Salient Features

- Revenue up 14% to R297 million
- Net tangible asset value per share up 13% to 117.9 cents

Unaudited Financial Results

for the six months ended 31 August 2008

WEARNE

WG WEARNE LTD

(Incorporated in the Republic of South Africa)

Registration number 1994/005983/06

JSE CODE: WEA ISIN: ZAE000078002 ("Wearne" or "the Company")

Condensed Group Income Statements

	Unaudited 6 months August 2008 R'000	Reviewed(1) 6 months August 2007 R'000	Audited(1) 12 months February 2008 R'000
Revenue	**297 136**	**261 186**	**538 805**
Cost of sales	(207 070)	(166 234)	(368 038)
Gross profit	**90 066**	**94 952**	**170 767**
Administration expenses	(45 542)	(38 224)	(62 609)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**44 524**	**56 728**	**108 158**
Depreciation	(20 042)	(13 397)	(31 557)
Profit before interest and taxation	**24 482**	**43 331**	**76 601**
Other income	22	86	2 053
Net interest paid	(17 078)	(9 452)	(23 727)
Profit before taxation	**7 426**	**33 965**	**54 927**
Taxation	(2 138)	(9 692)	(14 998)
Profit attributable to ordinary shareholders	**5 288**	**24 273**	**39 929**
Reconciliation of headline earnings:			
Profit attributable to ordinary shareholders	5 288	24 273	39 929
Less loss / (profit) on disposal of property, plant and equipment	291	(1 054)	(784)
Headline earnings attributable to ordinary shareholders	**5 579**	**23 219**	**39 145**
Weighted average shares in issue (000)	146 589	145 585	145 484
Fully diluted weighted average shares in issue (000)	151 542	150 000	150 053
Earnings per share (cents)	3.6	16.7	27.5
Headline earnings per share (cents)	3.8	15.9	26.9
Fully diluted earnings per share (cents)	3.5	16.2	26.6
Fully diluted headline earnings per share (cents)	3.7	15.5	26.1

NOTE

(1) Reclassifications were made to various items of other income, revenue, cost of sales and operating costs with regard to 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.

Condensed Group Balance Sheets

	Unaudited August 2008 R'000	Reviewed(1) August 2007 R'000	Audited February 2008 R'000
ASSETS			
Non-current assets	**498 031**	**354 587**	**402 120**
Property, plant and equipment	483 543	344 067	390 201
Goodwill	9 186	6 636	6 710
Available for sale investments	5 302	3 884	5 209
Current assets	**139 078**	**117 496**	**119 051**
Inventories	33 567	21 716	28 119
Trade and other receivables	104 360	93 953	88 226
Cash and cash equivalents	1 151	1 827	2 706
Total assets	**637 109**	**472 083**	**521 171**
EQUITY AND LIABILITIES			
Equity	**186 591**	**162 508**	**179 083**
Issued capital	147	146	146
Share premium	79 422	76 232	77 096
Non-distributable reserves	182	68	121
Accumulated profits	106 840	86 062	101 720
Non-current liabilities	**285 874**	**200 399**	**217 976**
Environmental obligation	16 737	13 854	14 664
Secured loans	44 612	26 749	29 671
Instalment sale creditors	201 672	142 451	152 817
Deferred taxation	22 853	17 345	20 824
Current liabilities	**164 644**	**109 176**	**124 112**
Trade and other payables	104 861	51 803	73 692
Current portion of non-current liabilities	50 547	35 218	47 436
Taxation	1 720	5 971	2 984
Bank overdraft	7 516	16 184	-
Total equity and liabilities	**637 109**	**472 083**	**521 171**
Number of shares in issue (000)	150 500	150 000	150 000
Net asset value per share (cents)	124.0	108.3	119.4
Net tangible asset value per share (cents)	117.9	103.9	114.9

NOTE

(1) Goodwill and secured loans were adjusted with regards to the prior period for the effect of deemed interest on deferred payments due on the acquisition of subsidiaries. The net effect was a reduction in goodwill of R782 995, offset by a net reduction in secured loans of the same amount.

Condensed Group Statements of Changes in Equity

	Unaudited 6 months August 2008 R'000	Reviewed 6 months August 2007 R'000	Audited 12 months February 2008 R'000
Balance at beginning of period	**179 082**	**139 313**	**139 313**
Issue of share capital and share issue expenses	2 326	(1 230)	(365)
Share-based payment reserve	61	49	102
Net profit for the period	5 288	24 273	39 929
Investment fair-value adjustment	(166)	103	104
Balance at end of period	**186 591**	**162 508**	**179 083**

Condensed Group Cash Flow Statements

	Unaudited 6 months August 2008 R'000	Reviewed(1) 6 months August 2007 R'000	Audited 12 months February 2008 R'000
Cash flows from operating activities	36 694	1 879	58 346
Cash flows from investing activities	(114 998)	(95 906)	(161 683)
Cash flows from financing activities	69 233	70 188	96 561
Net increase in cash and cash equivalents	**(9 071)**	**(23 839)**	**(6 776)**
Cash and cash equivalents at beginning of period	2 706	9 482	9 482
Cash and cash equivalents at end of period	**(6 365)**	**(14 357)**	**2 706**

NOTE

(1) Minor reclassifications were made amongst cash-flow activity types. 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 net cash flows of the group.

