	Primeserv Corporate Solutions Proprietary Limited R'000	Primeserv Employee Solutions Proprietary Limited R'000	Total R'000
Class A preference shares				
Cost	37 000	3 650	39 150	79 800
Impairment	(9 701)	–	–	(9 701)
Net book value	27 299	3 650	39 150	70 099
Class B preference shares				
Cost	33 488	810	41 280	75 578
Impairment	(33 488)	–	(18 388)	(51 876)
Net book value	–	810	22 892	23 702
				93 801

23 INVESTMENT IN PREFERENCE SHARES (cont)

2021

Preference shares	Primeserv ABC Recruitment Proprietary Limited R'000	Primeserv Corporate Solutions Proprietary Limited R'000	Primeserv Employee Solutions Proprietary Limited R'000	Total R'000
Class A preference shares				
Cost	37 000	3 650	39 150	79 800
Impairment				
– as currently stated	(14 415)	–	–	(14 415)
– as previously reported	–	(3 650)	–	(3 650)
– prior period error	(14 415)	3 650	–	(10 765)
Net book value	22 585	3 650	39 150	65 385
Class B preference shares				
Cost	33 488	810	41 280	75 578
Impairment				
– as currently stated	(33 488)	–	(22 137)	(55 625)
– as previously reported	(33 488)	–	(26 914)	(60 402)
– prior period error	–	–	4 777	4 777
Net book value	–	810	19 143	19 953
				85 338
2020				
Class A preference shares				
Cost	37 000	3 650	39 150	79 800
Impairment				
– as currently stated	(12 922)	–	–	(12 922)
– as previously reported	–	(3 650)	–	(3 650)
– prior period error	(12 922)	3 650	–	(9 272)
Net book value	24 078	3 650	39 150	66 878
Class B preference shares				
Cost	33 488	8 542	41 280	83 310
Impairment				
– as currently stated	(33 488)	–	(26 933)	(60 421)
– as previously reported	(33 488)	–	(26 914)	(60 402)
– prior period error	–	–	(19)	(19)
Net book value	–	8 542	14 347	22 889
				89 767

	Company		
		Restated	Restated
	2022	2021	2020
	R'000	R'000	R'000
24 LOAN TO SHARE TRUST			
Opening balance as previously reported	9 263	10 747	11 856
Prior period error (refer note 31.2)	2 449	2 449	2 449
Opening balance restated	11 712	13 196	14 035
Loan repayments	(839)	(1 484)	(839)
	10 873	11 712	13 196

The loan was advanced to the Primeserv Group Limited Share Incentive Scheme Scheme for the acquisition of 26 189 326 (2021 : 26 189 326) ordinary shares.

As the loan has no fixed terms of repayment, the carrying amount and fair value equal the face value of the loan. The maximum exposure to credit risk at the reporting date is the carrying value. No interest has been charged on the loan. The loan is guaranteed by the underlying shares held by the trust, which exceed the value of the loan and therefore no ECL has been recognised.

notes to the annual financial statements –

for the year ended 31 March 2022 – continued

25 DETAILS OF SUBSIDIARY COMPANIES

Subsidiaries	Country of incorporation	Ordinary share capital R	Portion held directly or indirectly by holding company % 2022	Portion held directly or indirectly by holding company % 2021
Primeserv ABC Recruitment Proprietary Limited	South Africa	100	74.75	74.75
Primeserv Consulting Proprietary Limited*	South Africa	100	44.00	44.00
Primeserv Corporate Solutions Proprietary Limited	South Africa	100	49.00	49.00
Primeserv Denverdraft Proprietary Limited#	South Africa	100	48.59	74.00
Primeserv Employee Solutions Proprietary Limited	South Africa	100	74.90	74.90
Primeserv Lapace Ken Proprietary Limited#	South Africa	100	32.07	48.84
Primeserv Lapace Mpumalanga Proprietary Limited	South Africa	100	50.93	50.93
Primeserv Lapace Vaal Proprietary Limited	South Africa	100	100.00	100.00
Primeserv Productivity Services Proprietary Limited	South Africa	100	100.00	100.00
Primeserv Project Services Proprietary Limited*	South Africa	100	44.00	44.00
Primeserv Recruitment Services Proprietary Limited	South Africa	100	100.00	100.00
Primeserv Staff Dynamix Proprietary Limited	South Africa	100	74.90	74.90
Primeserv Group Limited Share Trust	South Africa	–	–	–
Impairment provision				

NOTES

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

The Integrated Business Support Services businesses operate through Primeserv ABC Recruitment Proprietary Limited, Primeserv Corporate Solutions Proprietary Limited, Primeserv Denverdraft Proprietary Limited, Primeserv Employee Solutions Proprietary Limited, Primeserv Lapace Ken Proprietary Limited, Primeserv Lapace Mpumalanga Proprietary Limited, Primeserv Lapace Vaal Proprietary Limited, Primeserv Project Services Proprietary Limited, Primeserv Recruitment Services Proprietary Limited and Primeserv Staff Dynamix Proprietary Limited.

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

Primeserv Consulting Proprietary Limited is dormant.

The loans bear interest at the bank prime overdraft rate less 1.0% (2021: bank prime overdraft rate less 1.0%), are unsecured and have no fixed terms of repayment. The carrying value of the loans approximates the fair value of the loans, as the loans bear interest at market-related interest rates. Loans are considered to be of good credit quality unless there are contrary indications. Contrary indicators are operating losses and/or a negative net asset value. Loans to subsidiary companies are subject to an ECL assessment.

* *These companies are subsidiaries of Primeserv Group Limited based on the following rationale:*
The group is considered to exercise control over a company in which it does not have a majority stake when it has power over the company and it has exposure, or right, to variable returns from its involvement with the company, and the ability to use its power over the company to affect the amount of the group's returns.

In assessing whether the group has power over the company, the group considers its practical ability to direct the relevant activities of each company unilaterally. This is demonstrated by the group's ability to appoint the company's key management personnel who have the ability to direct the relevant activities and the group's ability to direct each company to enter into significant transactions. The group also considers the extent to which each company depends on the group for management, funding, financial and operational activities and critical services.

\# *The group owns a majority of the shares in this company's holding company and by virtue of this majority holding it exercises control of the company.*

	Class A Preference Share Capital	Portion held directly or indirectly by holding company	Class B Preference Share Capital	Portion held directly or indirectly by holding company	Amounts owing by/(to) subsidiaries 2022	2021
	R	%	R	%	R'000	R'000
	370	100.00	448	74.75	29 442	30 079
	–	–	–	–	(469)	(469)
	37	100.00	618	49.0	(1 849)	(1 627)
	–	–	–	–	9 612	10 801
	392	100.00	276	74.9	(4 529)	(3 757)
	–	–	–	–	24	23
	–	–	–	–	(31)	–
	–	–	–	–	(28)	–
	–	–	–	–	(1 099)	(673)
	–	–	–	–	6 922	6 922
	–	–	–	–	(8 406)	(9 928)
	–	–	–	–	(44 397)	(29 882)
	–	–	–	–	10 873	11 712
					(3 935)	13 201
					(2 660)	(5 671)
	799		1 342		(6 595)	7 530
Receivable					54 213	53 866
Payable					(60 808)	(46 336)
					(6 595)	7 530
ECL Movements						
Opening ECL balance					5 671	48
Allowance raised					–	5 623
Allowance reversed					(3 011)	–
Closing balance					2 660	5 671

	Company	
	2022 R'000	2021 R'000
26 ORDINARY SHARE CAPITAL		
Authorised		
500 000 000 ordinary shares of 1 cent each	5 000	5 000
Issued		
120 217 525 (2021: 122 967 031) ordinary shares of 1 cent each	1 188	1 230
Share premium	1 217	1 259
	2 405	2 489

During the year 4 215 198 shares were cancelled (2021 : 9 095 712 shares).

1 844 692 shares to be cancelled are excluded from the cost of shares in issue.

	Group 2022 R'000	2021 R'000
27 TREASURY SHARES		
Opening number of shares ('000)	37 814	46 468
Purchased during the year ('000)	3 773	441
Cancelled during the year ('000)	(4 215)	(9 095)
Closing number of shares ('000)	37 373	37 814
Shares held by the company to be cancelled ('000)	1 845	–
Total ('000)	39 218	37 514

The shares purchased during the year were at an average cost of 111 cents per share (2021: 81 cents per share).

Average cost of treasury shares is 45 cents per share (2021: 45 cents per share).

28 NON-DISTRIBUTABLE RESERVE

Excess arising from intangible asset write-down in the group as adjusted for subsequent impairment charges or reversals in the investments and loans to subsidiaries. This reserve was raised in terms of the Companies Act No. 61 of 1973.

