During the year the Group disposed of unproductive assets resulting in proceeds of R12.6 million. In addition, the Group also improved some of its critical plant by spending R18.4 million on these assets. These improvements were made possible by funding received from the Industrial Development Corporation (“IDC”). This resulted in a decrease of R4.8 million in the current year depreciation charge.

Following its strategy of disposing of non-core assets the Group also sold its interest in the Portland Group and Wearne Bricks (Proprietary) Limited. The Portland Group was sold in the beginning of the year with all losses on the sale being recognised in the prior year in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The Group sold its interest in its brick manufacturing business on 01 October 2011 for R5 million resulting in a profit on sale of business of R1.2 million.

Finance costs remained relatively unchanged at approximately R36 million. Total liabilities reduced by R8 million to R397.8 million (2011: R405.7 million excluding non-current liabilities held for sale). The Group settled R30 million in short-term borrowings utilising the proceeds generated from the Portland Group disposal which were offset by R43 million in long-term borrowing received from the IDC. This borrowing conversion improved the Group’s liquidity position.

The current year performance resulted in a headline loss per share of 19.88 cents (2011: 21.12 cents) and a diluted loss per share from continuing operations of 21.76 cents (2011: 45.36 cents).The net asset value per share reduced to 19.33 cents (2011: 24.91) attributable to the decline in earnings in addition to the issue of 82.9 million new ordinary shares to IDC and the Wearne Workers Trust.

CHANGE IN ACCOUNTING POLICY

During the current year the directors’ changed the accounting policy regarding land and plant and machinery from the cost model to the revaluation model. The purpose of change in accounting policy is to more accurately represent the value of the Groups assets. This adjustment resulted in a revaluation surplus of R44.5 million on land and R9.8 million on plant and machinery.

The fair values of land, plant and equipment were determined by an independent appraiser based on the current market values.

PROSPECTS

Although, the current year headline loss of R47.8 million (2011: R52 million) does not reflect a turnaround, a majority of the turnaround initiatives have been completed or otherwise are nearing completion. This has resulted in nearly all of the loss making operations either having been disposed of or closed down.

As part of its continuing turnaround objectives the Group is investigating the outsourcing of non-core activities. These initiatives will aid in the reduction of borrowings, reduce fixed operating costs and allow it to more rapidly react to changes in its operating environment.

In addition the Group is exploring avenues which would see it expand its drilling and blasting operation within the aggregate division. Although this will require further investment in plant and equipment, this investment would see the expansion of one of the Groups best performing operations.

Lastly, general market conditions have begun to improve towards the end of the financial year, indicated by cement sales increasing for the first time in three years. Unfortunately current data is no longer available but general market consensus seems to indicate that the year-on-year monthly increase in volumes is between 5% and 8%. This, together with an improvement in the civil engineering industry should see the Group’s fortunes improve significantly.

GOING CONCERN

The Group incurred a total comprehensive loss for the 2012 period of R11.7 million. This highlights a going concern issue which is emphasised further by the Group’s negative liquidity position, high gearing and depleted net asset value.

SOLVENCY AND LIQUIDITY

The Group is currently technically solvent with net asset value of R52.8 million or 19.33 cents per share. Current liabilities of R119.7 million exceed current assets of R70 million by R49.7 million. Negotiations are currently underway to either sell further properties in the portfolio or extend the repayment terms of the current overdraft of R30 million. In addition, the Group has undrawn loans totaling R20 million from the IDC at 29 February 2012 which further ensures that the going concern statement is still applicable.

CASH FLOW

In addressing its cash flow demands, the holding company WG Wearne Limited, and its subsidiary, Wearne Aggregates (Proprietary) Limited, entered into a scheme of arrangement in terms of section 311 of the Companies Act in February 2011. In terms of the scheme of arrangement, the secured creditors granted the companies a moratorium period from 1 February 2011 to 31 January 2013 under which the companies are only required to service the monthly interest arising from the loans owing to them, and the concurrent creditors granted the companies a moratorium from 1 January 2011 to 31 August 2011 under which the companies were not obliged to make any payment in respect to any claims outstanding. Thereafter, the concurrent creditors’ outstanding balance is being repaid over twenty installments including interest raised at 3% per annum. The companies under the scheme of arrangement made their first payment in September 2011 and are continuing to service those claims on a monthly basis.