Segmental Reporting

	Unaudited 6 months August 2008 R'000	Reviewed 6 months August 2007 R'000	Audited 12 months February 2008 R'000
Revenue			
Ready-mixed concrete	204 158	191 700	376 983
Aggregates	210 378	161 390	333 409
Concrete products	3 746	-	3 094
	418 282	353 090	713 486
less inter-segment revenue	(121 146)	(91 904)	(174 681)
Total revenue	**297 136**	**261 186**	**538 805**
Profit before interest and taxation			
Ready-mixed concrete	7 869	13 559	23 416
Aggregates	16 127	29 772	53 631
Concrete products	486	-	(446)
Total profit before interest and taxation	**24 482**	**43 331**	**76 601**
Property, plant and equipment			
Ready-mixed concrete	115 828	78 581	98 471
Aggregates	335 054	257 046	279 332
Concrete products	24 988	4 392	5 291
	475 870	340 019	383 094
Unallocated	7 673	4 048	7 107
Total property, plant and equipment	**483 543**	**344 067**	**390 201**

OVERVIEW

The directors of Wearne present the unaudited interim financial results for the six months ended 31 August 2008 ("the interim period"), which were disappointing mainly due to the following factors:

- A dramatic increase in the fuel price which the company was unable to pass on to its customers timeously. This situation has improved considerably since the period end.
- A slowdown in the residential market caused by rising interest rates and the limited availability of power supply to new developments. This slowdown specifically affected the ready mixed concrete operation where volumes were down significantly in the first three months of the period. Subsequently two major contracts have commenced which has provided the critical mass required for this business to be profitable.
- A mobile crushing contract which yielded negative returns due to slow production throughput and the escalation in the fuel price which was not adequately recovered in the escalation clauses. The contract was completed at the end of August 2008.
- The temporary closure of the Carletonville dump crushing operation while waiting for approvals from the National Nuclear Regulator. These approvals have now been received.
- Losses at the newly acquired Tzaneen Quarry. These losses were caused by a lack of production by under performing mining equipment. This equipment has now been replaced by new equipment and the operation is now breaking even. The directors are still positive that this acquisition will result in enhanced earnings for the group as the prospects for infrastructure and mining spend in the area are still good.
- Start-up costs at the new pre-cast concrete factory in Polokwane. The operation is close to full production and is expected to break even before the end of the financial year.
- An aggressive investment in plant and people. The subsequent growth in turnover has not been realised as quickly as had been expected however the directors believe that, even though the environment is more challenging, the company will reap the benefits of these investments.

The Willowsfountain Quarry acquisition was completed during the period and was incorporated with effect from 1 May 2008. The quarry's performance has been satisfactory to date.

FINANCIAL RESULTS

Group revenue increased by 14 % to R297.1 million (2007: R261.2 million). Gross profit decreased by 5% to R90.0 million (2007: R95.0 million). Gross profit margins reduced to 30%, for the reasons described above. The reduction in gross profit, combined with a higher depreciation charge for the larger asset base, and an increased finance cost due to higher interest rates for financed assets, resulted in lower headline earnings per share to 3.8 cents for the period (2007:15.9 cents).

The segmental report shows marginally increased revenue for ready mixed concrete, despite reduced volumes for the reasons described above. This is largely attributable to the completion of large volume contracts at lower prices, which were completed for the full comparative period. The aggregates division shows large volume and revenue increases, which were dampened by the negative effects of the factors described under the overview commentary.

The company managed its cash-flows well during this difficult period, generating R36.7 million from operating activities and a further R69.2 million from financing activities. These amounts have largely been applied to the acquisition of property, plant and equipment, on which R118.0 million was spent during the period.

PROSPECTS

While the operating results for the period were poor and the general meltdown of financial markets across the world will certainly slow the growth of the South African economy, the directors believe that the need by and will of the Government to improve the country's infrastructure will create many opportunities for the group.

The directors believe that the second half of the year will reflect a much improved financial performance, having regard to the reduction in the fuel price and an increase in volumes in all the businesses. The group also concluded value-enhancing acquisitions, creating critical mass that will benefit stakeholders. Specifically, the acquisition in the Western Cape of the Portland Holdings (Pty) Limited ("Portland") group of companies has now been completed, the effective acquisition date being 1 September 2008.

The brick plant joint venture has performed well, making a profit within its first year of operation. Through these additions, the group is extending its geographical footprint so as to position itself as a national supplier of aggregates, ready-mixed concrete and concrete products. No major capital expenditure will be spent in the second half of the year as the group now has spare capacity in all the businesses and will focus on exploiting these assets.

BUSINESS COMBINATIONS

The acquisition of the quarry assets in Willowsfountain, Pietermaritzburg, became effective on 1 May 2008. That business contributed revenue of R9.5 million and after-tax profits of R240k to the group for the period. Goodwill acquired on 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.

POST BALANCE SHEET EVENTS

Shareholders are referred to the announcements, dated 4 June 2008 and 7 August 2008, relating to the acquisition of Portland and the minority interests in certain of its subsidiaries which was concluded on 1 September 2008. The purchase of the related Vissershok property, on which the stone quarry is located, was concluded after the interim period-end. The acquisition is expected to make a significant contribution to the group's results in the future.

BASIS OF PREPARATION

The interim results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Companies Act (Act 61 of 1973), as amended, and International Accounting Standards (IAS 34 : Interim Financial Reporting). The accounting policies used to prepare these interim financial statements are consistent with those applied in the prior interim period and at previous year-end, except where the group has adopted new or revised IFRS standards.

These consolidated interim financial statements incorporate the financial statements 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.

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

IAS 23: Borrowing Costs (early adopted)
IFRS 8: Operating Segments (early adopted)
IFRIC 14: The limit on a Defined Benefit Asset,
Minimum Funding Requirements and their Interaction

DIVIDEND POLICY

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

By order of the Board

5 November 2008

S J Wearne — Chief Executive Officer

O J G Harvey — Chief Financial Officer

CORPORATE INFORMATION

Non-executive directors: B Mkhonto, E Moloi, H W P Scholtz
Executive directors: S J Wearne (Chairman and CEO); J C Wearne; O J G Harvey; 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

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