REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2009

WG WEARNE LIMITED
(Incorporated in the Republic of South Africa)
Registration number 1994/005983/06
SHARE CODE: WEA
ISIN CODE: ZAE000078002
("Wearne" or "the company" or "the group")

Prospects

While the operating results for the period were poor and the general conditions in the commercial and residential construction markets remain weak, the increased spend on roads and infrastructure by the Government continue to create opportunities for the group. The group's quarries except for the Portland quarry in the Western Cape have major road contracts in close proximity which should see the volumes increase from the current financial year. There are also a number of potential new projects for the mobile crushing and drill and blast divisions which are currently running at full capacity.

The major concern at present is the Ready Mixed Concrete division where the prospects for the year ahead remain weak. This business is currently being right-sized to ensure the discontinuation of all the loss-making operations. The company is also pricing several infrastructure-related projects. The Soccer City contract was successfully concluded at the end of April 2009 and has not been replaced. Focus will be given to capturing more of the RDP housing market as this, together with the infrastructure sector, are the only areas identified for growth in the year ahead for this division.

Prospects for the Concrete Products division look fairly good as a result of this division operating in niche markets where the general downturn in building activity has not had a major effect.

The recent aggressive lowering of interest rates will have a major positive effect on the profitability of the group going forward as interest is currently one of the major expenses. This is also expected to stimulate the general economy even though a positive effect will probably not be felt in the building sector in the current financial year.

No major capital expenditure is planned for the year ahead as the group is not running at full capacity and plans to reduce debt levels significantly during the year. The only capital expenditure will be to maintain plant and equipment and this is not expected to exceed R15 million for the year.

Borrowings

	February 2009 R'000	February 2008 R'000
Secured loans	57,337	29,671
Instalment sale finance providers	303,731	200,253
Bank overdraft	61,910	-
	422,978	229,924

The group's borrowings increased for various reasons, including:

- The purchase of the Portland group in the Western Cape, specifically including the Hollowcore division, the largest portion of which was financed.
- The purchase of the property from which the Portland group operates.
- The purchase of the Wemmer Pan property in central Johannesburg, on which a ready mix concrete operation is located.
- The commissioning of the Precast business in Limpopo, the largest portion of which was financed.
- The group further acquired other items of property, plant and equipment during the year, all of which were financed.

The company remains within the borrowing powers allowed by its articles and memorandum.

Post balance sheet events

The cash flow of the group has deteriorated during the 2009 financial year and the group is therefore considering a rights issue of R30 million to R35 million for which commitments to underwrite the rights offer have been received from the major shareholders(which include management)for approximately R23 million. The terms of the rights offer will be announced in due course and the rights offer will be finalised towards the end of August 2009.

Statement on going concern

The condensed financial statements have been prepared on the going-concern basis since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

Basis of preparation

The reviewed condensed financial results for the year ended 28 February 2009 have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") and the presentation and disclosure requirements of IAS 34: Interim Financial Reporting. The accounting policies used to prepare the financial statements are consistent with those applied in the prior year and are in accordance with IFRS, except where the group has adopted new or revised IFRS standards.

The group adopted the following new or revised accounting standards in the current year, which did not have a material impact on the reported results:

IAS 23: Borrowing Costs (early adopted)
IFRS 8: Operating Segments (early adopted)

The reviewed condensed consolidated financial statements incorporate the financial statements of the company, its subsidiaries, joint ventures and special purpose entities that, in substance, are controlled by the group. Results of subsidiaries are included from the effective date of acquisition or up to the effective date of disposal. All significant transactions and balances between group enterprises are eliminated on consolidation.

Reviewed opinion

RSM Betty & Dickson (Johannesburg), the group's independent auditors, have reviewed the condensed consolidated financial results for the year ended 28 February 2009 and have expressed an unmodified review opinion. The review report is available for inspection at the company's registered office.

Dividend policy

In line with group policy, no dividend has been declared for the period.

Human capital

The board of directors would once again like to thank all management and staff for their contribution during past financial year. It certainly has been a very challenging year and the commitment and loyalty displayed is highly appreciated. Signs of a positive recovery are emerging and even though the group has not been profitable during the year, the directors are continuously building the brand and working towards the goal of becoming the leading concrete products and aggregate supplier in the country.