Further to the moratorium the companies are required to settle any concurrent creditors’ debt, incurred after the moratorium period began, by the seventh working day of the month immediately following the month in which the claim arose.

During the current year the Group entered into a cash management program with its financiers which granted the Group better access to its working capital. The effective application of these cash reserves allowed the Group to meet its obligations under the moratorium state.

BASIS OF PREPARATION

These results have been prepared in accordance with and contain the information required in terms of International Financial Reporting Standards (“IFRS”), the Companies Act of South Africa (Act 71 of 2008), as amended, and AC 500 Standards as issued by the Accounting Practices Board and in compliance with the Listings Requirements of the JSE Limited. The accounting policies and standards used to prepare these financial statements are in terms of IFRS and are consistent with those applied for the prior year-end 28 February 2011, except for the application of IAS 1: Presentation of Financial Statements, the measurement of property, plant and equipment in terms of IAS 16: Property, Plant and Equipment and the classification of cost of sales in terms of IAS 1 (revised): Presentation of Financial Statements.

These abridged consolidated financial statements incorporate the financial information of the company, its subsidiaries 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.

AUDIT OPINION

Grant Thornton, the Group’s independent auditors, have audited the consolidated financial results for year ended 29 February 2012 and have issued an unqualified audit opinion with the following emphasis of matter paragraph: “Without qualifying our opinion, we draw attention to Note 41 in the consolidated financial statements which indicates that the Group incurred a net total comprehensive loss of R11.7 million for the year ended 29 February 2012 and, as of that date; the group’s current liabilities exceeded its current assets by R49.7 million. These conditions, along with other matters as set forth in Note 41, indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern.” The report is available for inspection at the company’s registered office.

DIVIDENDS

In line with past practice, no dividend has been declared for the period.
By order of the board

22 JUNE 2012

S J Wearne
Chief Executive Officer

J J Bierman
Chief Financial Officer

CORPORATE INFORMATION

Non-executive directors:	M M Patel (Chairman); C Ramushu; M Salanje; WP van der Merwe
Executive directors:	S J Wearne; J J Bierman
Registration number:	1994/005983/06
Registered address:	3 Kiepersol House, Stone Mill Office Park, 300 Acacia Road, Cresta, 2195
Postal address:	PO Box 1674, Cresta, 2118
Company secretary:	Ithemba Governance and Statutory Solutions (Pty) Ltd
Telephone:	(011) 459 4500 • Facsimile: (011) 478 5481
Transfer secretaries:	Computershare Investor Services (Pty) Limited
Designated Adviser:	Exchange Sponsors

These results and an overview of Wearne are available at www.wearne.co.za

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2012

WG WEARNE LTD

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”)

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 12 months February 2012 R’000	Audited 12 months February 2011 R’000
ASSETS		
Non-current assets	**376,026**	**371,051**
Property, plant and equipment	370,803	365,466
Other financial assets	5,223	3,968
Deferred taxation asset	-	1,617
Current assets	**70,058**	**57,433**
Inventories	17,305	14,281
Other financial assets	4,014	2,953
Current taxation receivable	-	270
Trade and other receivables	42,371	36,394
Cash and cash equivalents	6,368	3,535
Non-current asset held for sale	4,500	76,402
Total assets	**450,584**	**504,886**
EQUITY AND LIABILITIES		
Equity	**52,786**	**61,451**
Issued capital	178,357	174,637
Reserves	345	374
Revaluation reserves	43,299	-
Accumulated losses	(169,215)	(114,344)
Non-controlling interest	-	784
Non-current liabilities	**278,091**	**255,356**
Borrowings	252,281	220,377
Deferred taxation liability	8,921	1,369
Trade and other payables	2,023	19,620
Environmental provision	14,866	13,990
Current liabilities	**119,707**	**150,388**
Loans payable	5,193	5,678
Borrowings	10,751	2,838
Current taxation payable	1,821	1,795
Trade and other payables	71,437	64,940
Bank overdraft	30,505	75,137
Non-current liabilities held for sale	-	37,691
Total liabilities	**397,798**	**443,435**
Total equity and liabilities	**450,584**	**504,886**
Number of shares in issue (‘000)		
After eliminating treasury shares	273,038	246,715
Net asset value per share (cents)	19.33	24.91
Net tangible asset value per share (cents)	19.33	24.91

