WG WEARNE'S INTERIM RESULTS REFLECT ACCELERATED GROWTH

Alt^{X} -listed WG Wearne's first interim results since listing have seen the supplier of ready mixed concrete and aggregates accelerate its growth for the six months to August 2006 by more than 50% across all key performance indicators. Capitalising on the ongoing construction boom the group drove revenue 72% higher than the same time last year, to R167 million, and attributable earnings up by 89% to R13 million.

EBITDA of R26,5 million grew 86% over the corresponding interim period off the back of increased revenue. CEO John Wearne points out that the group achieved this growth while maintaining operating margins. Gross profit increased 63% to R51 million. In line with WG Wearne's October trading update, headline earnings of R12,7 million almost doubled the R6,5 million for the corresponding interim period, translating into 10,2 cents a share compared with 6,5 cents**.**

Wearne attributes the growth to strong performances from the group's key divisions in light of steady demand from the construction and building sector. Ready mixed concrete led the divisional turnover growth with an 80% increase. "Growth in this division was boosted by new major contracts worth R68 million, started at the beginning of the year and set to continue into 2008," says Wearne hinting at a continued robust performance from this division.

The two new contracts have seen WG Wearne begin supplying ready mixed concrete to the Fairlands Project for the Grinaker Lta/WBHO joint venture and the VRESAP pipeline. Reinforcing the sustainability of the division's performance, Wearne points out that a new contract from Group Five worth R18 million will maintain revenue levels once the current contracts are completed.

The aggregates business increased turnover by 49%. "Our R26 million investment in capacity last year is vindicated by ever increasing demand and the division's consequently improved performance," says Wearne, adding that the investment will enable the group to further grow this division.

He says that the acquisition of three sand and stone quarries from W De Bruyn Sandwerke, announced in September, will position the group to continue meeting demand for construction materials in Gauteng. The company said on Tuesday that the deal has become unconditional after obtaining Competition Commission approval. "The acquisition will improve our foothold in the Gauteng aggregates market and our vertical integration within the group, boosting profitability and securing long-term growth prospects."

Looking ahead he remains optimistic. He points out that although the second half of the year is traditionally slower due to the builders' break over the festive season, the group should maintain current levels of turnover as most of its major projects are due to be completed only after year-end in February 2007. Commenting on concerns regarding cement shortages, Wearne says that additional capacity at cement producers should alleviate any shortages by 2008. He adds that "the slowing of the residential market is not expected to impact on our growth as large infrastructure and civil projects are in planning, for which we are tendering at the moment."

Wearne concludes: "We remain confident that promising growth prospects for the infrastructure and road construction sectors, and a healthy pipeline of projects for WG Wearne, should enable the group to comfortably beat its HEPS forecast for 2007."

The share closed yesterday at R3,86 having risen steadily since listing at R1,91.

Ends.

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