

Highlights

- ↑ Revenue up 72%
- ↑ Attributable earnings up 89%
- ↑ EPS up 51%
- ↑ HEPS up 57%
- ↑ NAV per share up 118%

Reviewed Group Interim Results

for the six months ended 31 August 2006



WG WEARNE LTD

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

Abridged Income Statements

	Reviewed 6 months ended 31 August 2006	Reviewed 6 months ended 31 August 2005	Audited 12 months ended 28 February 2006
	R	R	R
Revenue	166 942 272	96 936 726	196 601 607
Cost of sales	(115 952 176)	(65 620 373)	(137 069 374)
Gross profit	50 990 096	31 316 353	59 532 233
Other income	1 739 574	1 431 683	3 908 673
Administration expenses	(26 199 447)	(18 469 568)	(33 444 682)
Earnings before interest, tax, depreciation and amortisation	26 530 223	14 278 468	29 996 224
Depreciation	(6 373 346)	(3 145 978)	(6 241 167)
Profit before interest and taxation	20 156 877	11 132 490	23 755 057
Net interest paid	(1 798 239)	(1 281 751)	(2 153 891)
Profit before taxation	18 358 638	9 850 739	21 601 166
Taxation	(5 172 930)	(2 883 557)	(5 868 219)
Profit attributable to ordinary shareholders	13 185 708	6 967 182	15 732 947
Reconciliation of headline earnings:			
Profit attributable to ordinary shareholders	13 185 708	6 967 182	15 732 947
Adjusted for profit on disposal of property, plant and equipment	(465 153)	(484 342)	(1 028 689)
Headline earnings attributable to ordinary shareholders	12 720 555	6 482 840	14 704 258
Weighted average shares in issue on which earnings are based ⁽¹⁾	125 015 000	100 000 000	100 547 945
Basic earnings per share (cents)	10.55	6.97	15.65
Adjusted for -			
Profit on disposal of property, plant and equipment (after tax) (cents)	(0.37)	(0.49)	(1.02)
Headline earnings per share (cents)	10.18	6.48	14.63
Weighted average shares in issue on which earnings are based ⁽¹⁾	125 015 000	100 000 000	100 547 945
Share trust treasury shares	4 985 000	-	-
Fully diluted weighted average shares in issue	130 000 000	100 000 000	100 547 945
Fully diluted earnings per share (cents)	10.14	6.97	15.65
Fully diluted headline earnings per share (cents)	9.79	6.48	14.62

Note:

(1) Weighted average calculation for 31 August 2005 is based on the conversion of 82 625 ordinary shares in issue to 100 000 000 ordinary shares in issue.

Abridged Balance Sheets

	Reviewed 31 August 2006	Reviewed 31 August 2005	Audited 28 February 2006
	R	R	R
ASSETS			
Non-current assets	110 545 446	52 733 952	68 786 895
Property, plant and equipment	105 561 561	48 855 571	64 004 353
Goodwill	2 418 636	2 418 636	2 418 638
Unlisted investments and associates	2 565 249	1 459 745	2 363 904
Current assets	92 579 067	50 409 477	60 319 240
Inventories	9 112 887	10 666 749	10 100 269
Trade and other receivables	58 657 432	37 538 553	30 232 775
Bank and cash	24 808 748	2 204 175	19 986 196
Total assets	203 124 513	103 143 429	129 106 135
EQUITY AND LIABILITIES			
Equity	72 020 779	26 359 876	58 760 289
Issued capital	125 015	82 625	125 000
Share premium	23 457 378	-	23 442 393
Accumulated profits	48 438 386	26 277 251	35 192 896
Non-current liabilities	63 706 125	29 194 505	33 002 873
Environmental obligation	5 677 706	5 258 987	5 461 256
Instalment sale creditors	49 180 704	19 485 142	20 815 424
Deferred taxation	8 847 715	4 450 376	6 726 193
Current liabilities	67 397 609	47 589 048	37 342 973
Trade and other payables	50 364 229	33 172 674	28 076 933
Current portion of non-current liabilities	13 839 383	8 008 533	7 309 973
Taxation	3 193 997	5 241 701	1 956 067
Bank overdraft	-	1 166 140	-
Total equity and liabilities	203 124 513	103 143 429	129 106 135
Number of shares in issue	125 015 000	100 000 000	125 000 000
Net asset value per share (cents)	57.6	26.4	47.0
Net tangible asset value per share (cents)	55.7	23.9	45.1

Note:

(1) Weighted average calculation for 31 August 2005 is based on the conversion of 82 625 ordinary shares in issue to 100 000 000 ordinary shares in issue.