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12 months February 2012 R’000	Audited 12 months February 2011 R’000
Continuing Operations		
Revenue	305,870	370,461
Cost of sales	(208,851)	(295,080)
Gross profit	**97,019**	**75,381**
Other income	3,397	11,394
Operating expenses	(80,120)	(120,781)
Earnings before interest, taxation, depreciation(“EBITDA”)	**20,296**	**(34,006)**
Depreciation	(38,642)	(43,493)
Loss before interest and taxation (“EBIT”)	**(18,346)**	**(77,499)**
Investment income	1,546	-
Finance costs	(35,928)	(36,313)
Loss before taxation	**(52,728)**	**(113,812)**
Taxation	425	2,007
Loss from continuing operations	**(52,303)**	**(111,805)**
Loss from discontinued operations	(2,650)	(36,795)
Loss for the period	**(54,953)**	**(148,600)**
Other comprehensive income		
Fair value adjustments: Available-for-sale	213	98
Release of reserves	(242)	-
Gain on revaluation	54,357	-
Deferred tax on revaluation	(11,058)	-
Total comprehensive loss for the year	**(11,683)**	**(148,502)**
Total comprehensive (loss) attributable to:		
Owners of the parent	(11,683)	(148,583)
Non-controlling interests	-	81
Loss for the year	(11,683)	(148,502)

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME CONTINUED

	Audited 12 months February 2012 R'000	Audited 12 months February 2011 R'000
Weighted average number of shares in issue ('000)	240,334	246,492
Fully diluted weighted average number of shares ('000)	240,334	246,492
Continuing operations Basic and diluted loss per share (cents)	(21.76)	(45.36)
Continuing and discontinued operations Basic and diluted loss per share (cents)	(22.86)	(60.28)
Reconciliation of headline earnings:		
Loss for the year	(54,953)	(148,600)
Impairments and scrapping loss	3,506	42,468
Loss / (profit) on sale of property, plant and equipment	735	(2,804)
Profit on sale of interest in joint venture	(1,212)	-
Fair value on non-current Assets held for sale	4,139	56,859
Headline loss attributable to ordinary shareholders	**(47,785)**	**(52,077)**
Basic and diluted headline loss per share (cents)	(19.88)	(21.12)

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited 12 months February 2012 R'000	Audited 12 months February 2011 R'000
Balance at beginning of the year	**61,451**	**210,246**
Loss for the year	(54,953)	(148,583)
Other comprehensive income	43,270	98
Issue of share capital net of expenses	11,638	1,495
Redemption of share capital	(7,926)	-
Movement treasury shares	8	(1,886)
Non-controlling interest	(702)	81
Balance at end of the year	**52,786**	**61,451**

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 12 months February 2012 R'000	Audited 12 months February 2011 R'000
Cash flows from operating activities	(3,711)	35,947
Cash flows from investing activities	25,048	10,623
Cash flows from financing activities	25,137	(51,249)
Net increase/ (decrease) in cash and cash equivalents	46,474	(4,679)
Net cash flows from discontinued operations	991	-
Cash movement for the year	47,465	(4,679)
Cash and cash equivalents at beginning of the year	(71,602)	(66,923)
Cash and cash equivalents at end of the year	**(24,137)**	**(71,602)**