Amount transferred to retained income in the current year.

29 NON-CONTROLLING INTERESTS

	Primeserv ABC Recruitment Proprietary Limited R'000	Primeserv Corporate Solutions Proprietary Limited R'000	Primeserv Denverdraft Proprietary Limited R'000
2022			
Non-controlling interests – effective percentage holding	25.3%	51.0%	51.4%
Statement of comprehensive income			
Revenue	1 001	13 134	286 029
Profit/(loss) after tax	4 964	635	5 552
Profit/(loss) after tax net of preference dividends	1 911	69	5 552
Attributable to non-controlling interests	483	35	544
Statement of financial position			
Non-current assets	7 132	8 389	12 849
Current assets	177 629	20 294	207 826
Non-current liabilities	–	–	(702)
Current liabilities	(178 244)	(23 089)	(210 994)
Class A preference shares	(37 000)	(3 650)	–
Net assets	(30 483)	1 944	8 980
Attributable to non-controlling interests	(7 697)	992	4 616
Statement of cash flows			
Cash flows from operating activities	1 565	4 495	24 609
Cash flows from investing activities	(3 163)	(2 755)	(27 108)
Cash flows from financing activities	1 601	(1 869)	2 532
	3	(129)	33
2021			
Non-controlling interests – effective percentage holding	25.3%	51.0%	26.0%
Statement of comprehensive income			
Revenue	1 167	14 511	317 363
Profit/(loss) after tax	(13 780)	26 451	1 246
Profit/(loss) after tax net of preference dividends	(16 832)	25 885	1 246
Attributable to non-controlling interests	(4 250)	6 678	324
Statement of financial position			
Non-current assets	38	4 369	14 096
Current assets	176 242	16 285	215 532
Non-current liabilities	–	–	(3 637)
Current liabilities	(173 010)	(15 129)	(222 563)
Class A preference shares	(37 000)	(3 650)	–
Net assets	(33 730)	1 875	3 428
Attributable to non-controlling interests	(8 517)	956	891
Statement of cash flows			
Cash flows from operating activities	7 402	29 058	8 091
Cash flows from investing activities	(13 584)	(6 692)	(17 562)
Cash flows from financing activities	6 190	(21 854)	9 319
	8	512	(152)

Primeserv Employee Solutions Proprietary Limited R'000	Primeserv Project Services Proprietary Limited R'000	Primeserv Staff Dynamix Proprietary Limited R'000	Other (not significant entities) R'000	Total R'000
25.1%	56.0%	25.1%	Various	
–	23 006	456 197		
4 336	(1 081)	3 674		
1 106	(1 081)	3 674		
278	(606)	922	229	1 884
12 164	3 298	14 905		
180 928	20 704	198 004		
–	–	–		
(171 242)	(41 576)	(183 961)		
(39 150)	–	–		
(17 300)	(17 574)	28 948		
(4 342)	(9 841)	7 266	66	(8 940)
469	150	5 039		
(5 295)	(1 030)	(12 530)		
4 896	1 381	22 905		
70	501	15 414	15	15 907
25.1%	56.0%	25.1%	Various	
–	31 614	380 102		
13 665	(4 823)	(4 026)		
10 435	(4 823)	(4 026)		
2 619	(2 701)	(1 011)	(5 025)	(3 366)
163	2 681	15 316		
178 592	21 865	158 264		
(23)	–	(127)		
(157 988)	(41 040)	(147 841)		
(39 150)	–	–		
(18 406)	(16 494)	25 612		
(4 620)	(9 236)	6 429	201	(13 896)
(5 961)	1 496	(24 002)		
118 342	(3 469)	2 513		
(107 447)	1 974	26 987		
4 934	1	5 498	2	10 803

	Group 2022 R'000	Group 2021 R'000
30 DISPOSAL TO NON-CONTROLLING INTERESTS		
Net assets disposed of	3 072	–
Purchase price	–	–
Transaction between shareholders recognised in equity	3 072	–

During the year as part of a B-BBEE empowerment transaction, the group disposed of 34% of its investment in Primeserv Denverdraft Proprietary Limited for a consideration of R nil to non-controlling interests.

31 PRIOR YEAR ERRORS

31.1 During the current year, certain errors were identified in the consolidation process in prior years:

31.1.1 In the 2021 year, accounts payable were understated by R6 650 000 and accordingly income was overstated by the same amounts.

31.1.2 In the 2021 year, the non-controlling interest in subsidiaries and the non-controlling interests' share of losses was overstated by R1 478 000.

31.1.3 In the 2020 year, the deferred tax asset was overstated by R3 521 000 and accordingly income was overstated by the same amount.

31.2 Prior to 2020, accounting standards required the consolidation of share trusts controlled by the holding company. At the time of the initial consolidation of the Primeserv Group Limited Share Trust, an impairment against the loan to the share trust was not eliminated, resulting in the carrying value of the treasury shares being understated. The carrying value of the treasury shares has now been adjusted by R2 449 000 to reflect the initial cost of the acquisition of the shares.

31.3 Preference share impairment

During the year, the company reassessed the impairments against the preference share investments noting that impairments in prior years were understated. Comparative amounts have been restated as recorded below. There was no effect on the consolidated results.

Group

statements of financial position	Trade and other payables R'000	Non-controlling interests R'000	Deferred tax R'000	Treasury shares R'000
Balance as previously reported at 31 March 2020	47 424	(10 530)	7 557	(19 371)
31.1.3	–	–	(3 521)	–
31.2	–	–	–	(2 449)
Balance as restated at 31 March 2020	47 424	(10 530)	4 036	(21 820)
Balance as previously reported at 31 March 2021	38 568	(15 374)	6 739	(14 590)
31.1.1	6 650	–	–	–
31.1.2	–	1 478	–	–
31.1.3	–	–	(3 521)	–
31.2	–	–	–	(2 449)
Balance as restated at 31 March 2021	45 218	(13 896)	3 218	(17 039)

statements of profit and loss	Cost of sale R'000
Balance as previously reported at 31 March 2021	(647 553)
31.1.1	(6 650)
Balance as restated at 31 March 2021	(654 203)

	Earnings per share (cents)	Headline earnings per share (cents)
As previously reported	20.15	23.28
Adjustments		
31.1.1	(7.78)	(7.78)
31.1.2	(1.73)	(1.73)
Attributable earnings as currently reported	10.64	13.77

Company

statements of financial position	Investment in preference shares R'000	Loans to share trust R'000
Balance as previously reported at 31 March 2020	99 059	10 747
31.3	(9 292)	–
31.2	–	2 449
Balance as restated at 31 March 2020	89 767	13 196
Balance as previously reported at 31 March 2021	91 326	9 263
31.3	(5 988)	–
31.2	–	2 449
Balance as restated at 31 March 2021	85 338	11 712

statements of profit and loss	Operating expenses R'000
Balance as previously reported at 31 March 2021	(27 908)
31.1.3	3 306
Balance as restated at 31 March 2021	(24 602)

32 DIRECTORS' REMUNERATION

	Short-term benefits					
	For services as directors R'000	Salaries R'000	Other benefits R'000	Bonuses* R'000	Retirement benefits R'000	Total R'000
2022						
Executive directors	–	5 868	492	2 310	508	9 178
M Abel	–	4 355	191	1 950*	378	6 874
R Sack	–	1 513	301	360	130	2 304
Non-executive directors	730	–	–	–	–	730
B Kali	197	–	–	–	–	197
LM Maisela	191	–	–	–	–	191
DL Rose	342	–	–	–	–	342
	730	5 868	192	2 310	508	9 908
2021						
Executive directors	–	5 681	485	1 035	350	7 551
M Abel	–	4 206	183	700*	263	5 352
R Sack	–	1 475	302	335	87	2 199
Non-executive directors	583	–	–	–	–	583
B Kali	152	–	–	–	–	152
LM Maisela	152	–	–	–	–	152
DL Rose	279	–	–	–	–	279
	583	5 681	485	1 035	350	8 134

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

* *Components of the prior year bonus for M Abel relate to a Long-Term Incentive Programme (LTIP) and operational bonus for prior years. The LTIP is awarded in cash in lieu of share options.*

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
33 KEY MANAGEMENT REMUNERATION				
Key management remuneration	12 066	11 507	3 092	2 964

34 RETIREMENT BENEFITS

The group presently contributes to defined contribution retirement benefit plans, being pension funds governed by the Pension Funds Act, 1956.

Retirement contributions for the year amounted to R 2.7 million (2021: R 1.9 million).

