

## Highlights

- ↑ Revenue up 55%
- ↑ Attributable earnings up 84%
- ↑ EPS up 58%
- ↑ Headline earnings per share up 57%
- ↑ Net asset value per share up 91%

# Reviewed Group Interim Results

for the six months ended 31 August 2007



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

### Abridged Income Statements

	Reviewed 6 months ended 31 August 2007 R'000	Reviewed 6 months ended 31 August 2006 R'000	Audited 12 months ended 28 February 2007 R'000
Revenue	259 107	166 942	352 500
Cost of sales	(172 860)	(115 952)	(246 133)
<b>Gross profit</b>	<b>86 247</b>	<b>50 990</b>	<b>106 367</b>
Other income	2 164	1 740	1 789
Administration expenses	(31 597)	(26 200)	(48 877)
<b>Earnings before interest, tax, depreciation and amortisation ("EBITDA")</b>	<b>56 814</b>	<b>26 530</b>	<b>59 279</b>
Depreciation	(13 397)	(6 373)	(16 484)
<b>Profit before interest and taxation</b>	<b>43 417</b>	<b>20 157</b>	<b>42 795</b>
Net interest paid	(9 452)	(1 798)	(6 461)
<b>Profit before taxation</b>	<b>33 965</b>	<b>18 359</b>	<b>36 334</b>
Taxation	(9 692)	(5 173)	(10 252)
<b>Profit attributable to ordinary shareholders</b>	<b>24 273</b>	<b>13 186</b>	<b>26 082</b>
<b>Reconciliation of headline earnings:</b>			
Profit attributable to ordinary shareholders	24 273	13 186	26 082
Less IAS 16 profit on disposal of property, plant and equipment	(1 054)	(466)	(184)
<b>Headline earnings attributable to ordinary shareholders</b>	<b>23 219</b>	<b>12 720</b>	<b>25 898</b>
Weighted average shares in issue on which earnings are based (000)	145 585	125 015	131 584
Fully diluted weighted average shares in issue (000) (Note)	150 000	130 000	136 119
Shares in issue at period end (000)	150 000	130 000	150 000
Earnings per share (cents)	16.7	10.6	19.8
Headline earnings per share (cents)	16.0	10.2	19.7
Fully diluted earnings per share (cents)	16.2	10.1	19.2
Fully diluted headline earnings per share (cents)	15.5	9.8	19.0

**Note:** In terms of the acquisition agreement of the Tzaneen quarry ("Tzaneen quarry acquisition"), which became effective on 1 August 2007, 500 000 new Wearne ordinary shares will be issued on 30 June 2008 and 500 000 new Wearne ordinary shares will be issued on 30 June 2009. The 1 000 000 new Wearne ordinary shares will be issued at 500 cents per Wearne ordinary share to the Tzaneen vendors.

### Abridged Balance Sheets

	Reviewed 31 August 2007 R'000	Reviewed 31 August 2006 R'000	Audited 28 February 2007 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>355 371</b>	<b>110 545</b>	<b>269 911</b>
Property, plant and equipment	344 068	105 561	263 896
Goodwill	7 419	2 419	2 419
Unlisted investments and associates	3 884	2 565	3 596
<b>Current assets</b>	<b>117 495</b>	<b>92 579</b>	<b>82 047</b>
Inventories	21 716	9 113	13 857
Trade and other receivables	93 952	58 657	58 708
Cash and cash equivalents	1 827	24 809	9 482
<b>Total assets</b>	<b>472 866</b>	<b>203 124</b>	<b>351 958</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>162 508</b>	<b>72 021</b>	<b>139 312</b>
Issued capital	146	125	145
Share premium	76 232	23 457	77 462
Non-distributable reserves	68	-	19
Accumulated profits	86 062	48 439	61 686
<b>Non-current liabilities</b>	<b>201 183</b>	<b>63 706</b>	<b>132 111</b>
Environmental obligation	13 855	5 677	12 794
Secured loans	27 532	-	28 117
Installment sale creditors	142 451	49 181	78 031
Deferred taxation	17 345	8 848	13 169
<b>Current liabilities</b>	<b>109 175</b>	<b>67 397</b>	<b>80 535</b>
Trade and other payables	51 803	50 364	51 969
Current portion of non-current liabilities	35 217	13 839	26 851
Taxation	5 971	3 194	1 715
Bank overdraft	16 184	-	-
<b>Total equity and liabilities</b>	<b>472 866</b>	<b>203 124</b>	<b>351 958</b>
Number of shares in issue (000)	145 585	125 015	145 466
Net asset value per share (cents)	111.6	57.6	95.8
Net tangible asset value per share (cents)	106.5	55.7	94.1

### Abridged Statements of Changes in Equity

	Reviewed 6 months ended 31 August 2007 R'000	Reviewed 6 months ended 31 August 2006 R'000	Audited 12 months ended 28 February 2007 R'000
Balance at beginning of period	139 312	58 760	58 760
Issue of share capital and share issue expenses	(1 230)	15	54 040
Share-based payment reserve	49	-	19
Net profit for the period	24 274	13 186	26 082
Investment fair value adjustment	103	60	411
<b>Balance at end of period</b>	<b>162 508</b>	<b>72 021</b>	<b>139 312</b>

