
WORKFORCE HOLDINGS LIMITED
Incorporated in the Republic of South Africa
(Registration number 2006/018145/06)
Share code: WKF ISIN: ZAE000087847
("Workforce" or "the Company" or "the Group")

ACQUISITION OF KBC HOLDINGS (PTY) LIMITED AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

The board of directors of Workforce is pleased to advise that the Company has entered into a sale of shares agreement to acquire the entire issued share capital ("**Sale Shares**") of KBC Holdings Proprietary Limited ("**KBC Holdings**") from Graham Mark Emmett, Yireh Investment Trust and Tad Hartman Trust ("**the Sellers**") for a maximum total purchase consideration of R47 000 000 ("**the Acquisition**").

2. NATURE OF THE BUSINESS OF KBC HOLDINGS

Through its wholly owned subsidiary, KBC Health & Safety (Pty) Ltd ("**KBC**"), KBC Holdings is involved in the provision of induction training, Safety Health and Environmental training, contractor on-boarding services and contractor management, primarily to the mining and minerals sectors, where KBC enjoys meaningful market share and brand equity.

KBC trains approximately 100 000 contractors annually through its 12 training centres situated throughout South Africa, and is the supplier of choice to many blue chip mining houses, whilst also rendering its services to other industries.

3. RATIONALE FOR THE ACQUISITION OF KBC HOLDINGS

The Acquisition is pursuant to Workforce's stated strategy of growing and developing its various business segments, such as training, through the acquisition of market leading businesses comprising of quality assets, underpinned by strong management teams, that share Workforce's entrepreneurial culture and values.

KBC complements the Group's existing technical training offerings and its Temporary Employment Services business that provides contract workers to a wide range of industries. It is anticipated that the Acquisition will give rise to cross selling opportunities within the mining industry and other industries that require contractors to be compliant with relevant health and safety legislation.

4. EFFECTIVE DATE OF THE ACQUISITION

The effective date of the Acquisition is 1 January 2017 ("**Effective Date**").

5. PURCHASE CONSIDERATION

5.1. The purchase consideration payable by the Company to the Sellers in respect of the Sale Shares is a maximum amount of R47 000 000 and will be paid as follows:

5.1.1. R22 546 740 in cash, payable 14 days after the first business day following the fulfilment or waiver, as the case may be, of the conditions precedent as set out in paragraph 6 below;

5.1.2. Earn-out payments comprising:

5.1.2.1. a maximum amount of R7 515 580, based on an agreed formula, payable in cash 30 days after the finalisation of the audited financial

statements of KBC Holdings for the 12-month period ended 31 December 2017 (“**the Second Payment**”) and subject to the achievement of profit after tax (“PAT”) of between R5 357 000 and R7 133 000 (“**First Year PAT**”). No amount will be payable should the PAT be less than R5 357 000.

5.1.2.2. a maximum amount of R7 515 580, based on an agreed formula, payable in cash 30 days after the finalisation of the audited financial statements of KBC Holdings for the 12-month period ended 31 December 2018 (“**the Third Payment**”) and subject to the achievement of PAT of between R6 069 000 and R8 670 000 (“**Second Year PAT**”). No amount will be payable should the PAT be less than R6 069 000.

5.1.2.3. In the event that the Second Payment is less than R7 515 580, but the aggregate of First Year PAT and Second Year PAT is greater than or equal to R15 803 000, the unpaid portion of the Second Payment will become payable to the Sellers, as a top up payment, along with the Third Payment.

5.1.3. An Agterskot Payment, limited to a maximum amount of R9 422 100, calculated at R4.47 for every R1.00 that the aggregate of First Year PAT and Second Year PAT exceeds R16 830 000. The Agterskot Payment will be made in cash along with the Third Payment.

5.2 The Acquisition is being funded out of existing cash facilities.

6 CONDITIONS PRECEDENT

6.1 In addition to the conditions precedent which are normal in transactions of this nature, including the conduct of a due diligence investigation which has been satisfactorily concluded, the following conditions precedent to the Acquisition remain outstanding and are required to be concluded by 31 January 2017:

- 6.1.1 Delivery by the Sellers to the Company of the Effective Date accounts;
- 6.1.2 The conclusion of a key employment, restraint and confidentiality agreement with Graham Mark Emmett;
- 6.1.3 The approval of the boards of directors of both Workforce and KBC Holdings; and
- 6.1.4 Compliance with any statutory and/or regulatory requirements applicable for the conclusion and/or implementation of the Acquisition.

7 FINANCIAL INFORMATION

The value of the net assets acquired as at the financial year ended 29 February 2016 was approximately R14.7 million and the profit after tax attributable to the net assets that are the subject of the Acquisition for the year ended 29 February 2016 was approximately R4.9 million.

8 CLASSIFICATION OF THE ACQUISITION

The Acquisition is classified as a Category 2 transaction in terms of the Listings Requirements of the JSE Limited.

9 WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcement dated 14 December 2016 and are advised that following the release of this announcement, caution is no longer required to be exercised when dealing in the Company's securities.

10 FURTHER ANNOUNCEMENT

Shareholders will be notified once the last of the conditions precedent has been fulfilled or waived and the Acquisition becomes unconditional.

Johannesburg
12 January 2017

Designated Adviser
Merchantec Capital