Annual Report 2016

Working together as a team to achieve common goals

WEARNE
WG WEARNE LTD

Contents 2016

DEFINITIONS:
"Group"
WG Wearne Limited and its associated subsidiaries and special purpose entities.

Group Overview **2016**

Back to the Basics – **our core products and services**

Introduction

WG Wearne Limited and its subsidiaries ("the Group"), is proudly one of South Africa`s oldest suppliers of materials to the building and construction industry. Established in 1910 as a construction concern by its founder William George Wearne, the company was initially involved in the sand and stone business in the small town of Carletonville, 120 kilometres from Johannesburg.

The ready-mix division was established in the early 1970s and firmly positioned Wearne as a serious player in the industry. From there the company grew and became what is now known as The Wearne Group of Companies, supplying the construction industry with a complete building material solution.

The Group has operations in Gauteng, North West, Limpopo, Free State and KwaZulu-Natal. Our products and services include aggregates, ready-mixed concrete, precast concrete products, mobile crushing and contracting services. The Group supplies customers in the construction, housing and mining industries and to various government projects. What was once a small family business is today a JSE AltX listed company operating across a large portion of South Africa with a staff compliment of over 600 people.

The Group`s goal is to be one of the leading concrete products and aggregate suppliers in South Africa. We strive to achieve this by providing a professional service and a complete range of products to the building industry, establishing us as the preferred supplier in all the areas we operate.

Our **Mission**

To provide quality products and services that ultimately result in value for all our stakeholders.

Today's vision is laying the groundwork for tomorrow

Our **Values**

Our value system is based on the principle value of professionalism. We are passionate about the services and products we provide and seek to incoporate our core values in everything we do.