### Abridged Cash Flow Statements

	Reviewed 6 months ended 31 August 2007 R'000	Reviewed 6 months ended 31 August 2006 R'000	Audited 12 months ended 28 February 2007 R'000
Cash flows from operating activities	2 458	19 567	39 763
Cash flow from investing activities	(97 268)	(47 606)	(216 939)
Cash flow from financing activities	70 971	32 862	166 672
<b>Net increase in cash and cash equivalents</b>	<b>(23 839)</b>	<b>4 823</b>	<b>(10 504)</b>
Cash and cash equivalents at beginning of period	9 482	19 986	19 986
<b>Cash and cash equivalents at end of period</b>	<b>(14 357)</b>	<b>24 809</b>	<b>9 482</b>

## On spec. On site. On time.

#### Overview

The directors of Wearne are pleased to present the reviewed interim financial results for the six months ended 31 August 2007 ("the interim period"), which results have again exceeded expectations and delivered excellent growth.

Group revenue increased by 55.2% to R259.1 million. Turnover of aggregates increased by 136.9% to R83.4 million and that of ready-mixed concrete increased by 33.4% to R175.7 million.

The De Bruyn acquisition of three sand and stone quarries is now fully incorporated into our results for the period under review. Its performance has met our expectations and we look forward to continued growth.

The acquisition of the quarry in Tzaneen became effective on 1 August 2007. The acquisition of the Willowsfontain Quarry (Pty) Limited assets in Pietermaritzburg ("the Willowsfontain quarry") has not yet been completed, due to the fact that one of the conditions precedent has not yet been met. We anticipate that this will be completed by the end of October 2007. The trading benefits of the quarry operations acquired in Tzaneen and Pietermaritzburg will only be realized during the next financial period.

#### Financial Results

Group revenue increased by 55.2% to R259.1 million (2006: R166.9 million).

Gross profit increased by 69% to R86.2 million (2006: R51.0 million). Gross profit margins increased to 33.3%, compared to 30.5% achieved for the comparative interim period. EBITDA grew significantly by 114.2% to R56.8 million (2006: R26.5 million). EBITDA margins increased to 20.9% (2006: 15.9%) due to a better recovery of administrative expenses and higher volumes achieved.

Depreciation and interest charges increased significantly during the period under review, due to the purchase of additional plant and equipment to the value of R95 million. This amount includes assets of R10 million that form part of the Tzaneen quarry acquisition.

Profit attributable to ordinary shareholders of R24.3 million was achieved against R13.2 million for the comparative interim period and headline earnings attributable to ordinary shareholders almost doubled to R23.2 million (2006: R12.7 million).

#### Prospects

Wearne has been awarded a number of major contracts that should see the Group maintain revenue levels for the remainder of the year, despite the traditional slow down during the builders' break over the festive season.

The Board is pleased to report that additional contracts to the value of R20 million have been awarded to the Group by Concor Roads, a division of Murray & Roberts Holdings Limited, for the supply of aggregate. The group has also been named as preferred supplier of ready-mixed concrete for the Legend Golf & Safari Resort in Naboomspruit. The total value of the contract will be in excess of R100 million over a five year period.

The Board has approved additional capital expenditure of R50 million for plant and equipment to be acquired prior to the end of the financial year.

Wearne's vertical integration strategy includes capital expenditure of R20 million for a pre-cast concrete manufacturing business in Polokwane. Other plans include the establishment of the brick manufacturing plant in Bethlehem in a joint venture.

#### Post Balance Sheets

Shareholders are advised that the acquisition of the Willowsfontain quarry in Pietermaritzburg is not yet unconditional. It is anticipated that the Pietermaritzburg quarry acquisition will become unconditional by the end of October 2007 and will strategically position Wearne to expand its geographical footprint to include KwaZulu-Natal.

#### Dividend Policy

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

#### Basis of Preparation

The interim results have been prepared in accordance with 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 and are in accordance with International Financial Reporting 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.

This announcement has been prepared in accordance with the Listings Requirements of the JSE Limited.

#### Auditor's Review

The auditors, Clarke and Patterson, have reviewed these interim results. A copy of their unqualified review opinion is available for inspection at the company's registered office.

By order of the Board  
18 October 2007

**S J Wearne**  
Chief Executive Officer

**O J G Harvey**  
Chief Financial Officer

#### CORPORATE INFORMATION

**Non-executive directors:** B Mkhonto, E Moli  
**Executive directors:** S J Wearne (Chairman and CEO), J C Wearne, O J G Harvey (CFO)  
**Registration number:** 1994/005983/06  
**Registered address:** Stone Mill Office Park, 300 Acacia Road, Cresta  
**Postal address:** PO Box 1422, Randfontein, 1760  
**Company secretary:** O J G Harvey  
**Telephone:** (011) 412 3000 • **Facsimile:** (011) 412 3002  
**Transfer secretaries:** Computershare Investor Services 2004 (Pty) Limited  
**Designated Adviser:** Exchange Sponsors (Pty) Limited

These results and an overview of Wearne are available at [www.wearne.co.za](http://www.wearne.co.za)

# www.wearne.co.za