For and on behalf of the board

SJ Wearne — Chairman and CEO
OJG Harvey — CFO

28 May 2009

CORPORATE INFORMATION

Non executive directors:	B Mkhonto, E Moloi, HWP Scholtz, MM Patel
Executive directors:	SJ Wearne (Chairman and CEO), JC Wearne, OJG Harvey, N Heyns
Registration number:	1994/005983/06
Registered address:	3 Kiepersol House, Stonemill Office Park, 300 Acacia Road, Cresta, 2195
Postal address:	PO Box 1674, Cresta, 2118
Company secretary:	OJ Le Roux
Telephone:	(011) 459 4500
Facsimile:	(011) 478 5481
Transfer secretaries:	Computershare Investor Services (Pty) Limited
Designated Adviser:	Vunani Corporate Finance

CONDENSED GROUP INCOME STATEMENTS

	Reviewed February 2009 R'000	Audited February (note 1) 2008 R'000
Revenue	**587,002**	**532,689**
Cost of sales	(431,499)	(352,033)
Gross profit	**155,503**	**180,656**
Operating costs	(95,118)	(74,915)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**60,385**	**105,741**
Depreciation	(44,814)	(31,557)
Profit before interest and taxation	**15,571**	**74,184**
Other income	20,393	2,053
Net interest paid	(41,039)	(21,310)
Profit before taxation	**(5,075)**	**54,927**
Taxation	4,233	(14,998)
Profit (Loss) for the year	**(842)**	**39,929**
Attributable to:		
Equity holders of the company	(762)	39,929
Minority interest	(80)	-
(Loss)/profit attributable to equity holders of the company	**(762)**	**39,929**
IFRS 3 profit on purchase of subsidiary	(16,648)	-
IAS 16 profit on disposal of property, plant and equipment	(928)	(784)
Headline (loss)/earnings attributable to equity holders of the company	**(18,338)**	**39,145**
Weighted average no of shares in issue (000)	162,978	145,484
Share trust treasury shares (000)	3,453	3,569
Purchase of subsidiary to be settled by share issue (000)	1,667	1,000
Fully diluted weighted average shares in issue (000)	168,098	150,053
Basic (loss)/earnings per share (cents)	(0.5)	27.4
Adjusted for -		
IFRS 3 profit on purchase of subsidiary (cents)	(10.2)	-
IAS 16 profit on disposal of property, plant and equipment (cents)	(0.6)	(0.5)
Headline (loss)/earnings per share (cents)	(11.3)	26.9
Fully diluted (loss)/earnings per share (cents)	(0.5)	26.6
Fully diluted (loss)/headline earnings per share (cents)	(10.9)	26.1

CONDENSED GROUP BALANCE SHEETS

	Reviewed February 2009 R'000	Audited February 2008 R'000
ASSETS		
Non-current assets	**680,648**	**402,120**
Property, plant and equipment	595,169	390,201
Intangible assets	40,045	-
Goodwill	38,186	6,710
Investments	5,201	5,209
Deferred Tax	2,047	-
Current assets	**119,538**	**119,051**
Inventories	36,463	28,119
Trade and other receivables	79,764	88,226
Taxation	1,471	-
Cash and cash equivalents	1,840	2,706
Total assets	**800,186**	**521,171**
EQUITY AND LIABILITIES		
Equity	**243,659**	**179,083**
Issued capital	180	146
Share premium	142,198	77,096
Non-distributable reserves	(100)	121
Retained income	100,636	101,720
Minority interest	745	-
Non-current liabilities	**318,586**	**217,976**
Environmental obligations	17,898	14,664
Secured loans	57,337	29,671
Instalment sale creditors	208,390	152,817
Deferred taxation	34,961	20,824
Current liabilities	**237,941**	**124,112**
Trade and other payables	79,561	73,692
Current portion of non-current liabilities	95,341	47,436
Taxation	1,129	2,984
Bank Overdraft	61,910	-
Total equity and liabilities	**800,186**	**521,171**
Shares in issue ('000)	182,962	150,000
Net asset value per share (cents)	133.2	119.4
Net tangible asset value per share (cents) (excludes deferred tax liability related to intangible assets)	96.5	114.9

