In addition, the Group increased its asset base significantly in order to meet the demands of a growing business, however the unexpected downturn in the economy resulted in the Group being overcapitalsed and certain assets under finance being underutilised. As a result capital expenditure has reduced significantly year on year and, where appropriate, the directors disposed of unproductive assets, which resulted in cash inflows of R8.2 million during the financial year.

As a result of the challenges experienced, the directors embarked on a complete restructure of the Group's operations and aggressively reviewed costs in order to achieve permanent reductions, improved margins and enhanced revenues. The directors anticipate that the following initiatives will significantly reduce costs:

- the Group's various legal entities will be rationalised in order to reduce the associated cost of administration and improve operational efficiencies;
- shared services will be centralised wherever possible in order to achieve greater purchasing synergies and administrative cost savings;
- staff numbers have been reduced by approximately 15% year-on-year through retrenchment and natural attrition in order to achieve greater productivity and reduce payroll costs; and
- finance charges will reduce by an anticipated 20% as a result of a reduction in long-term debt outstanding.

PROSPECTS

Although the Group's operating results for the year were poor, the directors believe that the worst of the downturn is now over. In the past year, the Group has addressed its exposure to the sluggish residential construction market by reducing the size of the transport fleet in the ready mix concrete division by nearly forty percent. The business is now close to being right sized for the reduced turnover levels currently being experienced. Our aggregates operations have performed well during the year and this should continue as government expenditure on roads and infrastructure is set to continue. The cast concrete products division has performed well year on year. This was a start up division last year and has been steadily gaining market share. The directors believe that the Group's greater focus on roads and infrastructure combined with the cost savings resulting from the restructuring embarked upon, will see the Group's results improve in the 2011 financial year.

PRIOR PERIOD ERROR

In terms of a SENS announcement, dated 16 February 2010, shareholders were advised that the company had become aware of a calculation error that occurred in accounting for the business combination relating to the acquisition of the Portland Group of companies effective 1 September 2008. The correction of the error, which is regarded as a prior period error in terms of the accounting standards, resulted in a decrease of R17.5 million in the profit for the year ended 28 February 2009. The prior period results have been restated with the adjusted numbers and the 2008 results are disclosed in accordance with IAS 8: Accounting policies, changes in estimates and errors. Although earnings per share, diluted earnings per share and net asset value per share are affected by these adjustments, headline earnings per share, diluted headline earnings per share and net tangible asset value per share are not.

FUEL HEDGE

In November 2008 the Group entered into a fuel hedge on 50% of the Group's annual usage. The instrument utilised was a zero cost collar with a range between R6.45 and R7.71 per litre of the ICE Gasoil price. The hedge was entered into for a twelve month period, which ended on 31 October 2009. The reasoning was to protect the Group from sharp upward movements in the fuel price as experienced in the first half of the previous financial year when the oil price peaked at US$140 per barrel. However, the combination of a sharp decline in the fuel price coupled with a strengthening rand resulted in a loss of R5 million before taxation for the 2009 financial year and a further loss of R11.4 million before taxation in the 2010 financial year. No further losses are expected from this hedge.

IMPAIRMENTS AND REVALUATIONS

In 2008 and 2009 the Group completed a number of acquisitions as part of its strategy to increase its geographic footprint. As a consequence of the recession and resultant decline in the residential building market in particular, the performance of some of these acquisitions was disappointing. In light of this, the directors conducted a critical review of all intangibles and acquired goodwill to determine their fair value and decided to impair a portion of the intangibles and all of the goodwill.

BANK MORATORIUM AND RIGHTS ISSUE

As a result of the difficult trading conditions experienced by the Group and the impact thereof on the Group's cash flow, the Group's bankers agreed to a debt repayment moratorium in August 2009, December 2009 and January 2010. The banks however requested the Group to raise funds through a rights issue which was successfully concluded in February 2010. Existing shareholders were offered 77 263 879 shares at 40 cents per share - 65 630 002 shares were subscribed for raising approximately R26.3 million which was used principally to improve the working capital position of the company.

BASIS OF PREPARATION

The results for the year have been prepared in accordance the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the AC500 standards as issued by the Accounting Practices Board or its successor, IAS34: Interim Financial Reporting, the Companies Act (Act 61 of 1973), as amended and the Listings Requirements of the JSE Limited.

The accounting policies used to prepare these financial statements are also in accordance with IFRS and are consistent with those applied for the Group's annual financial statement in 2009. No new or revised IFRS standards have been adopted.

REVIEW OPINION

RSM Betty & Dickson (Johannesburg), the Group's independent auditors, have reviewed the condensed consolidated financial results for the year ended 28 February 2010 and have expressed an unmodified review opinion. The review report is available for inspection at the company's registered office.