- Professionalism
- Service
- Quality
- Passion
- Value
- Reputation

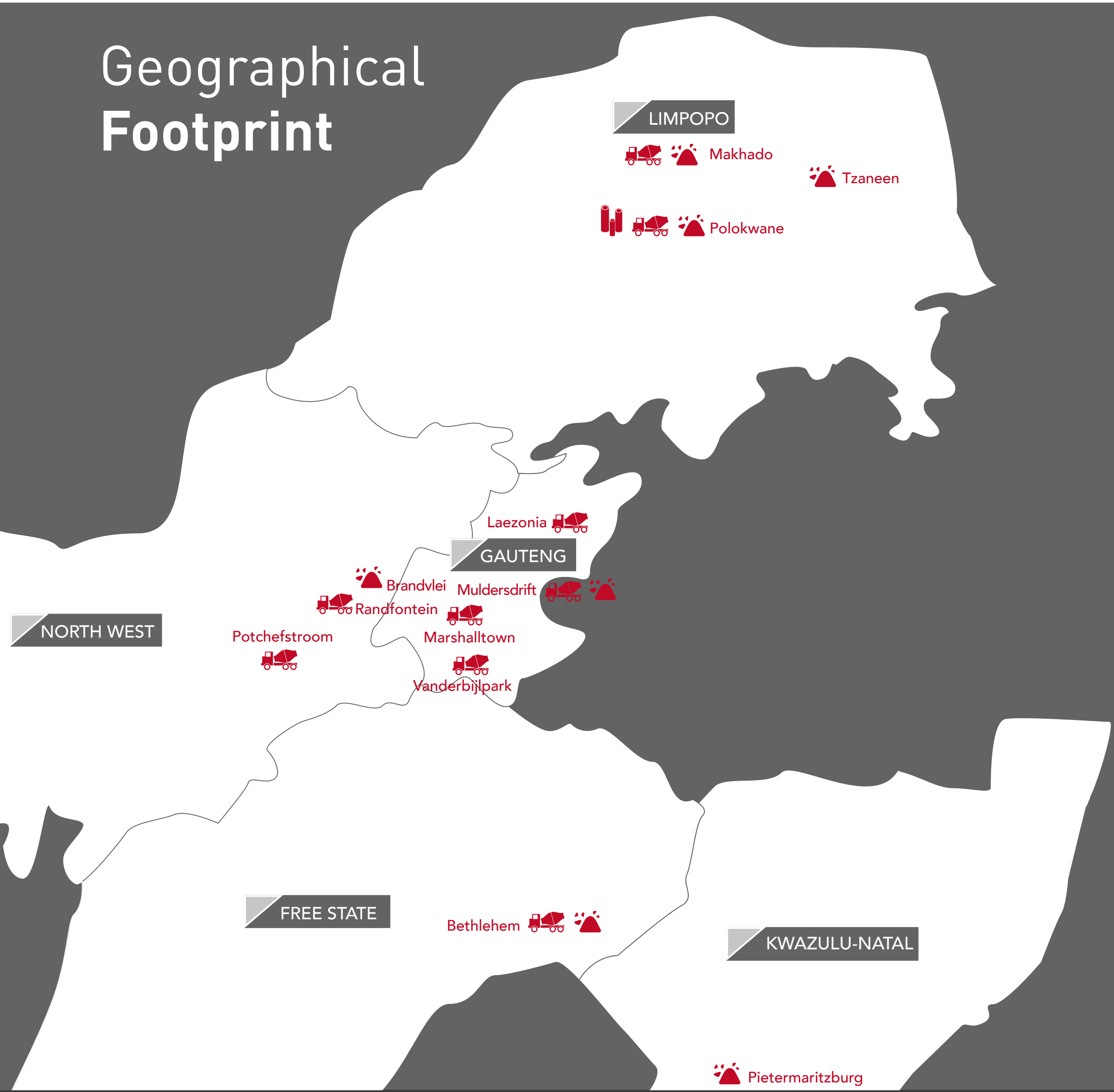
Our **Vision**

To be the preferred supplier of aggregate and concrete related products in the construction industry by ensuring our customers' expectations are exceeded, by delivering quality service and products, thereby creating prosperity for all stakeholders.

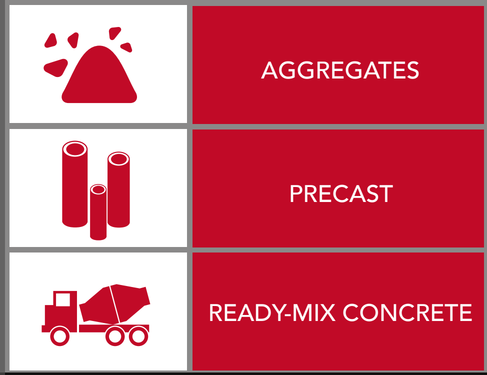
- **Motivated and empowered people**
- **Pursuing value enhancing activities**
- **Providing professional and efficient service**
- **Safe and sustainable operations**

Group **Structure**

Geographical **Footprint**



We operate across South Africa with concentrated operations in Limpopo and Gauteng provinces