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

35 RISK MANAGEMENT

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

Market risk

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

Interest rate risk

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

The group analyses its exposure to interest rate risk on a dynamic basis using sensitivity analysis to assess the effects of changes in interest rates applied to interest-bearing borrowings and the consequent adjustments to profit and loss. Based on these analyses, which are calculated on adjustments of 50 basis points in the interest rate (which is considered reasonable given that interest rates are currently at relatively low levels), being management's assessment of the reasonably possible changes in interest rates, the effect on pre-tax earnings of an increase/decrease in the rate is calculated to be a decrease/increase in earnings of R215 000 (2021: R132 000). The group's sensitivity to interest rates has increased during the current year due to the increase in net cash and cash equivalents at year end.

Liquidity risk

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

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

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

FINANCIAL LIABILITIES - MATURITY ANALYSIS

Group

Contractual undiscounted cash flows from:	One month R'000	2 to 3 months R'000	4 to 6 months R'000	7 to 12 months R'000	More than a year R'000	Carrying amount R'000
2022						
Trade and other payables	54 986	–	–	–	–	54 986
Lease liabilities	246	490	716	1 476	4 745	7 673
Contingent consideration	–	–	–	324	702	1 026
	55 232	490	716	1 800	5 447	63 685
2021						
Trade and other payables	45 218	–	–	–	–	45 218
Lease liabilities	290	572	714	1 345	128	3 049
Contingent consideration	–	–	–	4 639	3 361	8 000
Bank borrowings*	8 872	–	–	–	–	8 872
	54 380	572	714	5 984	3 489	65 139

35 RISK MANAGEMENT (cont)

Company

Contractual undiscounted cash flows from:	One month R'000	2 to 3 months R'000	4 to 6 months R'000	7 to 12 months R'000	More than a year R'000	Carrying amount R'000
2022						
Trade and other payables	5 405	–	–	–	–	5 405
	5 405	–	–	–	–	5 405
2021						
Trade and other payables	1 820	–	–	–	–	1 820
	1 820	–	–	–	–	1 820

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The group has no significant concentration of credit risk as evidenced by the spread by industry and geographic regions such that geographic spread mitigates against industry concentration and similarly industry spread mitigates against geographic concentration (Refer Note 38 - Segmental Analysis). Credit risk arises from cash and cash equivalents held at banks, trade receivables and loans receivable. Credit risk is managed on a group basis.

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

Trade receivables consist of a large number of clients spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Refer Note 13 - Trade and other receivables.

Credit risk within the Staffing Services unit is mitigated through a process of credit assessments as well as the use of credit insurance where available. Within the Training and Consulting Services unit all new debtors are subject to an internal credit assessment process (which can include the use of trade reference checks and/or credit bureau checks and/or bank codes), but without the use of credit insurance.

The credit risk on the inter-company receivables, including group loans, is managed through the day-to-day involvement by management of the group in the operations of the group entities to ensure that the risk on these receivables is mitigated and that the amounts remain recoverable through the success of the operations.

Capital Risk Management

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

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Interest-bearing debt	–	8 872	–	–
Equity	169 614	159 812	176 712	158 496
Ratio of interest-bearing debt to equity	–	0.06	–	–

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

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

– Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
– Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
– Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1 R'000	Level 2 R'000	Level 3 R'000
2022			
Investment property	–	–	3 500
Contingent consideration	–	–	1 026
2021			
Investment property	–	–	3 500
Contingent consideration	–	–	8 000

Unobservable inputs include prices for similar properties adjusted for the specifics of the investment property.

Contingent consideration is based on the forecast profits over the remaining warranty period discounted to present value.

Refer Note 20 for the reconciliation.

The group and company have not disclosed the fair values of financial instruments such as short-term trade receivables and payables because the carrying amounts are a reasonable approximation of fair value.

36 RELATED PARTY TRANSACTION S

Subsidiary companies
The subsidiary companies are identified in Note 25.

Directors
The names of the directors are listed on page 16. Refer to Note 32 for details of the directors emoluments and to Note 13 for loan to director.

As part of the group's management retention programme, executive directors are granted loans through the share trust to be applied to the purchase, through the market, of shares in the company.

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

	Company	
	2022 R'000	2021 R'000
Transactions with subsidiary companies		
Management fees/cost recoveries from subsidiaries	22 103	23 290
Interest received	2 228	1 798
Interest paid	(2 104)	(1 788)
Preference dividend from subsidiaries	6 848	6 848
Preference dividend receivable	27 457	20 608

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
37 OPERATING LEASE COMMITMENTS				
Lease commitments				
Future lease charges for premises and equipment and vehicles*				
Payable within one year				
– premises	535	674	–	–
– vehicles and equipment	1 159	42	–	–
	1 694	716	–	–
Payable two to five years				
– premises	–	1 207	–	–
– vehicles and equipment	782	84	–	–
	782	1 291	–	–

* *Includes short-term and low-value leases*

There are no lease commitments beyond the five-year period. Leases on premises are subject to market-related escalations with renewal options at the group's discretion. The leases in respect of premises are for periods up to 5 years and there are no contingent rentals payable. Leases for motor vehicles are for initial periods of 3 years and are occasionally extended beyond the initial period for further periods of up to 2 years. Decisions to exercise options on leased premises are made based on a consideration of the geographic location relative to the area being serviced, costs of relocation and commercial considerations. Vehicle and equipment leases are extended based on the condition of the equipment and expected useful lives. Options are not included on initial recognition unless there is a high degree of probability that these will be exercised.

38 SEGMENTAL ANALYSIS – OPERATING SEGMENTS

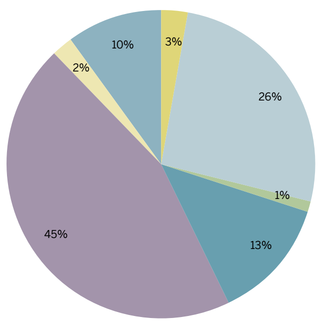
	Integrated Business Support Services R'000	Shared Services R'000	Total R'000
2022			
Revenue: sales to external clients	777 111	–	777 111
Operating profit/(loss)	34 041	(17 844)	16 197
Depreciation and amortisation	(6 834)	(1 057)	(7 891)
Operating lease rentals	3 331	–	3 331
Interest income	54	1 607	1 661
Interest expense	(635)	(23)	(658)
Profit/(loss) before taxation	33 460	(16 260)	17 200
Taxation	(5 854)	6 044	190
Profit/(loss) after taxation	27 606	(10 216)	17 390
Assets	167 989	66 379	235 073
Liabilities	60 739	4 012	65 459
Net assets	107 250	62 367	169 614

Included in operating profit for Integrated Business Support Services is a non-cash item for R5.45 million (refer Note 21).

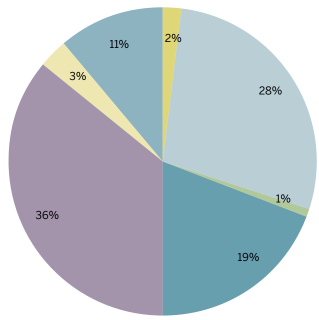
	Integrated Business Support Services R'000	Shared Services R'000	Total R'000
2021			
Revenue: sales to external clients	737 259	–	737 259
Operating profit/(loss)	20 912	(14 807)	6 105
Depreciation, amortisation and impairments	(4 659)	(6 631)	(11 290)
Operating lease rentals	2 669	–	2 669
Interest income	22	1 224	1 246
Interest expense	(635)	(16)	(651)
Profit/(loss) before taxation	20 299	(13 599)	6 700
Taxation	(6 274)	5 299	(975)
Profit/(loss) after taxation	14 025	(8 300)	5 725
Assets	207 291	18 915	226 206
Liabilities	59 371	7 023	66 394
Net assets	147 920	11 892	159 812

Disaggregation of group revenue

revenue by sector 2022

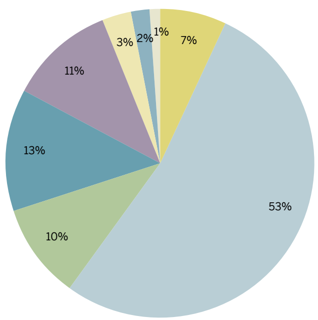


revenue by sector 2021

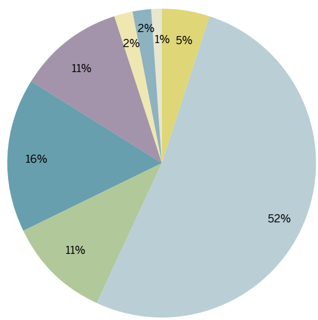


- Construction support services
- Engineering and mining project support services
- General business and office support services
- Industrial and manufacturing support services
- Logistics and distribution support services
- Petrochemicals support services
- Wholesale and retail support services

revenue by geographic region 2022



revenue by geographic region 2021



- Eastern Cape
- Free State
- Gauteng
- KwaZulu-Natal
- Limpopo
- Mpumalanga
- Western Cape
- Rest of South Africa

In terms of IFRS 8: Operating Segments, the chief operating decision maker has been identified as the group's Chief Executive Officer. Operating segments have been identified based on the group's internal reporting reviewed by the Chief Executive Officer and executive directors for assessing performance and making strategic decisions.