CONDENSED GROUP STATEMENTS OF CHANGES IN EQUITY

	Share Capital R'000	Non-distributable Reserves R'000	Retained Earnings R'000	Minority Interest R'000	Total R'000
Balance at 1 March 2007	**77,607**	**19**	**61,686**	**-**	**139,312**
Share capital issued	1	-	-	-	1
Premium on share capital issued	984	-	-	-	984
Share issue expenses	(1,350)	-	-	-	(1,350)
Share-based payment reserve	-	102	-	-	102
Profit for the year	-	-	39,929	-	39,929
Investment fair value adjustment	-	-	105	-	105
Balance at 29 February 2008	**77,242**	**121**	**101,720**	**-**	**179,083**
Reclassification of fair value adjustment	-	322	(322)	-	-
Share capital issued	35	-	-	-	35
Share capital repurchased	(1)	-	-	-	(1)
Premium on share capital issued	65,376	-	-	-	65,376
Premium on share capital repurchased	(216)	-	-	-	(216)
Share issue expenses	(58)	-	-	-	(58)
Share-based payment reserve	-	122	-	-	122
Loss for the year	-	-	(762)	(80)	(842)
Investment fair value adjustment	-	(665)	-	-	(665)
Business combination	-	-	-	825	825
Balance at 28 February 2009	**142,378**	**(100)**	**100,636**	**745**	**243,659**

CONDENSED GROUP CASH FLOW STATEMENT

	Reviewed February 2009 R'000	Audited February (note 1) 2008 R'000
Cash flows from operating activities	**30,108**	**57,348**
Cash generated from operating activities	76,536	84,628
Net interest and dividends paid	(40,896)	(21,207)
Taxation paid	(5,532)	(6,073)
Cash flows from investing activities	**(266,226)**	**(162,557)**
Purchase of property, plant and equipment	(237,477)	(169,530)
Proceeds on disposals of property, plant and equipment	12,676	12,774
Purchase of intangible assets	(10,702)	-
Movement in investments	8	(1,510)
Investment in outside shareholders' interest	745	-
Goodwill purchased	(31,476)	(4,291)
Cash flows from financing activities	**166,660**	**98,433**
Share capital	2	1
Share premium	1,834	(366)
Net borrowings raised	164,824	98,798
Net cash inflows (outflows)	**(69,458)**	**(6,776)**
Cash acquired on business combination	6,682	-
Cash and cash equivalents at start of year	2,706	9,482
Cash and cash equivalents at end of year	**(60,070)**	**2,706**

CONDENSED GROUP SEGMENTAL ANALYSIS

	Business segments				
	Ready mixed concrete R'000	**Aggregates R'000**	**Concrete products R'000**	**Eliminations/ unallocated R'000**	**Consolidated R'000**
2009					
Revenue	420,369	411,013	10,588	(254,968)	587,002
Gross profit	68,663	84,330	2,510		155,503
Profit before interest and taxation	6,885	10,720	(2,034)		15,571
Property, plant and equipment	142,918	398,894	46,482	6,875	595,169
2008					
Revenue	373,752	330,551	3,067	(174,681)	532,689
Gross profit	74,091	106,055	510		180,656
Profit before interest and taxation	22,677	51,939	(432)		74,184
Property, plant and equipment	98,471	279,332	5,290	7,108	390,201

Note 1: Reclassifications have been made to various revenue items, cost of sales and operating costs in the prior period. These reclassifications were made so as to reflect the nature of the underlying transactions in a more meaningful manner. The reclassifications had no net impact on the profit of the group. The table below sets out the relevant items reclassified and the quantum thereof:

	Previously stated R'000	Restated R'000	Net change R'000
Income statement			
Revenue	538,805	532,689	(6,116)
Cost of sales	(368,038)	(352,033)	16,005
Operating costs	(62,609)	(74,915)	(12,306)
Net interest paid	(23,727)	(21,310)	2,417
Profit before taxation			0
Cash flow statement			
Cash generated from operating activities	87,043	84,628	(2,415)
Net interest and dividends paid	(23,622)	(21,207)	2,415
Cash flows from operating activities			0

Overview

The directors hereby present the reviewed condensed financial results for the year ended 28 February 2009. The year under review has been one of the most challenging years experienced in the ninety nine year history of the group. The second half of the financial year was especially difficult as the group experienced a major downturn in demand for its products. The reasons for the lack of sales in the different divisions are largely attributed to the following:

- The international credit crisis and the subsequent collapse of commodity prices caused several mining projects to be put on hold or completely cancelled. This had a direct effect on demand for the company's products in the Limpopo and North West Provinces.
- The rising interest rate environment and subsequent collapse of the residential market severely affected demand for building materials especially in Gauteng and the Western Cape.
- The cancellation of the contract to supply ready mixed concrete to the Houghton Golf Estate Development. The project was stopped due to non payment by the developer and resulted in a loss of further revenue from this project of approximately R20 million. The group has been fully paid by the contractor.
- The slow delivery of RDP houses in Gauteng caused by a delay in payment by Government.