STATEMENT OF GOING CONCERN

The reviewed condensed consolidated results have been prepared on the going concern basis as the directors are of the view that the Group has adequate resources in place to continue in operation for the foreseeable future.

CHANGES TO THE BOARD

During the year under review Mr Mitesh Patel was appointed as an independent non-executive director and chairman of the audit committee. Mr Owen Harvey resigned as the financial director and was replaced by Mr Alan Bruens.

DIVIDENDS

In line with past practice, no dividend has been declared for the year.

APPRECIATION

We thank our management and staff for their efforts and continued commitment throughout a difficult trading year. We also thank our advisors, customers and stakeholders for their ongoing support.

For and on behalf of the board

31 May 2010

S J Wearne	**A W Bruens**
Chief Executive Officer	Chief Financial Officer

CORPORATE INFORMATION

Non-executive directors:	B Mkhonto, E Moloi, H W P Scholtz, M M Patel
Executive directors:	S J Wearne (Chairman and CEO), J C Wearne, A W Bruens (CFO), N Heyns
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:	O J Le Roux
Telephone:	(011) 459 4500 • Facsimile: (011) 478 5481
Transfer secretaries:	Computershare Investor Services (Pty) Limited
Designated Adviser:	Vunani Corporate Finance

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

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")

REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2010 Reviewed R'000	2009 Restated R'000	2008 Reported R'000
ASSETS			
Non-current assets	**596,307**	**663,175**	**402,187**
Property, plant and equipment	545,440	595,169	390,201
Intangible assets	34,153	40,045	-
Goodwill	-	20,713	6,710
Investments in associates	-	-	-
Available-for-sale investments	3,712	5,201	5,209
Deferred tax asset	13,002	2,047	67
Current assets	**115,766**	**119,538**	**119,051**
Inventories	28,658	36,463	28,119
Current tax receivable	1,492	1,471	-
Trade and other receivables	76,696	79,764	88,226
Loans and borrowings	6,075	-	-
Cash and cash equivalents	2,845	1,840	2,706
TOTAL ASSETS	**712,073**	**782,713**	**521,238**
EQUITY AND LIABILITIES			
Equity	**210,246**	**226,186**	**179,082**
Share capital	246	179	146
Share premium	174,782	142,198	77,096
Non-distributable reserves	276	(100)	121
Retained earnings	34,239	83,164	101,719
Non-controlling interest	703	745	-
Non-current liabilities	**237,564**	**318,586**	**218,043**
Environmental provision	14,833	17,898	14,664
Loans and borrowings	193,882	265,727	182,487
Deferred tax liability	28,849	34,961	20,892
Current liabilities	**264,263**	**237,941**	**124,113**
Loans and borrowings	100,796	95,341	47,437
Taxation payable	2,782	1,129	2,984
Trade and other payables	90,918	79,561	73,692
Bank overdraft	69,767	61,910	-
Total liabilities	501,827	556,527	342,156
TOTAL EQUITY AND LAIBILITIES	**712,073**	**782,713**	**521,238**
Number of shares in issue at year-end ('000)	245,913	182,962	150,000
Weighted average number of shares in issue ('000)	184,661	162,978	145,484
Fully diluted weighted average number of shares ('000)	184,661	168,097	150,053
Net asset value per share (cents)	85.5	123.6	119.4
Net tangible asset value per share (cents)	78.1	108.4	128.8

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010 Reviewed R'000	2009 Restated R'000	2008 Reported R'000
Revenue	**534,354**	**599,128**	**538,804**
Cost of sales	(347,535)	(393,206)	(322,413)
Gross profit	**186,819**	**205,922**	**216,391**
Other income	5,134	2,920	2,053
Operating expenses	(132,132)	(137,617)	(107,608)
Earnings before depreciation, amortisation, impairments and revaluations, hedging, interest and taxation	**59,821**	**71,225**	**110,836**
Depreciation	(47,270)	(43,694)	(31,557)
Amortisation	(2,238)	(1,119)	(626)
Hedging loss	(11,433)	(4,996)	-
Impairments and revaluations	(17,969)	-	-
(Loss) / earnings before interest and taxation	**(19,089)**	**21,416**	**78,653**
Investment income	1,424	1,653	870
Finance costs	(45,855)	(45,617)	(24,596)
(Loss) / earnings before taxation	**(63,520)**	**(22,548)**	**54,927**
Income tax expense	14,096	4,233	(14,999)
(Loss) / profit attributable to shareholders	**(49,424)**	**(18,315)**	**39,928**
Other comprehensive (loss) / income	-	-	-
Total comprehensive (loss) / profit for the period	**(49,424)**	**(18,315)**	**39,928**
(Loss) / profit attributable to:			
Owners of the company	(49,382)	(18,235)	39,928
Non-controlling interest	(42)	(80)	-
	(49,424)	**(18,315)**	**39,928**
Total comprehensive (loss) / income attributable to:			
Owners of the company	(49,382)	(18,235)	39,928
Non-controlling interest	(42)	(80)	-
	(49,424)	**(18,315)**	**39,928**
Reconciliation of headline earnings:			
(Loss) / profit attributable to shareholders	(49,382)	(18,235)	39,928
Impairments and revaluations	17,969	-	-
Loss / (profit) on disposal of property, plant and equipment	2,755	(928)	(784)
Profit on acquisition of subsidiary	-	825	-
Headline (loss) / earnings attributable to owners	**(28,658)**	**(18,338)**	**39,144**
(Loss) / earnings per share (cents)	(26.74)	(11.19)	27.45
Headline (loss) / earnings per share (cents)	(15.52)	(11.25)	26.91
Fully diluted (loss) / earnings per share (cents)	(26.74)	(10.85)	26.61
Fully diluted headline (loss) / earnings per share (cents)	(15.52)	(10.91)	26.09