The group's operating segments are Integrated Business Support Services and Shared Services.

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

The Integrated Business Support Services segment provides a broad range of human capital management and consulting services and solutions, productivity and functional outsourcing services, permanent and temporary employment staffing services, training and skills development products and services, as well as related fulfilment services.

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

Information about major clients

The group has three clients (2021: four clients) that individually account for at least 10% of the group's revenue. These clients generated 24%, 16%, and 15% respectively (2021: 21%, 14%, 10% and 10%). No other clients contribute more than 10% to the group's operations.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000

39 FINANCIAL ASSETS BY CATEGORY

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Trade receivables	128 625	136 001	14 557	210
Cash and cash equivalents	59 589	45 618	51 461	44 536
Preference dividend receivable	–	–	27 457	20 608
Loans to group companies	–	–	54 213	53 866
Total financial assets at amortised cost	188 214	181 619	147 688	119 220

The carrying value of financial assets approximates fair value.

40 FINANCIAL LIABILITIES BY CATEGORY

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Trade payables	30 227	24 195	1 013	257
Loans from group companies	–	–	60 808	46 336
Lease liabilities	5 784	2 738	–	–
Bank borrowings	–	8 872	–	–
Total financial liabilities at amortised cost	36 011	35 805	61 821	46 593

41 EVENTS AFTER REPORTING PERIOD

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

summary of accounting policies –
for the year ended 31 March 2022

principal accounting policies

Primeserv Group Limited is a public company and with its subsidiaries incorporated and domiciled in South Africa.

The consolidated and separate annual financial statements for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 31 July 2022.

The consolidated and seperate financial statements incorporate the following principal accounting policies, which are consistent with those applied in the previous year, unless otherwise indicated.

basis of preparation

These consolidated and separate (the "group") annual financial statements for the year ended 31 March 2022 are prepared in accordance with, and comply with International Financial Reporting Standards ("IFRS"), the South Africa Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the South African Companies Act (No. 71 of 2008) the JSE Listings Requirements,. The consolidated and separate annual financial statements are prepared in accordance with the going-concern principle on the historical cost basis, except for the measurement of investment properties at fair value.

The preparation of annual financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. Certain areas involve a high degree of judgement and certain assumptions and estimates are significant to the annual financial statements. Actual amounts could differ from these estimates.

The results are presented in Rand, which is Primeserv Group Limited's functional and presentation currency, and are rounded to the nearest thousand.

The preparation of the consolidated and separate annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate annual financial statements, are disclosed below.

judgements and estimates made by management

covid-19

The group continues to assess the impact of the pandemic on the operations of the group. Management is of the opinion that the risk relating to the effects of the pandemic is low.

estimates

carrying value of goodwill

Goodwill has been tested for impairment based upon establishing an enterprise value using a discounted cash flow approach in terms of which a cash flow for the enterprise in respect of which the goodwill value is carried, is developed based upon assumptions regarding future growth in profitability, cash applied to the business and the free cash generated by the enterprise and is discounted at an appropriate risk adjusted rate. The recoverable amount of goodwill was calculated by determining its value-in-use through the discounted cash flow method.

recoverability of deferred tax assets

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and that future taxable profits will occur. Assessing the recoverability of deferred tax assets require the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on budgets and forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

recoverability of trade receivables and expected credit loss

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

The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

fair value of investment properties

The fair values of investment properties are determined on the comparable sales approach which takes into account recent sales histories. Group policy is to have the investment properties valued by an independent valuator every two years.

determination of the incremental borrowing rate ("IBR")

The group cannot readily determine the interest rate implicit in the leases it enters into and therefore it uses its IBR to measure its lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-to-use asset in a similar economic environment. The IBR therefore reflects what the group expects it would have to pay and estimates the IBR using indications from its primary bankers. The rate expected to be paid would be between the prime overdraft rate less 1% and the prime overdraft rate.

judgements

assessment of control

The group is considered to exercise control over a company in which it does not have a majority stake and joint shareholders agreement when it has the power and ability to control the activities of that company that significantly affect the group's ability to earn variable returns from it. This power is obtained through the appointment of group non-executive directors as directors of subsidiary companies.

The Primeserv Group Limited Share Trust is a share incentive trust which is funded by a loan and dividends received from Primeserv Group Limited. In the judgement of management, the group controls the trust in accordance with IFRS 10 – Consolidated Financial Statements.

impairment of financial assets

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the entity, and a failure to make contractual payments for a period of greater than 120 days past due date. This is based on historical recovery patterns taking into consideration rights of enforcement arising from legal collection processes and/ or credit insurance policies in place.

The group uses an allowance account to recognise its credit losses on trade and other receivables. It applies the simplified approach of recognising lifetime ECL for the trade receivables. The group applied a practical expedient in measuring the expected credit loss, using a provision matrix in determining the impairment. This matrix uses the historical credit loss, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast conditions at the reporting date.

determination of the lease term for lease contracts with renewal and termination options (group as a lessee)

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease if it is reasonably certain to be exercised.

The group has several lease contracts that include extension options. The group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. Factors relevant to lease properties include proximity to clients and transport infrastructure. In relation to vehicles and equipment consideration is given to operational requirements relating to the servicing of clients and associated administration functions. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within the control of its ability to exercise or not to exercise the option to renew.

principles of consolidation and goodwill

The group consists of the holding company, its subsidiaries and a share incentive trust with no non-controlling interests. The annual financial statements of subsidiaries are consolidated from the date on which the group acquires effective control up to the date that effective control ceases.

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

The Group Share Incentive Trust is included in the holding company standalone accounts as a subsidiary. The holding company does not hold an equity interest in the trust.

Goodwill is determined as the fair value of consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interests less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is subsequently measured at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to a cash-generating unit ("CGU") that is expected to benefit from the synergies of the combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Goodwill is not amortised but is tested on an annual basis for impairment or more frequently if events or changes in circumstances indicate a potential impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

impairment testing of goodwill (estimation)

The Group reviews and tests the carrying value of goodwill annually for impairment. Assessing whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and an appropriate discount rate in order to calculate present value.

summary of accounting policies –
for the year ended 31 March 2022 – continued

Value in use is calculated as the net present value of future cash flows derived from assets using cash flow projections which have been discounted at appropriate discount rates. To calculate the net present value of the future cash flows, assumptions need to be made regarding uncertain matters. This includes the directors' expectation of the future cash flows used as an input in the discounted cash flow valuation, a long-term growth rate and the appropriate growth rate that would reflect the risks involved. Refer to note 21 for the parameters used in the determination of the appropriate discount rate.

deferred tax rate change (judgement)

During the budget speeches on 24 February 2021 and again on 22 February 2022, the Minister of Finance proposed a reduction of the company tax rate to 27% for companies with years of assessment commencing on or after 1 April 2023. Based on a position taken by SAICA's Accounting Practices Committee (APC) in April 2022, it was concluded that the tax rate change is considered to be substantively enacted and therefore the historical deferred taxes raised has been determined using the new 27% tax rate. Current tax for the year ended 31 March 2022 has been set at 28%.

non-controlling interest

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a negative balance being recognised for non-controlling interests.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

Non-controlling interests are measured at the proportionate share of the interest in the subsidiary's identifiable net assets at acquisition date and adjusted in the same proportion to the profit and losses for the period ended on each subsequent reporting date.

The difference between the fair value of consideration paid or received and the movement in non-controlling interests for such transactions is recognised in equity attributable to the owners of the Company.Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured at fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

revenue from contracts with clients

Group revenue consists of services rendered to clients and is stated net of value-added taxation. Revenue is derived from the supply of temporary employment services, permanent placements fees and consulting and training fees. Fees received in advance are recognised over the period of the course or project and take into consideration the stage of completion which is based on what services have been delivered relative to what remains to be delivered as measured against the deliverables in the particular course outline. Income received on long-term staff supply and training contracts is recognised as it is earned.

The group does not adjust the amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a good or service to a client and when the client pays for that good or service will not exceed one year.