Business **Overview**

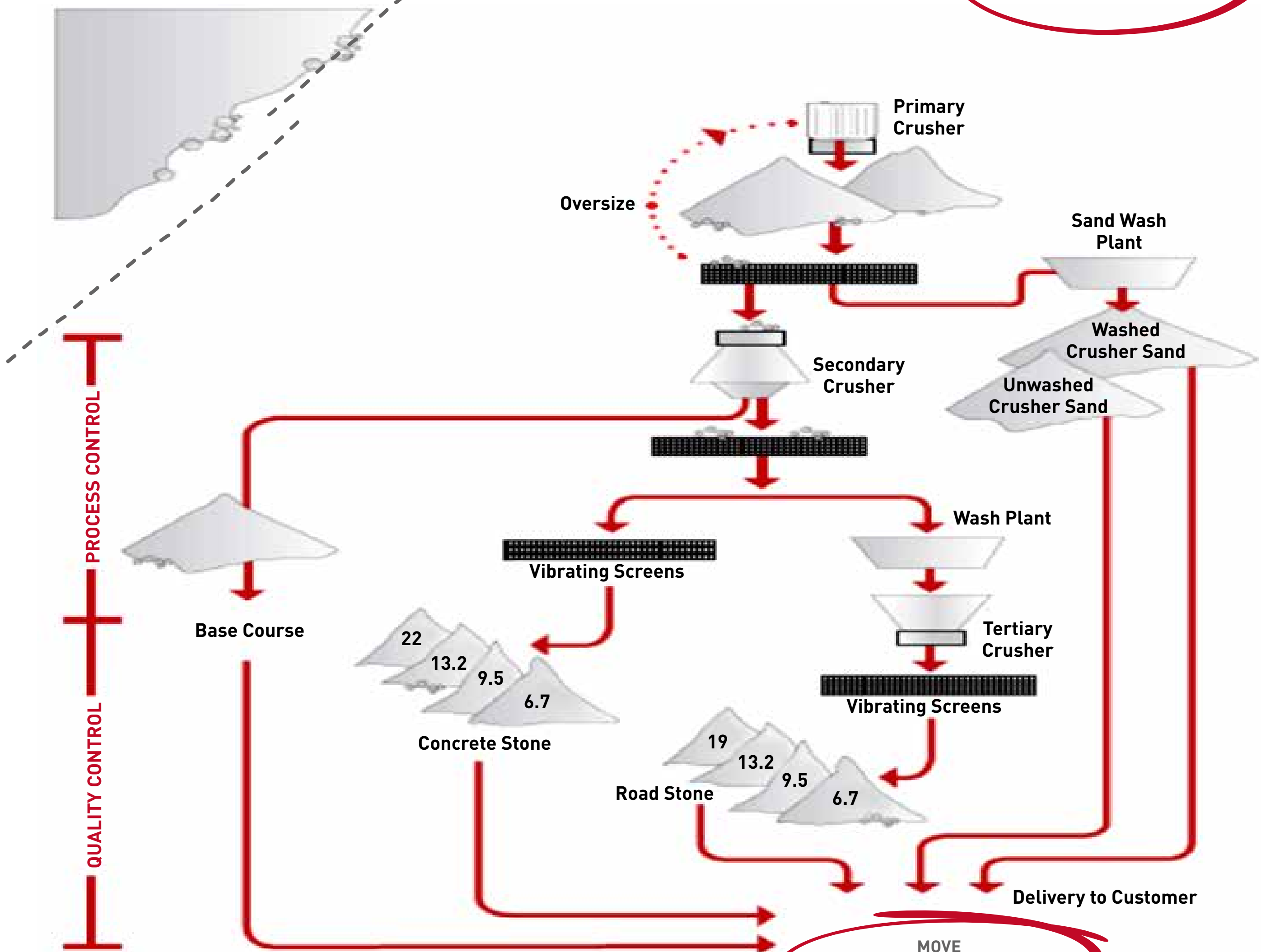
SECURE
Gaining and maintaining our social and legal license to operate is critical to the sustainability of our business.
We continuously assess our processes to ensure that we meet legislative and legal requirements.

FIND
Our quarries and plants are situated in 5 provinces of the country. We strategically locate areas of the country after performing assessments and market research. Careful quarry planning ensures the best method of exposing the "production face".

SELL
We collaborate with customers around the country to tailor products to their specific needs. Aggregates are internally supplied to the readymix and precast division for the manufacture of product.
Our Products range from aggregates, readymix concrete, concrete manufactured products and crushing and earthworks services.

EXTRACT
- Drilling and Blasting
- Waste rock/tailings
- Excavation

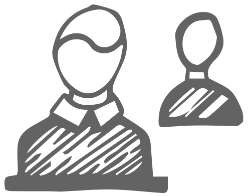
PROCESS
- Crushing
- Screening and Sorting
- Washing



MOVE
We offer efficient and effective transport of all our products

Summary of **Key Achievements**

PEOPLE



- Successful completion of learnership programmes
- **77%** of workforce HDSA
- **14.5%** female employees

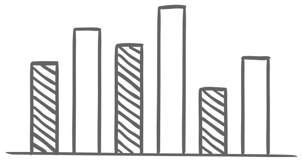
CORPORATE GOVERNANCE

- Compliant with King III
- Continued rollout of whistleblowing facility
- Continuously improved induction processes

ENVIRONMENTAL

- **0** Fatalities
- Reduction in lost time injuries

FINANCIAL



- Increase in revenue of **5.9%**
- Decrease in total liabilities of **R14 million**
- Decrease in borrowings of **R40.5 million (17.8%)**

Operational **Context**

Aggregates

FAST FACTS

- Founded in **1910**
- Supplier of Aggregates to the road and construction industry
- **8** Operational quarries situated in the following provinces: Gauteng, Limpopo, Free State, KZN sector
- Percentage contribution to Group revenue →→ **43%**

PRODUCTS & SERVICES

Base course materials (G1 – G3)

- Sub base materials (G5– G7)
- **6.7mm-37mm** Concrete stone
- **6.7mm-19mm** Road stone
- Dump rock
- Ballast stone
- Crusher sand
- River sand (Decomposed Granite)
- Pit / Building sand
- Plaster sand
- Builders Mix
- UTFC (Ultra Thin Friction Course)

FINANCIAL OVERVIEW AND PROSPECTS

FINANCIAL OVERVIEW

The business unit experienced tough trading conditions in the current year exacerbated by increased levels of competition in various regions. Revenue decreased by R24 Million to R196 Million. Margins remained under pressure due to high energy costs and high fixed costs.