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	2010 Reviewed R'000	2009 Restated R'000	2008 Reported R'000
Balance as at 01 March	**179,082**	**139,313**	**58,760**
Reclassification of fair value adjustment	2	-	-
Fair value adjustments on available-for-sale investments	(665)	104	412
Total comprehensive (loss) / income for the period	(18,235)	39,928	26,081
Share capital issued during the year	65,409)	985	54,041
Share issue expenses	(58)	(1,350)	-
Acquisition of treasury shares	(216)	-	-
Share-based payments	122	102	19
Non-controlling interest	(80)	-	-
Non-controlling interest acquired in business combination	825	-	-
Balance as at 28 February	**226,186**	**179,082**	**139,313**
Reclassification of fair value adjustment	-	2	-
Fair value adjustments on available-for-sale investments	179	-665	104
Release of fair valuing on disposal	197	-	-
Total comprehensive (loss) / income for the period	(49,382)	(18,235)	39,928
Share capital issued during the year	30,252	65,409	985
Share issue expenses	(580)	(58)	(1,350)
Movement on treasury shares	4,530	(216)	-
Share-based payments	-	122	102
Dividends paid	(1,094)	-	-
Non-controlling interest	(42)	(80)	-
Non-controlling interest acquired in business combination	-	825	-
Balance as at 28 February	**210,246**	**226,186**	**179,082**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	2010 Reviewed R'000	2009 Restated R'000	2008 Reported R'000
Cash flows from operating activities			
(Loss) / profit attributable to shareholders	**(49,424)**	**(18,316)**	**39,928**
	-		
Non cash flow adjustments	115,178	79,312	69,178
Cash flow adjustments	(11,433)	(4,996)	-
Operating (loss) / profit before working capital movements	**54,321**	**56,001**	**109,106**
(Increase) / decrease in inventories	7,805	(8,344)	(14,262)
(Increase) / decrease in trade and other receivables	2,409	8,462	(29,518)
Increase in trade and other payables	11,357	5,870	21,722
Decrease in current portion of loans and borrowings	(1,596)	-	-
Cash flows from operations	**74,296**	**61,989**	**87,048**
Investment income	1,424	1,653	870
Finance costs	(45,855)	(45,617)	(24,597)
Dividends received	65	143	105
Taxation paid	(717)	(5,530)	(6,074)
Net cash from operating activities	**29,213**	**12,638**	**57,352**
Cash flows from investing activities			
Acquisition of property, plant and equipment			
- Replacement	(6,498)	(29,610)	(62,899)
- Expansion	(3,316)	(207,867)	(106,631)
Proceeds on disposal of property, plant and equipment	8,201	12,675	12,774
Acquisition of intangible assets (including goodwill)	(1,128)	(24,706)	(4,291)
Investments in subsidiaries and joint ventures	-	9	(1,510)
Investments in non-controlling interest	-	745	-
Proceeds on disposal of available-for-sales assets	1,489	-	-
Movement on external loans	8,454	-	-
Net cash from / (cash used) in investing activities	**7,202**	**(248,754)**	**(162,557**
Cash flows from financing activities			
Proceeds from the issue of share capital	67	1,834	(365)
Proceeds from shareholders contributions	29,605	-	-
Dividend paid	(1,094)	-	-
Repayment of loans and borrowings	(71,845)	164,824	98,794
Net cash (used in) / from financing activities	**(43,267)**	**166,658**	**98,429**
Decrease in cash and cash equivalents	(6,852)	(69,458)	(6,776)
Cash acquired on business combination	-	6,682	-
Opening cash and cash equivalents	(60,070)	2,706	9,482
Closing cash and cash equivalents	**(66,922)**	**(60,070)**	**2,706**