Revenue Type	Performance Obligation	Transaction Price	Recognition
Temporary employment services	Fees earned for the services rendered by assignees at clients	Linked to the assignee's rate of pay	Over time as assignee renders the service
Permanent placement fees	Fees earned when an assignee or candidate commences permanent employment at a client	Usually determined as a percentage of the assignee's or candidate's remuneration	On commencement of employment
Consulting fees (included as part of "other" in disaggregation disclosure)	Fees earned for consulting services rendered	Per agreement based on services required	Over time or at the point when the service is delivered
Training fees (included as part of "other" in disaggregation disclosure)	Fees for training services provided	Per agreement based on services required	Over time

cost of sales

Cost of sales in the context of the Staffing Services unit relates primarily to employee costs, whilst those for the Training and Consulting Services unit consist of costs directly related to the training or consulting service and are recognised in profit and loss in the same period as when the revenue related to the service is recognised.

leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

group as a lessee

The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease and these typically relate to leasehold property, office equipment and motor vehicles.

Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses. The cost of right-of- use assets include the amount of lease liabilities recognised, initial direct costs incurred. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life and the lease term.

The right-of-use assets are presented within Note 10 and are subject to impairment in line with the group's impairment of non-financial assets policy.

The group has availed of the relief granted due to the Covid-19 pandemic in relation to rent reductions and has not treated these as lease modifications.

lease liabilities

The group recognises lease liabilities measured at the present value of the future lease payments. The lease payments include fixed payments.

The lease liability is initially measured at the present value of the future lease payments expected to be paid after the commencement date, discounted using the group's incremental borrowing rate. To determine the incremental borrowing rate, the group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease liability is subsequently measured at amortised cost using the effective interest method.

short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The group considers leased items with a new purchase value of below R300 000 to be low-value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

employee benefits

short-term employee benefits

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

retirement benefits

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

equipment and vehicles

Equipment and vehicles are initially measured at cost. Costs include direct costs incurred initially to acquire an item of equipment and vehicles.

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

Computer equipment	Three to six years
Motor vehicles	Five years
Furniture, fittings and equipment	Three to ten years

taxation

current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the at the end of each reporting periods.

deferred tax assets and liabilities

Deferred tax is provided using the financial position statement method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except

- To the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.
- - In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised:

- When it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax on investment property at fair value model are presumed to recover through the sale of the investment property.

income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, in other comprehensive income, or
- items that are credited or changed, in the same period or a different period, directly in equity then the tax is also recognised in other comprehensive income or charged or credited directly to equity respectively.

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

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss.

investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value with fair value changes recognised in profit or loss as investment gains or losses. The fair value assessment of the investment property is assessed in alternative years between management and an external valuations expert. Refer Note 20 of the notes to the annual financial statements.

The fair value of investment property is based on valuation information at the reporting date. Independent valuations were performed by a valuation expert, Brian Jeffrey Mylod, owner of Smitties Estates, appraiser appointed in terms of section 6 of the Administration of Estates Act of 1965 for the district of Parys, as well as a member of the Valuation Court of Parys.

Costs of upkeep, maintenance and estate levies are expensed as incurred.

financial instruments

Classification

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

- Financial assets at amortised cost
- Financial liabilities at amortised cost

Classification depends on the business model and contractual cash flows.

initial recognition

Financial instruments are initially measured at fair value plus or minus transaction costs, if any.

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

subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. This applies where the group's business model is to hold financial assets and collect its contractual cash flows and where the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

The group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. At each reporting date, the group assesses whether the credit risk on a financial asset, including trade receivables has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. The group considers an amount to be in default when such amount is more than 90 days past the original or postponed due date for payment and there are no mitigating criteria including credit insurance policies and/or legal processes where there are reasonable prospects for success.

The group uses past due information and reasonable and supportable forward-looking information that is available without undue cost or effort when determining whether credit risk has increased significantly since initial recognition. Such information includes expected rates of growth in Gross Domestic Product, inflation forecast as indicated by the CPI-X measure, and levels of unemployment. Where the credit risk on that financial instrument has increased significantly since initial recognition, the group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition the group measures the loss allowance for a financial instrument at an amount equal to the expected loss over 12 months.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

derecognition

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

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

financial assets

financial assets at amortised cost

Trade and other receivables, preference dividend receivable and loans to group companies and share trust are classified as financial assets at amortised cost.

Trade receivables are presented net of an allowance for impairment. Movements on this allowance are taken to the Statements of Profit and Loss and Other Comprehensive Income and uncollectable amounts are written off against the allowance. Subsequent recoveries of amounts previously written off are credited to the Statements of Profit and Loss.

The company classifies its loans to group companies at amortised cost. The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows. The loans to group companies are classified at amortised cost, because they give rise to cash flows that are "solely payments of principal and interest ("SPPI")" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model for the loans to group companies is to collect contractual cash flows.

Loans to group companies are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

The company recognises a loss allowance for expected credit losses on all loan's receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans. The company measures the loss allowance at an amount equal to lifetime expected credit losses ("lifetime ECL") when there has been a significant increase in risk since the initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12-month expected credit losses ("12-month ECL").

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of the lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the company compares the risk of default occurring as at the date of initial recognition. The credit risk on a financial asset is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due unless the company has reasonable and supportable information that demonstrates otherwise.

The company considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Loans written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss. The company has established a policy to perform an assessment, at the end of each reporting period, of whether a loan's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the company groups its loans into Stage 1, Stage 2 and Stage 3 described below:

Stage 1: When loans are first recognised, the company recognises an allowance account based on 12-month ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loans have been reclassified from Stage 2;

Stage 2: : When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the lifetime ECLs; and

Stage 3: Loans considered credit impaired. The company records an allowance for the lifetime ECLs.

ECLs are probability-weighted estimates of credit losses. They are measured as the present value of all cash flow shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive).

intangible assets

Intangible assets consist of customer contracts that were acquired in a business combination and are recognised at fair value at the acquisition date. These intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is charged to operating expenses on a straight line basis over their estimated useful lives of 4 years, to a nil residual value. The amortisation method and estimated remaining useful lives are reviewed at least annually.

contract assets

A contract asset consists of personal protective equipment (PPE) which is acquired by the group for assignees to use when performing their duties with clients. Generally these PPE are purchased annually and are used by assignees over a 12 month period. Clients are charge a monthly fee for the PPE supplied to assignees. As the PPE is used over a period of less than 12 months, these items were considered to not be property, plant and equipment and not as inventory as no sale of the asset will take place. PPE consists of boots, overalls, jackets and other safety equipment As these PPE are used over a 12 month period, the asset is expensed to cost of sales over a 12 month period or less.

cash and cash equivalents

Cash and cash equivalents are classified as financial assets at amortised cost and comprise cash on hand and demand deposits of terms less than 90 days that are subject to an insignificant risk of changes in value. These are subsequently measured at amortised cost. Cash and cash equivalents are held with institutions with high credit quality and therefore ECL is not significant.

financial liabilities

loans and payables

Trade and other payables and loans from group companies are classified as financial liabilities at amortised cost. In the case of short-term payables, the impact of discounting is not material and cost approximate amortised cost.

bank overdraft and borrowings and cash at bank

Bank overdrafts and borrowings are classified as financial liabilities at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs. For the purposes of the statements of cash flows, cash at bank includes cash on hand, deposits and current accounts held with banks. Short-term bank borrowings form an integral part of the group's cash management and are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

share capital

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

treasury shares

Shares in the holding company held by group companies and the Share Incentive Trust are classified as treasury shares. The consideration paid for treasury shares is deducted from total shareholders' equity. Dividends received are offset against dividends paid. Profits/losses realised on the allocation to individuals of treasury share are allocated directly to equity. Where treasury shares are subsequently sold or issued, the net consideration received is included in equity.

segment reporting

The company is an investment holding company whose trading activities are conducted through its subsidiary companies providing a comprehensive range of Integrated Business Support Services. These include a broad range of human capital management and consulting services and solutions, productivity and functional outsourcing services, permanent and temporary employment staffing services, training and skills development products and services, as well as related fulfilment services. These services are supported by the group- wide Shared Services operation. Consequently, the group has two reporting segments, namely Integrated Business Support Services and Shared Services. These two segments are the basis on which the group reports its primary segment information for internal purposes to the chief operating decision-maker.

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

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

Refer to Note 38 for details relating to segments.

Investment in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Subsidiaries are entities (including structured entities) which are controlled by the group. The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it can affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Inter-company loan balances are measured at amortised cost under the IFRS 9 business model assessment.

All inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in other comprehensive income. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities.

earnings per share

The Group presents basic and diluted earnings per share and headline earnings per share and diluted headline earnings per share for its ordinary shares.

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Headline earnings per share are calculated by dividing headline earnings attributable to ordinary shareholders of the Company by the weighted number of ordinary shares outstanding during the period. Diluted headline earnings per share are determined by adjusting the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares which comprise share options granted to employees.

There are no dilutive effects on earnings per share or headline earnings per share.

treasury shares

Treasury shares are held as other financial assets and are initially recognised at cost and subsequently measured at fair value. Treasury shares are acquired by the managing agent of the Group and reflected as cancelled on consolidation to reflect the shares in issue held by external shareholders.

Fair value measurement takes place at the end of each reporting period and is based on the closing share price.

provisions and contingencies

A provision is recognised when:

- the Group has a present obligation (legal or constructive) because of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are recognised at the present value of expenditure required to settle the obligation.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 19.

inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. It includes borrowing costs.

new standards and interpretations

New standards, amendments to standards and interpretations that could be expected to impact the group and that were in issue but not yet effective.

At the date of authorisation of these annual financial statements, the following new standards, amendments and interpretations were in issue but not yet effective could reasonably be expected to apply to the group. All new standards and interpretations are expected to be applied in the period they become effective.

IFRS 9 financial instruments:

The amendment: Fees in the “10 per cent” test for derecognition of financial liabilities:

- Clarifies which fees must be applied in the application of the “10 per cent” test when assessing whether to derecognise a financial liability. Only include fees paid or received between the borrower and the lender, including those paid or received on the other’s behalf. (effective 1 January 2022).

This is not expected to impact the group’s results as most liabilities are derecognised on settlement.

IFRS 16 leases:

The amendments (lessee only):

To make it easier to account for Covid-19-related rent concessions e.g. rent holidays and temporary rent reductions.

- exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications;
- allows lessee to account for such rent concessions as if they were not lease modifications; and
- applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021 (effective 1 April 2021, extended to 30 June 2022).

This is not expected to impact the group’s results as the group has not received material rent concessions to date.

IAS 1 presentation of financial statements and IAS 8 accounting policies, changes in accounting estimates and errors:

Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current (effective 1 January 2023).

The group does not expect to change its classification of liabilities as the requirement is already applied.

Disclosure of accounting policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material (effective 1 January 2023).

IAS 12 income taxes:

Deferred Tax related to Assets and Liabilities arising from a Single Transaction: Amendment to the initial recognition exemption provided in IAS 12.15(b) and 12.24. The initial exemption does not apply to transactions in which equal amounts of deductible and temporary differences arise on initial recognition. (effective 1 January 2023).

The group is busy assessing the impact, but it is not considered to be material to the group.

IAS 37 provisions, contingent liabilities and contingent assets:

Amendment: Onerous Contracts – Cost of Fulfilling a Contract

Specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts (effective 1 January 2022).

The group does not currently have onerous contracts and does not expect that this will impact the financial results.

analysis of shareholding –
as at 31 March 2022

	Number of shareholders	Number of shares	Shareholding* %
Portfolio size			
1 - 50 000 shares	1 131	2 443 749	2.0%
50 001 - 500 000 shares	50	8 999 149	7.5%
500 001 - 5 000 000 shares	21	34 098 809	28.4%
Over 5 000 000 shares	4	74 675 818	62.1%
	1 206	120 217 525	100.0%
Category			
Directors, management and treasury shares	11	64 963 888	54.0%
Individual and other corporate bodies	1 195	55 253 637	46.0%
	1 206	120 217 525	100.0%
Interests of more than 5%			
The Primeserv Group Limited Share Trust		26 189 326	21.3%
M Abel		21 625 003	17.6%
The Boles Family Trust		16 266 000	13.2%
Primeserv Productivity Services Proprietary Limited (treasury shares)		10 645 489	8.7%
		74 725 818	60.8%
Shareholder spread			
Non-public shareholders	11	64 963 888	54.0%
Treasury shares	3	39 217 525	32.6%
Directors	4	22 368 753	18.6%
Key management	4	3 377 610	2.8%
Public shareholders	1 195	55 253 637	46.0%
	1 206	120 217 525	100.0%

* *All shareholding percentages are rounded to one decimal place.*

market statistics –
for the year ended 31 March 2022

		2022	2021
JSE limited performance			
Year-end closing price of ordinary shares	(cents)	110	90
High closing price of ordinary shares	(cents)	148	90
Low closing price of ordinary shares	(cents)	79	58
Volume of shares traded	(millions)	8	1
Value of shares traded	(R'000)	8 193	1 091
Number of shares in issue			
Opening balance		122 967 031	132 062 743
Closing balance		120 217 525	122 967 031
Market capitalisation at year-end	(R'000)	132 239	110 670

notice of annual general meeting –
for the year ended 31 March 2022

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 Central Securities Depository Participant ("CSDP"), stockbroker, attorney, accountant or other professional adviser immediately.

notice of annual general meeting

Notice is hereby given, in terms of section 62(1) of the Companies Act, 71 of 2008 (as amended) ("the Act"), that the Annual General Meeting ("AGM") of the shareholders of Primeserv Group Limited ("Primeserv"/"the company") will be held at 09H30 on Friday, 25 November 2022 to (1) present the directors report, the audited annual financial statements of Primeserv and its subsidiaries ("the group") and the reports of the Audit, Governance and Risk and Social, Ethics Transformation Committees and to deal with such business as may lawfully be dealt with at the meeting; and (2) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Act as read with the Listing Requirements of the JSE Limited ("the Listing Requirements") on which exchange, the shares in the company are listed:

Due to the ongoing impact of Covid-19 and the uncertainty regarding future waves of infection, the Board has, in the circumstances, determined that it is preferable that the AGM be held by way of electronic participation instead of in person. Accordingly, the AGM will only be accessible through electronic communication. The AGM will be held virtually using an interactive electronic platform with the transfer secretaries, JSE Investor Services Proprietary Limited ("JSEIS") acting as scrutineers for the purpose of the meeting. Shareholders who wish to participate and/or vote at the AGM are required to contact JSEIS on meetfax@jseinvestorservices.co.za or on +27 86 154 6572 as soon as possible, but in any event by no later than 10H00 on Wednesday, 23 November 2022. Shareholders wishing to vote will be assisted by JSEIS where required and only through means of submitting their vote on the appropriate voting form as issued by JSEIS and provided at the AGM.

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

presentation of annual financial statements

The consolidated audited annual financial statements for the company and the group, including the External Independent Auditor's Report, the Report of the Audit, Governance and Risk Committee and the Directors' Report for the year ended 31 March 2022, have been distributed as required and will be tabled for comment by shareholders at the Annual General Meeting.

The consolidated audited annual financial statements, together with the abovementioned reports are set out on pages 52 to 99 of the Integrated Report. The complete Integrated Report of the company is set out on the company's website at www.primeserv.co.za.

In the case of shareholders who have elected to receive communication from the company, a summary of the financial results has been distributed together with this notice.

report from the social, ethics transformation committee

In accordance with Companies Regulation 42(5)(c), issued in terms of the Act, the Chairperson of the Social, Ethics Transformation Committee, or in the absence of the Chairperson any member of the Committee, will present the Committee's report to shareholders at the Annual General Meeting.

resolutions

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

as ordinary resolutions

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

ordinary resolution number 1

appointment of external auditors

1. Upon the recommendation of the current group Audit, Governance and Risk Committee and subject to the Group Audit, Governance and Risk Committee continuing to be satisfied of their independence, and as separate votes:

   1.1 To confirm the appointment of the company's auditors, RSM South Africa Inc, as independent external auditors of the company;

   1.2 To appoint Ben Frey 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 2023.

   In accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements, the Group Audit, Governance and Risk Committee has reviewed the credentials and accreditation information relating to RSM South Africa Inc. and Ben Frey in order to assess their suitability for appointment. The assessment included a review of, *inter-alia* the relevant IRBA Inspection Reports, proof of registration and qualifications report.

   The group Audit, Governance and Risk Committee is satisfied that RSM South Africa Inc. and Ben Frey are suitable for appointment as the independent auditor and designated auditor respectively and accordingly recommends their appointment.

Terms of engagement and fees

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

ordinary resolution number 2

election of directors

The following independent non-executive director retires by virtue of her appointment by the Board during the current financial year in accordance with the company's Memorandum of Incorporation:

KM Matjila

2.1 To elect KM Matjila who retires by virtue of an interim appointment by the Board during the year and, being eligible, offers herself for election as an independent non-executive director in accordance with the company's Memorandum of Incorporation.