PROSPECTS

The division's outlook remains optimistic with the governments increased focus on infrastructure spend expected in the coming year along with additional road projects being anticipated. The growth rate of the division and Group is however expected to be limited by the low economic growth currently experienced.

Mobile Crushing and Earthworks

FAST FACTS

- Contract Crushing
- Over **30 years** of experience in mobile crushing and screening
- Provides mobile crushing, contract crushing and services to mines, civil companies, demolition contractors and construction companies throughout South Africa
- Established in **2013**
- Engineering, procurement and construction (EPC)
- Current project – supply of earthworks and concrete products to Abeinsa EPC in Northern Cape
- Percentage contribution to Group revenue →→**7%**

PRODUCTS & SERVICES

The most popular stone sizes our mobiles crush: Base course materials (G1-G3) Sub base materials (G5-G7)

6.7mm stone
9.5mm stone
13.2mm stone
19 mm stone
26.5mm stone

Mobiles available for hire

8 x Jaw crushers
6 x Cone crushers
8 x Aggregate Screens
3 x vSI Crushers

Excavators and loaders required to effectively operate a plant Earthworks

FINANCIAL OVERVIEW AND PROSPECTS

FINANCIAL OVERVIEW

The business unit saw a significant improvement in revenue of 71% with revenue of R59.8 million in the current year being achieved. This was mainly due to the contracts that were awarded to the Group for construction services on the solar farm projects in the Northern Cape.

PROSPECTS

The Group will not seek to increase further construction service contracts as it remains focused on its core business of producing aggregates.

Precast

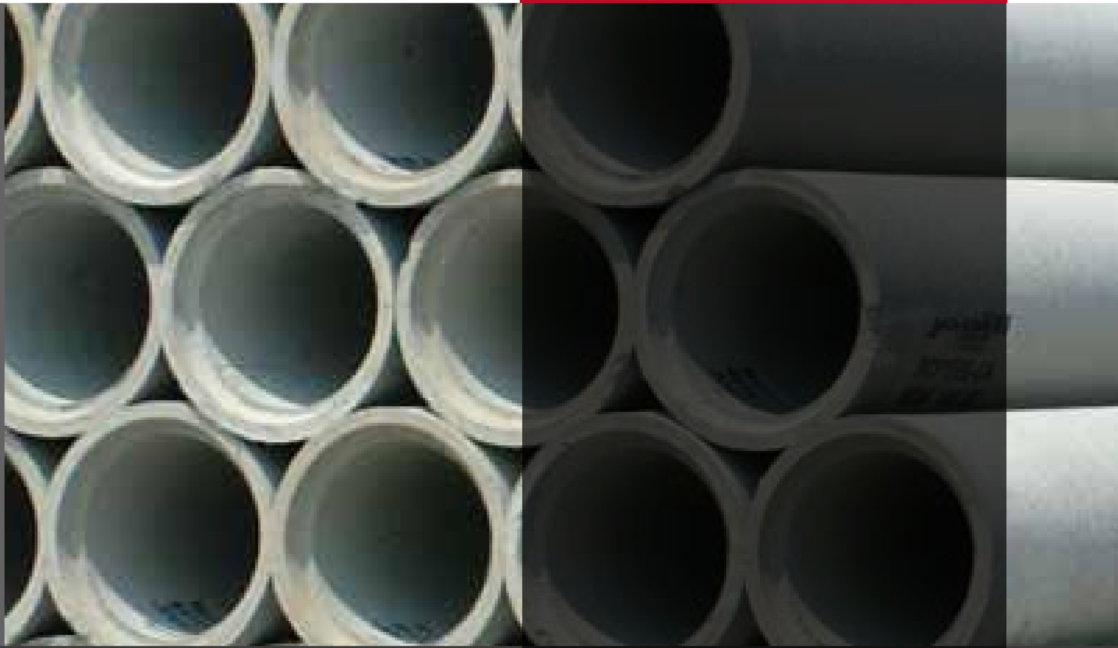
FAST FACTS

- Operates in Polokwane but services the entire Limpopo province
- Makes use of internally produced internationally recognised technology
- Concrete manufactured products meet SANS specifications ISO 9001 quality assurance system
- Industries served: Road construction, civil industry as well as any other industry requiring specialised concrete products
- Percentage contribution to Group revenue →→5%

