
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 PRISMA AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders are referred to the cautionary announcement dated 13 July 2015 and subsequent renewal of cautionary dated 26 August 2015 and are advised that Workforce has entered into a sale of shares agreement to acquire the entire issued share capital of Prisma Training Solutions Proprietary Limited ("**Prisma**") from Abraham Johannes Fourie, Jacques Keith Farmer and Magdalena Fourie ("**the Sellers**") ("**the Acquisition**") with effect from 1 October 2015 ("**Effective Date**").

2. NATURE OF THE BUSINESS OF PRISMA

Prisma designs, develops and sells accredited training courses to the mining-, mining services- and allied industries both nationally and outside of South Africa. The company has been in existence for over 12 years and its customers include various blue chip mining companies. Prisma is recognised as one of the leading external training providers to the mining industry.

Previously, business operations were conducted through Prisma and a related entity, Prisma Mining Services cc, with a combined Profit Before Tax of R12.3 million. With effect from Effective Date, all business operations will be conducted entirely through Prisma.

3. RATIONALE FOR THE ACQUISITION

Workforce has embarked on a strategy of growing its portfolio of labour related businesses, such as training, in order to diversify its revenue streams and expand the industry segments that it services. As a premier training service provider to the mining industry, Prisma presents a commercially and strategically viable opportunity for Workforce to execute and expedite this strategy.

4. PURCHASE CONSIDERATION

4.1. The maximum purchase price payable by Workforce to the Sellers as consideration for the entire issued share capital of Prisma is R65 035 000 (sixty five million and thirty five thousand rand) and is comprised of:

4.1.1. an amount of R27 371 644 (twenty seven million three hundred and seventy one thousand six hundred and forty four rand) comprising an amount of R22 371 644 (twenty two million three hundred and seventy one thousand six hundred and forty four rand) in cash and an amount of R5 000 000 (five million rand) which shall be settled, at the election of Workforce, either in cash or by way of the issue of Workforce shares, referred to as the First Payment, payable within 7 days of the Acquisition becoming unconditional;

4.1.2. within 30 (thirty) days of Prisma earning a cumulative profit before tax ("**PBT**") of R3 650 495 (three million six hundred and fifty thousand four hundred and ninety five

rand) after the Effective Date, an additional amount of R2 628 356 (two million six hundred and twenty eight thousand three hundred and fifty six rand) in cash (“**First Payment Top Up**”). To the extent that no such cumulative PBT is earned in the 12 (twelve) month period following the Effective Date, the Sellers shall have no claim whatsoever against Workforce in respect of the First Payment Top Up; and

4.1.3. on 1 December 2016, an amount of R5 400 000 (five million four hundred thousand rand) in cash (“**Second Payment**”), reduced by the percentage by which the PBT as stated in the audited financial statements of Prisma for the period 1 October 2015 to 30 September 2016 (“**Second Payment Date Accounts**”) falls short of R13 500 000 (thirteen million five hundred thousand rand), if any; plus

4.1.4. on 1 December 2017, an amount of R5 800 000 (five million eight hundred thousand rand) in cash (“**Third Payment**”), reduced by the percentage by which the PBT as stated in the audited financial statements of Prisma for the period 1 October 2016 to 30 September 2017 (“**Third Payment Date Accounts**”) falls short of R13 500 000 (thirteen million five hundred thousand rand), if any; plus

4.1.5. on 1 December 2018:

4.1.5.1. an amount of R6 200 000 (six million two hundred thousand rand) in cash (“**Fourth Payment**”), reduced by the percentage by which the PBT as stated in the audited financial statements of Prisma for the period 1 October 2017 to 30 September 2018 (“**Fourth Payment Period**”) (“**Fourth Payment Date Accounts**”) falls short of R13 500 000 (thirteen million five hundred thousand rand), if any; plus

4.1.5.2. an amount, equivalent, to the value of the reduction in payment of the Second Payment and the Third Payment pursuant to the provisions of paragraphs 4.1.2 and 4.1.3 provided that the aggregate PBT, for the period 1 October 2015 until the end of the Fourth Payment Period (“**Total Payment Period**”), is an amount of no less than R40 500 000 (forty million five hundred thousand rand); and

4.1.5.3. up to R10 000 000 (ten million rand) in cash (“**Agterskot Payment**”) to the extent that the First Payment Date Accounts, Second Payment Date Accounts, Third Payment Date Accounts and Fourth Payment Date Accounts show that Prisma earned an aggregate PBT of up to R49 100 000 (forty nine million one hundred thousand rand) during the Total Payment Period, calculated on the basis of the formula set out hereunder:

$$X = 1.1627907 \times [A - R40\,500\,000]; \text{ where}$$

“**X**” is the Agterskot Payment (subject to a maximum value of R10 000 000 and a minimum value of R0.00); and

“**A**” is the aggregate PBT of the Company for the Total Payment Period (subject to a minimum value of R40 500 001 and a maximum value of R49 100 000).

Plus

4.1.5.4. a “cap amount” paid in cash, equivalent to 15% (fifteen percent) of the PBT of Prisma in excess of R49 100 000 (forty nine million one hundred thousand rand), subject to a maximum amount of R7 635 000 (seven million six hundred and thirty five thousand rand), to the extent that Prisma earned a PBT in excess of R49 100 000 (forty nine million one hundred thousand rand) during the Total Payment Period.

5. OTHER SALIENT ITEMS

5.1. For the financial year ended 28 February 2015 Prisma recorded revenue of R35.9 million, profit after tax of R41 600 (which includes non-recurring expenses of R12.2 million).

5.2. The value of the net assets that are the subject of the Acquisition as at 31 July 2015 was R16.7 million and this value is not expected to change materially before the Effective Date.

5.3. The acquisition is a category two transaction in terms of the Listings Requirements of the JSE Limited.

6. CONDITIONS PRECEDENT

In addition to the conditions precedent normal with a transaction of this nature, including the conduct of a due diligence investigation which has been performed to the satisfaction of Workforce, the following relevant conditions precedent is disclosed:

6.1. The conclusion of service contracts between the Sellers and Prisma, which service contracts include restraint of trade provisions.

7. WITHDRAWAL OF CAUTIONARY

Shareholders are referred to the cautionary announcement dated 13 July 2015 subsequent renewal of cautionary dated 26 August 2015 stating that Workforce has entered into negotiations in respect of a possible acquisition. Following this announcement the cautionary is withdrawn and shareholders are no longer required to exercise caution when dealing in the Company's securities.

Johannesburg
[6] October 2015

Designated Adviser
Merchantec Capital