An abridged curriculum vitae of KM Matjila is set out at page 16 of the Integrated Annual Report of the company.

The Board has evaluated the qualifications and credentials of KM Matjila and has recommended her re-election. The Board has assessed the independence of all independent non-executive directors and considers each of them to be independent.

The following non-executive director retires by rotation in accordance with the company's Memorandum of Incorporation:

B Kali

2.2 To re-elect B Kali who retires by rotation and, being eligible, offers herself for re-election as a non-executive director in accordance with the company's Memorandum of Incorporation.

An abridged curriculum vitae of B Kali is set out at page 16 of the Integrated Annual Report of the company. The Board has evaluated the performance and contribution of B Kali and has recommended her re-election.

ordinary resolution number 3

election of audit, governance and risk committee

3. As required by the provisions of Section 94(2) of the Act, to elect the following non-executive directors as 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 Chairperson DL Rose (Independent Non-Executive Director) for the ensuing year;

3.2 To elect as Audit, Governance and Risk Committee member LM Maisela (Independent Non-Executive Director) for the ensuing year;

3.3 To elect as Audit, Governance and Risk Committee member KM Matjila (Independent Non-Executive Director) for the ensuing year.*

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

Abridged curriculum vitae of each of the Directors offering themselves for election are set out at page 16 of the Integrated Annual Report of the company. The Board has reviewed the independence, expertise, qualification and relevant experience of the nominated Audit, Governance and Risk Committee members and recommends that each of the nominated directors is elected.

ordinary resolution number 4

authorisation of directors or company secretary to implement the resolutions

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.

non-binding advisory resolution number 1

endorsement of primeserv remuneration policy

To approve, by way of a non-binding advisory vote, as required by the King Code of Governance Principles ("King IV"), Principle 18, the group's remuneration policy, as set out in the Integrated Report on pages 33 to 35.

This resolution is of an advisory nature only and failure to pass this resolution will not have any legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when considering the company's Remuneration Policy.

non-binding advisory resolution number 2

endorsement of primeserv remuneration implementation report

To approve, by way of a non-binding advisory vote, as required by the King Code of Governance Principles ("King IV"), Principle 18, the group's remuneration implementation report for the year ended 31 March 2022, as set out in the Integrated Report on page 36.

This resolution is of an advisory nature only and failure to pass this resolution will not have any legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when considering the company's Remuneration Policy and the implementation thereof.

Should more than 25% of the total votes cast be against either non-binding resolution number 1 or non-binding resolution number 2, based upon the number of shareholders voting against the resolution, the members of the Remuneration and Nominations Committee will:

- engage directly with the shareholders concerned; or
- the company will issue an announcement on the Stock Exchange News Service ("SENS") inviting shareholders who voted against the resolution(s) to meet with members of the Remuneration and Nominations Committee. The process to be followed will be set out in the SENS announcement.

as special resolutions

special resolution number 1

remuneration of non-executive directors

To confirm the remuneration payable to the non-executive directors of the company for the 2023 financial year and to the next Annual General Meeting to be held in 2023 as follows:

	Retainer R	Attendance fee per meeting R
Chairperson	120 000	24 000
Non-executive directors	32 000	24 000
Chairperson of Audit, Governance and Risk Committee	160 000	
Chairperson of Remuneration and Nominations Committee	25 000	
Chairperson of Social, Ethics and Transformation Committee	25 000	
Committee members		
Audit, Governance and Risk Committee		14 000
Remuneration and Nominations Committee		6 000
Social, Ethics and Transformation Committee		6 000

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

The fees in the table are for individual roles while the aggregate fees any single director earns will be based on a combination of the fees for all roles performed. The proposed directors fees exclude VAT. VAT will be added by the Directors in accordance with VAT legislation, where applicable.

reason for and effect of this special resolution 1

Special Resolution Number 1 is required in terms of section 66(9) of the Companies Act to authorise the company to pay remuneration to non-executive directors of the company in respect of their services as directors. Furthermore, in terms of the Listings Requirements and King IV, 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

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

reason for and effect of special resolution 2

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

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

special resolution number 3

general authority to repurchase shares

"Resolved that, as a general approval contemplated in terms of Section 48 of the Companies Act, the acquisition by the company, and/or any subsidiary of the company, from time to time of the issued ordinary shares of the company is hereby approved, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the Memorandum of Incorporation of the company, the provisions of the Companies Act and the JSE Listings Requirements, where applicable, and provided that:

– the repurchase of securities will be effected through the main order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;

– this general authority shall only be valid until the company's next Annual General Meeting, or for 15 (fifteen) months from the date of this Special Resolution Number 3, whichever period is shorter;

– in determining the price at which the company's ordinary shares are acquired by the company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be no more than 10% (ten percent) above the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the company;

- the acquisitions of ordinary shares in the aggregate in any one financial year do not exceed 20% (twenty percent) of the company's issued ordinary share capital from the date of the grant of this general authority;
- the company and the group are in a position to repay their debt in the ordinary course of business for the following year after the date of this notice of Annual General Meeting;
- the consolidated assets of the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the consolidated liabilities of the company for the following year after the date of this notice of Annual General Meeting;
- the ordinary capital and reserves of the company and the group are adequate for the next twelve months after the date of this notice of Annual General Meeting;
- the available working capital is adequate to continue the operations of the company and the group in the following year after the date of this notice of Annual General Meeting;
- before entering the market to proceed with the repurchase, the company's sponsor has complied with its responsibilities contained in Section 2.12 of Schedule 25 of the JSE Listings Requirements;
- after such repurchase the company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- the company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- when the company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made on SENS and in the press; and
- the company appoints only one agent to effect any repurchase(s) on its behalf."

reason for and effect of special resolution number 3

The reason for and effect of Special Resolution Number 3 is to authorise the company and/or its subsidiaries by way of a general authority to acquire its own issued shares on such terms, conditions and such amounts determined from time to time by the directors of the company, subject to the limitations set out above.

The directors of the company have no specific intention to effect the provisions of Special Resolution Number 3 but will, however, continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of Special Resolution Number 3. It is, however, proposed, and the Board believes it to be in the best interest of Primeserv, that shareholders pass a special resolution granting the company a general authority to acquire its own shares and permit subsidiary companies of Primeserv to acquire shares in the company.

Pursuant to a general repurchase other than shares repurchased by one or more of the subsidiary companies to be held as treasury shares, application will be made to the JSE for the cancellation and delisting of the shares in question. The cancellation of the shares will be effected by way of a reduction of the ordinary share capital and a reduction of the ordinary share premium.

Other disclosures in terms of Section 11.26 of the JSE Listings Requirements made in regard to Special Resolution Number 3

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

- Major shareholders of Primeserv (page 100)
- Directors' interests in securities (page 47)
- Share capital of Primeserv (page 76)

material change

There have been no material changes in the affairs or financial position of Primeserv and its subsidiaries since the date of signature of the audit report and the date of this notice.

directors' responsibility statement

The directors, whose names are given on page 16 of the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 3 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that these resolutions contain all such information required by law and the JSE Listings Requirements.

litigation statement

In terms of Section 11.26 of the Listings Requirements of the JSE, the directors, whose names are given on page 16 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve months, a material effect on the group's financial position.

special resolution number 4

amendment of the company's memorandum of incorporation

"Resolved that, Article 24.1 of the company's Memorandum of Incorporation is amended by the insertion of the words "or independently reviewed" after the words "and those annual financial statements will be audited" where they appear in that Article such that the Article will now read:

"The company and its subsidiaries will prepare annual financial statements in accordance with the Act and the Regulations and those annual financial statements will be audited or independently reviewed in accordance with the provisions of section 30 of the Act."

"and further resolved that this amendment shall take effect from the date of lodgement of this Special Resolution Number 4, together with other necessary documentation with the Companies and Intellectual Properties Commission."

reason for and effect of special resolution 4

In terms of the Act, certain Companies do not require to be audited in cases where the company meets the criteria stipulated by the Act and the Companies Memoranda of Incorporation so permits. The group includes a number of companies which are either dormant or have operations of such a small nature that they do not meet the statutory criteria which require an audit. The company's Memorandum of Incorporation however requires the annual financial statements of all group Companies to be subject to an audit. In order to avoid the excessive costs involved in auditing rather than subjecting the annual financial statements of these immaterial dormant and immaterial operating entities to audit as opposed to independent review it is necessary to amend the Memorandum of incorporation as the Board may authorise the company to provide any financial assistance to related or inter-related companies which are group companies, including subsidiary companies of the company, where it believes it would be beneficial to the company to do so in future, subject to certain requirements set out in the Act, including the company meeting solvency and liquidity tests.