PRODUCTS & SERVICES

Our superior technology provides the following quality products:

- **Concrete Pipes**
- **Culverts**
- **Man Holes**



FINANCIAL OVERVIEW AND PROSPECTS

FINANCIAL OVERVIEW

The business unit saw a reduction in revenue of R2.6 million (11%).

PROSPECTS

The board has taken a decision to sell all non-core assets and focus on areas where synergies can be achieved between the aggregate and ready mix concrete business units. The Precast business unit has been identified as non-core and has been disclosed as a discontinued operation in the separate and consolidated financial statements.

Ready Mix

FAST FACTS

- Operating in the industry for over **45 years**
- Situated in 4 provinces in South Africa with 10 active plants
- Supplier of concrete to the following industries: Housing, industrial, commercial, mining and civil sector
- Member of SARMA (South African Readymix Association)
- Percentage Contribution to Group revenue →→**45%**

PRODUCTS & SERVICES

Generic Concrete Range

- No fines
- Screeds
- Mortars (retarded and normal)
- Concrete for pumping

Wearne Speciality Concrete

- Wearne Easyflow
- Wearne Triblend

High performance concrete

- High-Strength Concrete
- Early-Strength Concrete
- FibreCrete
- High Density Concrete

FINANCIAL OVERVIEW AND PROSPECTS

FINANCIAL OVERVIEW

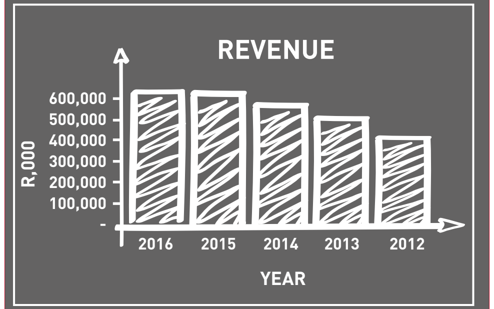
The Ready Mix business unit saw an improvement in revenue of R256 million (12.3%) (R228 million in 2015). Margins however remained very low due to the over-supply of cement in the industry.

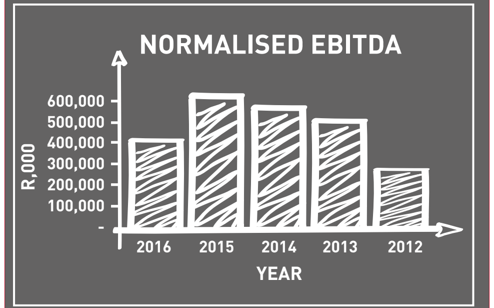
PROSPECTS

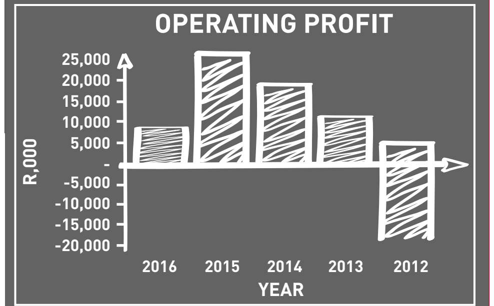
The prospects remain subdued due to the over-supply of cement in the industry resulting in increased margin pressures. The business unit is however focusing on the solar and wind farm market in the Northern Cape and expects to receive further contract awards in the coming financial year. The intensive sales drive and pricing strategy implemented in the prior year to gain market share and increase volumes sold will be continued to ensure improved operational results.