Abridged Statements of Changes in Equity

	Reviewed 6 months ended 31 August 2006	Reviewed 6 months ended 31 August 2005	Audited 12 months ended 28 February 2006
	R	R	R
Balance at beginning of period	58 760 289	19 361 236	19 361 236
Net profit for the period	13 185 708	6 967 182	15 732 947
Issue of share capital	15 000	-	23 484 768
Losses taken to equity	-	(12 262)	-
Investment fair value adjustment	59 782	43 736	181 338
Balance at end of period	72 020 779	26 359 892	58 760 289

Abridged Cash Flow Statements

	Reviewed 6 months ended 31 August 2006	Reviewed 6 months ended 31 August 2006	Audited 12 months ended 28 February 2006
	R	R	R
Cash flows from operating activities	19 567 175	10 879 487	22 533 571
Cash flow from investing activities	(47 606 962)	(19 759 688)	(27 015 364)
Cash flow from financing activities	32 862 339	14 741 549	29 291 301
Net increase in cash and cash equivalents	4 822 552	5 861 348	24 809 508
Cash and cash equivalents at beginning of period	19 986 196	(4 823 312)	(4 823 312)
Cash and cash equivalents at end of period	24 808 748	1 038 036	19 986 196

OVERVIEW

The directors of Wearne are pleased to present the reviewed interim financial results for the six months ended 31 August 2006 ("the interim period"), which have exceeded expectations and delivered excellent growth in all key performance indicators.

Group revenue increased by 72% to R167 million. Within the divisions, the aggregates business grew turnover by 49%. Ready mixed concrete turnover increased significantly by 80% partly due to two major contracts secured by Wearne and started at the beginning of the financial year. The contracts are due to be completed in the 2008 financial year.

FINANCIAL RESULTS

Gross profit increased to R51 million for the interim period, 63% higher than the comparative interim period. EBITDA grew significantly by 86% to R26.5 million off the higher revenue base, while notably the group managed to maintain operating margins.

Headline earnings of R12.7 million almost doubled the R6.5 million for the comparative interim period while profit attributable to ordinary shareholders rose 89% to R13.2 million.

PROSPECTS

Whilst the second half of the year is traditionally slower due to the builders' break over the festive season, most of Wearne's major projects are due to be completed only after year-end, which should enable the group to maintain current levels of turnover.

In addition Wearne is currently tendering on a number of major civil and building projects, which should ensure that the company will continue to deliver real growth for the full financial year to February 2007.

POST BALANCE SHEET EVENTS

Shareholders are referred to the announcements dated 11 September 2006, 20 September 2006 and 24 October 2006, respectively, in respect of Wearne's acquisition of the business, moveable assets and various properties of W De Bruyn Sandwerke CC ("the DBS transaction") for R135 million.

SHARE CAPITAL

Prior to the date of listing on ALT*, an offer was made to the group's employees to acquire shares in the company through the Share Incentive Trust with the objective of increasing the Black Economic Empowerment shareholding of the company. The 4 985 000 shares have been treated as "treasury" shares in the share capital of the company and deducted from equity.

Wearne has placed 20 000 000 ordinary shares with public and BEE investors at 270 cents per share to partly fund the DBS transaction.

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.

AUDITORS' 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
26 October 2006

S J Wearne

Chairman and CEO

O J G Harvey

CFO

CORPORATE INFORMATION

Non-executive directors: B Mkhonto, E Moloi

Executive directors: S J Wearne (Chairman and CEO); J C Wearne; B J du Toit; O J G Harvey (CFO)

Registration number: 1994/005983/06

Registered address: Main Road, Aureus, Randfontein, 1759

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

Warning: The listing of ordinary shares in the company is on ALT*. Investors are advised of the risks of investing in a company listed on ALT*. Investors are advised that the JSE does not guarantee the viability or the success of a company listed on ALT*. In terms of the Listings Requirements, the company is obliged to appoint and retain a Designated Adviser, which is required to, inter alia, attend all board meetings held by the company to ensure that all the Listings Requirements and applicable regulations are complied with, approve the Financial Director of the company and guide the company in a competent, professional and impartial manner. If the company fails to retain a Designated Adviser, it must make arrangements to appoint a new Designated Adviser within 10 business days, failing which the company faces suspension of trading of its securities. If a Designated Adviser is not appointed within 30 days of its suspension, the company faces the termination of its listing without the prospect of an appropriate offer to minority shareholders.