The effect of the passing and lodgement of this Special Resolution Number 4 is that the subsidiaries within the group which in terms of legislation do not require an audit will be the subject of an independent review, which will lead to savings across the group.

to transact any other business as may be transacted at an Annual General Meeting.

approvals required for resolutions

Ordinary Resolution Numbers 1 to 4 contained in this notice of Annual General Meeting require the approval by more than 50% of the votes exercised on the resolutions by the shareholders present or represented by proxy at the Annual General Meeting, and further subject to the provisions of the Act, the company's Memorandum of Incorporation and the Listings Requirements.

The Non-Binding Advisory Resolutions if not passed by 75% of shareholders voting will result in the Remuneration and Nominations Committee of the Group implementing the measures as set out in regard to such resolutions above.

Special Resolution Numbers 1 to 4 contained in this notice of Annual General Meeting require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting, and are further subject to the provisions of the Act, the company's Memorandum of Incorporation and the Listings Requirements.

voting and proxies

record dates

In terms of Section 59(1) of the Act, this notice has been sent to shareholders who were recorded as such in the company's securities register on Friday, 18 November 2022, being the record date set by the board in terms of the Act for determining which shareholders are entitled to receive a notice of AGM. The record date on which shareholders must be registered as such in the company's securities register, which date was set by the Board determining which shareholders are entitled to attend and vote at the Annual General Meeting is Friday, 18 November 2022. Accordingly, the last day to trade in order to be able to attend and vote at the Annual General Meeting is Tuesday, 15 November 2022.

voting

Shareholders will be entitled to attend the general meeting and to vote on the resolutions set out above. All votes will be by way of a poll and every shareholder shall have one vote for each share held by such shareholder. In terms of the Listings Requirements any shares currently held as treasury shares will not be taken into account in determining the results of voting on Special Resolution Numbers 1 to 4.

electronic participation

Should a shareholder wish to vote at the Annual General Meeting, they may do so by attending and voting at the Annual General Meeting either in person or by proxy.

proxies

A 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 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, JSE Investor Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2000, Telefax 086 674 4381, not later than 10:00 on Wednesday, 23 November 2022.

Section 63(1) of the 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 who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the Annual General Meeting should they decide to do so.

Dematerialised shareholders, other than "own name" dematerialised shareholders, 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 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 shareholder 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

31 July 2022

notes

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 at 09:30 on Friday, 25 November 2022 ("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 Chairperson of the Annual General Meeting as my/our proxy to act for me/us and on my/our behalf at the 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
Ordinary resolution number 1 – To confirm the reappointment of RSM South Africa Inc. as independent auditors of the group and B Frey as the designated auditor and auditors' fees				
1.1	Appointment of RSM South Africa Inc. as independent auditors			
1.2	Appointment of B Frey as designated audit partner			
1.3	Confirmation of auditors' remuneration			
Ordinary resolution number 2 – Election of directors				
2.1	KM Matjila			
2.2	B Kali			
Ordinary resolution number 3 – To elect the members of the Audit, Governance and Risk Committee				
3.1	DL Rose			
3.2	LM Maisela			
3.3	KM Matjila			
Ordinary resolution number 4 – Authority for directors or Company Secretary to implement the resolutions				
Non-binding advisory resolution number 1 – Endorsement of the Primeserv Remuneration Policy				
Non-binding advisory resolution number 2 – Endorsement of Primeserv Remuneration Implementation Report				
Special resolution number 1 – To confirm the non-executive directors' remuneration for 2023				
Special resolution number 2 – Authority to provide financial assistance to related or inter-related companies of the company				
Special resolution number 3 – General Authority to repurchase shares				
Special resolution number 4 – Amendment of Memorandum of Incorporation				

Signed at on 2022

Signature

Assisted by me (where applicable)

Please indicate whether you elect to receive documents electronically at the email 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 Chairperson 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 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 AGM 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 AGM 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 Chairperson of the AGM before the commencement of the AGM.
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 AGM, 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 Chairperson of the AGM.
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, JSE Investor Services Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), to be received no later than 10H00 on Wednesday, 23 November 2022.
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 Chairperson 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 AGM 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 AGM: 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 AGM, 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.

notes

notes

corporate information

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

registered office

25 Rudd Road
Illovo
Sandton, 2196

contact information

PO Box 3008, Saxonwold, 2132
Telephone: +27 11 691 8000
www.primeserv.co.za
email: 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

RSM South Africa Inc.
Cross Street and Charmaine Avenue
President Ridge
Randburg
2194

transfer secretaries

JSE Investor Services Proprietary Limited
Rennie House, 19 Ameshoff Street
Braamfontein, 2001

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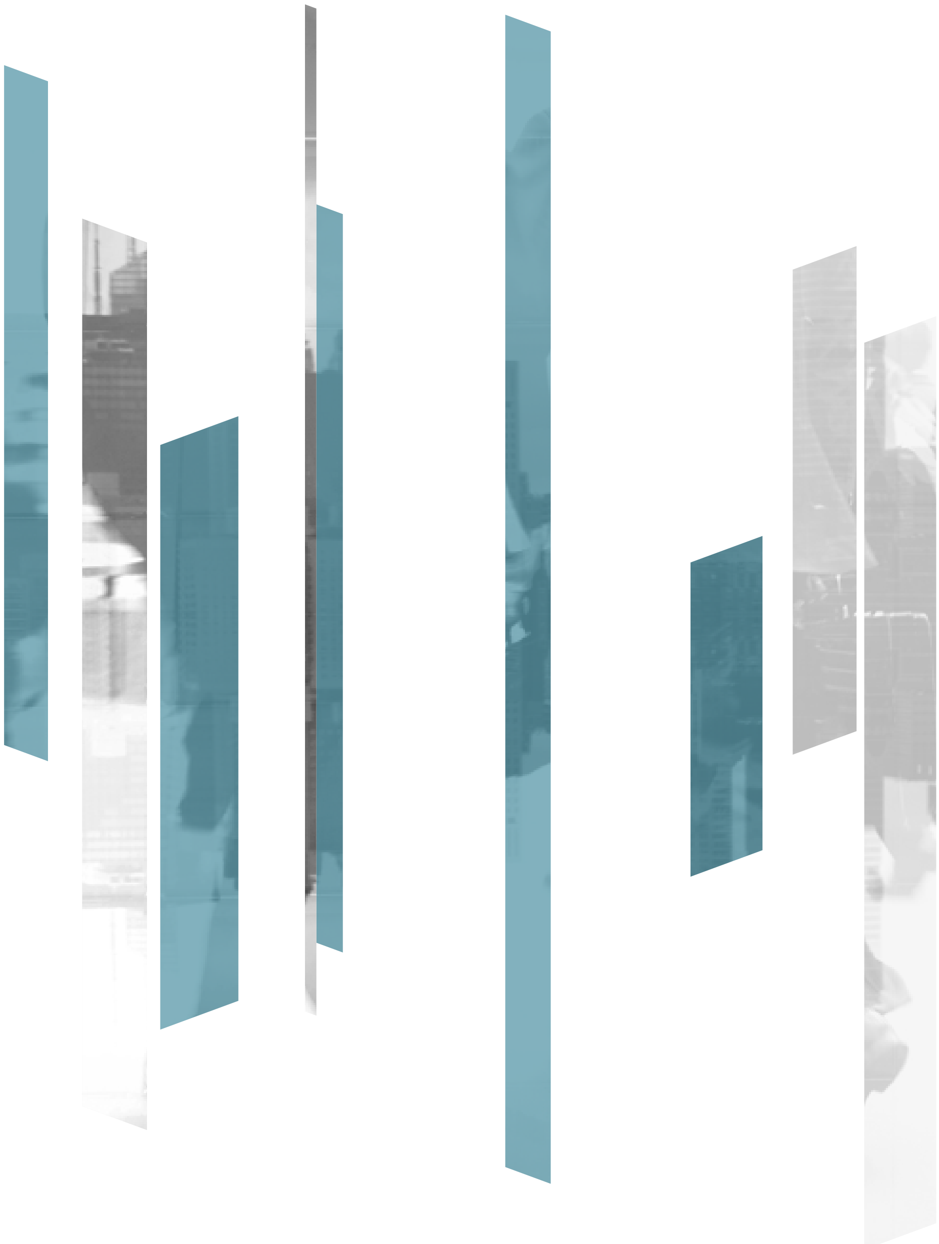
ince
Designed by: Blackhouse Studios • Hearts and Minds Marketing



www.primeserv.co.za