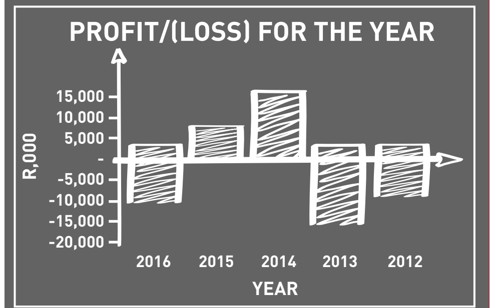
Five-year **Review**

		2016	2015	2014	2013	2012	2011
Statement of comprehensive income and cash flows							
Revenue	R000	**511,859**	483,342	463,277	400,001	305,870	370,461
Operating profit / (loss)	R000	**5,073**	17,472	14,126	7,160	-18,346	-77,499
Operating profit margin	%	**1%**	4%	3%	2%	-6%	-21%
Net interest paid	R000	**26,670**	24,463	31,980	27,318	35,928	36,313
Loss after taxation (continuing operations)	R000	**-18,451**	-8,994	10,069	-17,711	-54,953	-148,600
Cash generated by operations	R000	**61,627**	20,070	21,766	6,661	6,523	35,947
Cash realisation rate	%	**12.15**	1.15	1.54	0.93	-0.36	-0.46
Headline earnings for the year	R000	**-18,966**	-7,715	-16,563	-16,786	-47,785	-52,077
Statement of Financial Position							
Total assets	R000	**403,205**	429,653	440,845	433,062	450,584	504,886
Total equity	R000	**42,233**	54,701	48,908	35,489	52,786	61,451
Total debt	R000	**360,972**	374,952	391,937	397,573	397,798	443,435
Profitability and asset management							
Return on total assets	%	**1%**	4%	3%	2%	-4%	-15%
Return on equity	%	**0%**	0%	0%	0%	0%	0%
Interest cover	times	**0.19**	0.71	0.44	0.26	-0.51	-2.13
Debt/equity	%	**855%**	685%	801%	1120%	754%	722%
Shareholders ratios							
Loss per share (continuing and discontinued operations)	cents	**-6.52**	-2.28	-3.69	-6.49	-22.86	-60.28
Headline loss per share	cents	**-6.95**	-2.83	-6.07	-6.15	-19.88	-21.12
Net asset value per share	cents	**15.47**	20.03	17.91	13.00	19.33	24.91
Stock exchange statistics							
Market value per share	cents	**8**	6	13	23	11	16
Closing price to earnings ratio	times	**-1.15**	-2.12	-2.14	-3.74	-0.55	-0.76
Closing earnings yield	%	**604%**	133%	283%	164%	3593%	2788%
Number of shares issued		**273,037,963**	273,037,963	273,037,964	273,037,963	273,037,963	246,715,369









Management Review 2016

Our people are
our greatest asset

CEO and **Chairmans Report**

The chairman and CEO are proud to present the Group's 2016 annual report. Trading conditions were considerably tougher amidst declining economic growth, high levels of competition and an over-supply of cement in the industry. The upward trend achieved in the prior year fell somewhat flat in the current year with losses being incurred.

The board's response to trading conditions was to actively pursue its turnaround strategy and combining this with a restructure plan. The careful monitoring of costs continued to form part of this strategy in conjunction with reviewing the different operational segments for underperforming assets and converting these to liquid assets, identifying core assets and diverting resources to these assets in a cost effective manner. Despite the efforts however, the operational performance fell below expectations.

The board's vision in implementing the turnaround strategy was and still remains establishing a profitable Group of companies which provides a sustainable return to its stakeholders and is firmly established in the industry. The Group currently employs close to 600 employees. These employees and the surrounding communities rely on the Group for their own sustenance, hence it holds true that in considering the strategies and business operations in this tough environment all effected stakeholders would be taken into account and their needs heavily evaluated. We are determined to continue to add value to our various stakeholders despite the challenging circumstances that currently face the Group.

FINANCIAL PERFORMANCE

Group revenue from continuing operations, yielded an increase of 5.9% (or R28 million) to R511 million for the year ended 29 February 2016.

Revenue in the Aggregates division decreased by R24 million to R196 million (R220 million in 2015), this resulted in lower operating profits of R3.1 million (R29.3 million in 2015) being achieved in the division. The reduced revenue was due to an increase in competition in certain areas as well as a slowdown in road construction projects especially in the Limpopo province. Operating profits were further negatively affected by the high increase in energy costs that could not be passed on to customers. The Ready Mix concrete division saw an improvement in revenue of 12.3% to R256 million (R228 million in 2015). Margins in this division however remained very low due to the over-supply of cement in the industry.