This decline in sales volumes has resulted in a strain on the group's cash resources and a decision was taken to place the loss-making operations on "care and maintenance". This relates specifically to two sand operations on the West Rand. The group also has excess capacity in its ready mixed concrete fleet. Certain of the older vehicles were sold and further vehicles will be sold to bring the fleet in line with the forecast requirements for the next twelve months.

The group entered into a fuel hedge on fifty percent of the annual usage. The instrument utilised is a zero cost collar and the range of the collar is between R6.45 and R7.71 per litre of the ICE Gasoil price. The hedge has been entered into for a period of twelve months beginning 1 November 2008. The reasoning behind the hedge was to protect the group from sharp upward movements in the fuel price as experienced in the first half of the financial year when the oil price peaked at 140 US$ per barrel. Unfortunately the sharp decline in commodity prices was not expected and the hedge resulted in a loss of R5 million before taxation for the 2009 financial year.

Other once-off start up costs in the Concrete Products division amounted to losses of R5 million before taxation. The precast pipe factory in Polokwane is currently breaking even and the hollow core slab factory in Cape Town began sales of its products in March 2009. The directors believe that the prospects for this factory are exciting due the niche market it serves.

Financial results

Group revenue increased by 10% to R587.0 million (2008: R532.6 million). Gross profit decreased by 14% to R155.5 million (2008: R180.7 million). Gross profit margins reduced to 26%, due to intense competition in a declining market. The reduction in gross profit, combined with higher operating costs as well as the higher depreciation charge for the larger asset base, and an increased finance cost caused by higher interest rates and the increase in long term debt resulted in the group reporting a headline loss per share of 11.3 cents for the year compared to a headline profit of 26.9 cents per share in 2008.

The segmental report reflects a 12% increase in revenue for the Ready Mixed Concrete division but a reduction in gross margins to 16%.

The Aggregate division showed an increase in revenue of 24%. This can largely be attributed to the acquisition of the Portland quarry ("Portland" or "Portland group") in the Western Cape which was included in the 2009 financial results from 1 September 2008. There was a reduction in gross profit margins to 21% due to lack of demand and a more aggressive pricing strategy.

The Concrete Products division increased turnover to R10.6 million from R3.0 million in 2008. This was as a result of the additional pipe factory coming on line during the year. A satisfactory gross profit margin of 24% was achieved.

The group generated R76.5 million in cash from operating activities during the year compared to R84.6 million in 2008. Purchase of property, plant and equipment amounted to R261 million (of which R23.5 million is attributable to the Portland acquisition) during the year. This was largely due to the Portland acquisition as well as the investment in the pipe factory in Polokwane. Certain capital expenditure on vehicles and plant in the Ready Mixed Concrete division had already been committed prior to the downturn in the market.

Business combinations

Wearne acquired the following two businesses during the year:

On 1 May 2008, a quarry operation located in Pietermaritzburg, from Willowsfountain Quarry (Pty) Limited was effected for R3 000 000.

This business contributed revenue of R27 million and after-tax losses of R1.8 million to the group for the period. Goodwill in respect of this acquisition, after an adjustment for deemed finance costs on deferred payments, amounted to R2.5 million. Intangible assets acquired that cannot be measured reliably are reflected as goodwill.

Effective from 1 September 2008, the Portland group of companies (Portland Holdings (Pty) Limited and its subsidiaries), located in the Western Cape. Wearne also acquired the property from which the Portland group operates, for R40.5 million, settled in cash.

The purchase price of the Portland acquisition was settled by way of the allotment of 32 461 617 Wearne shares at R1.95 per share, on 1 September 2008.

	R'000
The purchase price was as follows:	
Value of shares allotted	63,300
Transaction costs	2,708
	66,008
Allocated as follows (net of tax):	
Purchase of loans from vendors	30,446
Fair value adjustments to intangible assets acquired	29,343
Fair value adjustments to tangible assets acquired	445
Net tangible assets acquired, at carrying value	23,247
	83,481
Excess of tangible and intangible assets over purchase price	17,473
Allocated as follows:	
Profit on purchase of subsidiary	16,648
Minority interests	825

The Portland Group contributed revenue of R42 million and a net loss after tax of R3.9 million to the consolidated results for the period.