SHARE CAPITAL

	Audited 12 months February 2012 R'000	Audited 12 months February 2011 R'000
Authorized		
500,000,000 ordinary par value		
Share of 0.1 cent each	500,000	500,000
Reconciliation of number of shares		
Issued: (in millions)		
Opening balance	246	246
Bought back during period	(57)	-
Issued during the period	83	-
Movement in treasury shares	1	*
Closing balance	**273**	**246**
Issued share capital		
Ordinary share capital	273	246
Ordinary share premium	178,084	174,391
	178,357	**174,637**

SEGMENTAL REPORTING

	Audited 12 months February 2012 R'000	Audited 12 months February 2011 R'000
External sales		
Aggregates	174,361	180,023
Readymix concrete	118,262	179,433
Concrete manufactured products	13,247	11,005
Total external sales	**305,870**	**370,461**
Inter-segment sales		
Aggregates	41,793	52,183
Readymix concrete	301	5,696
Concrete manufactured products	-	-
Total inter-segment sales	**42,094**	**57,879**
Total revenue		
Aggregates	216,154	232,206
Readymix concrete	118,563	185,129
Concrete manufactured products	13,247	11,005
Total revenue	**347,964**	**428,340**
Profit (loss) before taxation (before inter-segment eliminations)		
Aggregates	12,548	(45,571)
Readymix concrete	(28,424)	(30,702)
Concrete manufactured products	(2,470)	(1,226)
Total profit before taxation	**(18,346)**	**(77,499)**
Property, plant and equipment		
Aggregates	289,382	277,692
Readymix concrete	58,641	61,820
Concrete manufactured products	22,780	25,954
Total property, plant and equipment	**370,803**	**365,466**
Total assets		
Aggregates	354,175	349,037
Readymix concrete	71,917	106,016
Concrete manufactured products	24,492	49,833
Total assets	**450,584**	**504,886**

INTRODUCTION

WG Wearne Limited and its subsidiaries ("the Group") provide a comprehensive range of products to the building and construction industry in South Africa. The major operating divisions comprise aggregates, ready mixed concrete and the manufacture of precast concrete products.

CHANGES OF DIRECTORATE

The following changes in the directorate occurred during the year under review:

- Messrs H W P Scholtz and B A Mkhonto, both resigned from the board on 26 May 2011.
- Mr R C Devereux was appointed as Chief Executive Officer on 13 April 2011 and resigned on 07 December 2011.
- Ms R C Ramushu was appointed as non-executive director on 17 August 2011.
- Mr A W Bruens, the Chief Financial Officer, resigned on 22 August 2011.
- Mr J J Bierman CA (SA) was appointed as Chief Financial Officer on 05 December 2011.
- Mr W P van der Merwe was appointed as non-executive director on 07 December 2011.
- Mr MM Patel was appointed as Chairman on 29 February 2012.
- Mr S J Wearne, who assumed the role of Chief Executive Officer since 07 December 2011, was re-appointed as Chief Executive Officer with effect from 29 February 2012.

REVIEW OF RESULTS

Group revenue decreased by 17% (or R64.5 million) to R306 million (2011: R370 million) for the year ended 29 February 2012. The largest contributor to the decrease in turnover was the ready mixed concrete division where external turnover dropped by 34% (or R61.2 million) to R118 million (2011: R179 million). This was the consequence of the closure of non performing operations in conjunction with continued weaknesses in the residential market. The concrete products division continued its pleasing growth trend yielding a 20% increase in turnover.

In accordance with the Groups turnaround strategy, all loss- making operations were evaluated for economic viability and possible closure. Consequently, four ready mixed concrete plants, a crushing operation and a sand washing operation were closed during the year. These closures together with a greater focus on higher margin contracts allowed the Group to increase its gross profit margin before depreciation charges by 12% to 32% (2011: 20%).

The Group's EBITDA improved to a profit of R20.3 million in the current year from a loss of R34 million in 2011. Current year operating expenditure included the following non-recurring costs totaling R8.4 million: impairments and scrapping of tangible assets of R3.5 million; a bad debt write off R3.2 million relating to Rainbow Construction; losses on sale of property, plant & equipment of R0.9 million as well as legal fees of R0.8 million for the implementation of the Section 311 Scheme of Arrangement.