The contracting division saw a significant improvement in revenue of 71% with revenue of R59.8 million in the current year (R35 million in 2015) being achieved. This was mainly due to the contracts that were awarded to the Group for construction services on the solar farm projects in the Northern Cape. The Precast division (concrete manufactured products) saw a reduction in revenue of 11% or R2.6 million.

The Group's gross profit margins from continuing operations increased to 21.1% (2015: 20.5%) The slight improvement in margins was in part due to efficiencies achieved in the Readymix Concrete division.

The Group's EBITDA declined by 32% to R39.5 million (2015: R58.3 million). During the year the Group disposed of unproductive assets resulting in proceeds of R6.1 million. The Group expanded its plant and equipment by R15.1 million. In addition, R12.8 million was spent on improving plant and equipment.

The Group reflects a total comprehensive loss (including discontinued operations) of R12.5 million (2015: R5.8 million profit). The 2016 comprehensive loss includes an increase in the property valuation of the Brandvlei Quarry of R5.3 million.

Total liabilities decreased by R14 million to R361 million (2015: R375 million) and R27 million in borrowings were settled in the current year.

The current year performance resulted in a headline loss per share of 6.95 cents (2015: loss of 2.83 cents) and a diluted loss per share from continuing and discontinued operations of 6.52 cents (2015: earnings of 2.28 cents). The net asset value per share decreased to 15.47 cents (2015: 20.03 cents).

Following the decision to dispose of property, plant, equipment and inventories of the Precast division (concrete manufactured products segment) as announced on SENS on 10 May 2016, the results of this operation were reclassified to discontinued operations in the statement of comprehensive income and its assets and liabilities reclassified as a disposal Group held for sale in the statement of financial position. The property, plant and equipment of the division were re-stated to their fair value less costs to sell of R19.6 million. The resulting impairment loss of R1.7 million is included in the results of discontinued operations in the statement of comprehensive income.

SOLVENCY, LIQUIDITY AND GOING CONCERN

The Group incurred a headline loss on continuing and discontinued operations for the 2016 financial period of R18.9 million. This highlights a material uncertainty regarding the going concern issue which is emphasised further by the Group`s negative liquidity position and high gearing.

The Group is currently technically solvent with a net asset value of R42.2 million. Current liabilities of R213 million exceed current assets of R97.7 million by R115 million.

Due to the high gearing and negative liquidity position of the Group, the board is currently in the process of re-structuring operations. The first phase being the planned sale of the Precast Division. The plan is expected to reduce the cash flow pressures of the Group and improve liquidity and solvency of the individual subsidiaries. We are optimistic that once the re-structure plan has been implemented in full, a viable and profitable business will emerge.

CASH FLOW

The Group generated cash flows from operations of R61.6 million which in part is contributed by an increase in trade and other payables. A strict cash flow management policy was maintained, however due to cash flow pressures, delays were encountered in meeting working capital obligations. Cash flow management remains key in this challenging period. Cash resources are expected to improve as the restructure plan is expected to be in full swing in the coming financial year.

In addition to the re-structuring plan, management continues to review all aspects of the business in order to ensure that resources are being utilized effectively. This ensures that all cost areas are closely monitored in order to reduce expenditure.

PROSPECTS

The board has taken a decision to sell all non-core assets and focus on areas where synergies can be achieved between the aggregate and ready mixed concrete divisions. This will continue to be the focus in the coming year.

The prospects for the ready mixed concrete division remains subdued due to the over-supply of cement in the industry resulting in increased margin pressures. A concentrated effort will be made on the on the solar and wind farm market in the Northern Cape, we are quite optimistic that further contracts will be awarded in the coming financial year. The intensive sales drive and pricing strategy implemented in the prior year to gain market share and increase volumes sold will be continued to ensure improved operational results.

The Aggregates business experienced tough trading conditions in the current year contributed by increased levels of competition in various regions. Margins remained under pressure due to high energy costs and high fixed costs. The outlook remains optimistic with the governments increased focus on infrastructure spend expected in the coming year along with additional road projects being anticipated. The growth rate of the division and Group is however expected to be limited by the low economic growth currently experienced.