CONDENSED CONSOLIDATED SEGMENTAL REPORT

	2010 Reviewed R'000	2009 Restated R'000	2008 Reported R'000
Revenues			
External sales			
Aggregates	308,284	280,416	289,642
Readymix concrete	208,143	313,115	246,068
Concrete manufactured products	17,927	5,597	3,094
	534,354	**599,128**	**538,804**
Internal sales			
Aggregates	37,926	25,257	21,451
Readymix concrete	2,153	1,300	1,104
Concrete manufactured products	110	5,163	4,385
	40,189	**31,720**	**26,940**

	2010 Reviewed R'000	2009 Restated R'000	2008 Reported R'000
Total revenue			
Aggregates	346,210	305,673	311,093
Readymix concrete	210,296	314,415	247,172
Concrete manufactured products	18,037	10,760	7,479
	574,543	**630,848**	**565,744**
Earnings before depreciation, amortisation, impairments and revaluations, hedging, interest and taxation			
Aggregates	64,099	47,644	72,685
Readymix concrete	(6,398)	24,375	38,331
Concrete manufactured products	2,120	(794)	(180)
	59,821	**71,225**	**110,836**
Property, plant and equipment			
Aggregates	389,991	398,894	286,440
Readymix concrete	105,399	142,917	98,471
Concrete manufactured products	50,050	53,358	5,290
	545,440	**595,169**	**390,201**

Note 1 : Reclassifications have been made to various revenue items, cost of sales, operating expenses, investment income and finance costs in the prior periods. These reclassifications were made so as to reflect the nature of the underlying transactions in a more meaningful manner. The reclassifications have no impact on the (loss) / profit of the Group. The tables below sets out the relevant items reclassified and the quantum thereof:

	2009 Restated	Reclassifications	2009 Reclassified
Revenue	587,002	12,126	599,128
Cost of sales	(431,499)	38,293	(393,206)
Gross profit	**155,503**	**50,419**	**205,922**
Other income	2,920	-	2,920
Operating expenses	(90,122)	(47,495)	(137,617)
Earnings before depreciation, amortisation, impairments and revaluations, hedging, interest and taxation	**68,301**	**2,924**	**71,225**
Depreciation	(43,694)	-	(43,694)
Amortisation	(1,119)	-	(1,119)
Hedging loss	(4,996)	-	(4,996)
Impairments and revaluations	-	-	-
Earnings before interest and taxation	**18,492**	**2,924**	**21,416**
Investment income	-	1,653	1,653
Finance costs	(41,040)	(4,577)	(45,617)
Loss before taxation	**(22,548)**	**-**	**(22,548)**
Income tax expense	4,233	-	4,233
Loss attributable to shareholders	**(18,315)**	**-**	**(18,315)**

	2008 Reported	Reclassifications	2008 Reclassified
Revenue	532,689	6,115	538,804
Cost of sales	(352,033)	29,620	(322,413)
Gross profit	**180,656**	**35,735**	**216,391**
Other income	2,053	-	2,053
Operating expenses	(74,915)	(32,693)	(107,608)
Earnings before depreciation, amortisation, impairments and revaluations, hedging, interest and taxation	**107,794**	**3,042**	**110,836**
Depreciation	(31,557)	-	(31,557)
Amortisation	-	(626)	(626)
Hedging loss	-	-	-
Impairments and revaluations	-	-	-
Earnings before interest and taxation	**76,237**	**2,416**	**78,653**
Investment income	-	870	870
Finance costs	(21,310)	(3,286)	(24,596)
Earnings before taxation	**54,927**	**-**	**54,927**
Income tax expense	(14,999)	-	(14,999)
Profit attributable to shareholders	**39,928**	**-**	**39,928**

INTRODUCTION

Wearne and its subsidiaries 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 specialised cast concrete products.

REVIEW OF RESULTS

The Group experienced a particularly difficult year, which is borne out in the results under review, which reflect a headline loss of R28.7 million for the year compared to the restated R18.3 million headline loss reported for last year.

Intense competition in a sector that has been dominated by the collapse in residential developments and curtailed government infrastructure expenditure has seen year on year revenue decrease by 10.8%. The hardest hit sector was the ready mixed concrete division, where revenues declined by 34% year on year - this division was particularly exposed to the residential market. The aggregates division experienced a gratifying 10% increase in revenue and the cast concrete products division has shown promising revenue growth year on year.

Group profitability was squeezed as margins came under pressure, however there was some compensation for this as operating expenses were reduced. The resulting Group EBITDA amounted to R30.4 million vs. a restated R66.2 million for the same period last year.

Depreciation and amortisation and net interest paid have increased year on year - especially since 2008 - which have impacted negatively on earnings. These increases arose partly as a result of the acquisition in September 2008 of the Portland Group in Cape Town, portion of which was funded through increased debt. These costs were compounded by the losses made by this acquisition as a consequence of the deep recession in the Western Cape.