LABAT AFRICA LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1986/001616/06)
("Labat" or "the company")
ISIN Code: ZAE 000018354 Share code: LAB

AMENDED TERMS ANNOUNCEMENT REGARDING THE ACQUISITION OF REINHARDT TRANSPORT GROUP PROPRIETARY LIMITED ("RTG") AND OTHER INFORMATION

Shareholders are referred to the Company's announcements of 22 April 2015, 18 May 2015 12 June 2015, 10 July 2015 and 11 September 2015 regarding Labat's intention to acquire 100% of RTG. Shareholders are advised that Labat and the RTG Vendors have now concluded an amended agreement incorporating improved terms for the acquisition. The acquisition of RTG remains subject to shareholder approval.

Amended terms of the Transaction
Labat will acquire 100% of RTG for a subscription consideration of R560 million. The vendor has agreed to finance a portion of the subscription consideration by way of a vendor loan to the value of R275m on deferred payment terms.

The RTG Vendors, which include RTG Management, will collectively subscribe for 15% of the acquisition price, amounting to R84 million, being 56 000 000 Labat Shares at an issue price of R1.50 cents. Mr Derick Reinhardt and RTG Management will retain this shareholding in Labat for a minimum period of 18 months.

The balance of the subscription consideration of R201 million will be paid through issuing 134 000 000 new shares for cash in Labat at R1.50 cents by way of a Private Placement, which will incorporate a Preferential Placing.

Labat also intends to issue a further 30 million shares to raise additional cash for expansion capital.

Management and director appointments:
It has been agreed between the parties that as part of implementation of the transaction:

- Mrs Rowena Majiedt will be appointed as non-executive chairperson of the RTG board;
- Mr Derick Reinhardt will be appointed as non-executive deputy chairperson of the RTG board for at least 18 months;
- Ms Happy Masondo will remain as a non-executive director of the RTG board
- Mr Brian van Rooyen will be appointed as chief executive officer to the RTG board;
- Mr Robert Axer will remain as the Chief operating Officer and
- A new Deputy COO has been identified and is being appointed as an understudy to Robert Axer.

Conditions Precedent
The Transaction is still subject to shareholder and JSE approval. As previously announced, Competition Commission approval has been received during September 2015.

Financial information
RTG has appointed JSE accredited auditors to perform an audit for the year ended 31 July 2015 in accordance with full International Financial Reporting Standards ("IFRS"). In addition, the Annual Financial Statements for the years ended 31 July 2014 and 31 July 2013 were previously audited in accordance with IFRS for SMME's and have been restated in accordance with full IFRS. This has resulted in amendments to previously published information.

Extracts from the draft financial statements of RTG are accordingly set out below:

Extracts from the draft Statement of Profit or Loss and Other Comprehensive Income:

Figures in Rand	2015	2014	2013
Revenue	1 276 140 804	1 528 436 601	1 249 463 305
Operating profit	**107 810 528**	**212 457 674**	**95 022 794**
Investment revenue	50 020	692 341	48 458
Finance costs	(50 356 100)	(47 032 786)	(34 420 629)
Profit before taxation	**57 504 448**	**166 117 229**	**60 650 623**
Taxation	(13 818 219)	(49 454 918)	(25 844 608)
Total comprehensive income for the year	**43 686 229**	**116 662 311**	**34 806 015**

The results for the year ended 31 July 2015 contain a once off provision for a large debtor in the steel industry of R28 357 122 on a pre-tax basis. Any recovery of a portion of this amount will be to the benefit of the enlarged Labat group.

Extracts from the draft Statement of Financial Position

Figures in Rand	2015	2014	2013
Retained income	343 597 742	388 638 563	253 274 053

The reduction in retained income is as a result of a dividend of R88 727 050 for the year ended 31 July 2015.

Full details of the three year historical information of RTG will be included in the circular to shareholders.

Categorisation and Documentation
The Acquisition is classified as a Category 1 transaction in terms of the JSE Listings Requirements and will constitute a reverse listing, which will require JSE approval as previously announced.

Shareholders are advised that the first submission of the circular, containing full details of the transaction, has been submitted to the JSE.

The circular, incorporating a notice of General Meeting, will be posted in due course.

Labat will also make an application to the JSE to transfer its listing to the transport sector of the Main Board following shareholder approval of the RTG Acquisition.

Post the Transaction; RGT will become a 100% subsidiary of Labat. Accordingly, Labat will ensure that the provisions of the RGT memorandum of incorporation do not frustrate or relieve Labat in any way from compliance with its obligations in terms of the JSE Listings Requirements.

BEE Status, Operational Issues and Profit Forecast:
Labat's overall strategy is to create a large BEE transport and logistics business through a combination of organic and acquisitive growth. RTG will form the core of the business strategy and expansion with many further opportunities available.

Labat's level 1 BEE credentials will add additional potential to the RTG business post the transaction as certain contracts and opportunities were not previously available to the company.

The immediate focus will be to target substantial new contracts which require improved and essential BEE credentials. The new BEE status is expected to further enhance and expand existing client contracts.

Management is currently evaluating various service providers with a view in improving its own BEE scorecard.

As a result of these initiatives, as well as some early successful contract awards, Labat will also include a one year forecast for the year ending 31 August 2016 in the circular to shareholders. The profit forecast will be published in due course as well as Revised Listing Particulars.

Shareholders are reminded that Labat has changed its year end to 31 August each year in anticipation of the RTG Acquisition being concluded and RTG will also change its year end to 31 August each year.

Johannesburg
15 October 2015

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