The contracting division saw improved results in the current year due to the tenders awarded for construction services in the division. Turnover in this division will decline in the coming year as most of these contracts will be coming to an end. Further contracts for construction services will not be sought in the coming year as more focus will be placed on the core business of the production and selling of ready mixed concrete and aggregates.

SUSTAINABILITY

The Group values the importance of Sustainable Development and the Board and Executive leadership remain committed to ensure that our activities takes into account the economic, social and environmental impacts on the communities in which the Group operates. We continue to evaluate our activities against best practices, implement corrective action where necessary and make meaningful progress in benefiting the communities in which we operate.

GOVERNANCE

This annual report outlines how the Group is progressing with its journey to apply the principles set out in the King Report. The Group complies with the Companies Act No. 71 of 2008,the Listing Requirements of the JSE Limited and other relevant legislation.

DIVIDEND POLICY

In line with Group Policy, due to the losses incurred for the year under review no dividend has been declared.

APPRECIATION

We extend our gratitude to the Board and the Executive Team for their leadership and counsel during the difficult financial year to reposition the Group for growth. A special thanks to all stakeholders including our bankers, creditors, advisers and customers for your ongoing support. We also thank the staff, who continue to show extraordinary commitment and loyalty, who have given so much during these difficult times and will result in the Group meeting its strategic objectives in the future.

MM Patel
Chairman

SJ Wearne
Chief Executive Officer

Human **Capital**

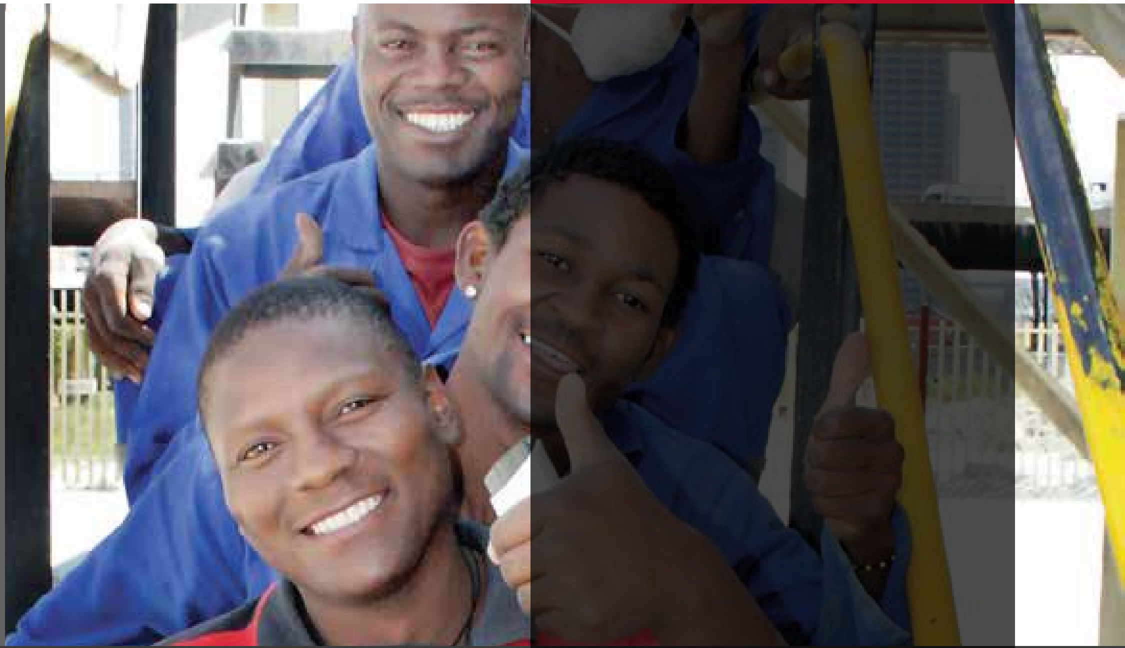
- **2** retrenchments
- **No** incidents of discrimination reported

2017 OBJECTIVES

- Successful completion of learnership programmes
- Approval and Implementation of Social and Labour Plans for Limpopo region and Pietermaritzburg

While the Group is highly regarded for our service quality and vast experience in the opencast mining and ready mixed concrete field, we are equally recognised as a company which takes care of its employees and provides an excellent work environment coupled with opportunities for development.

We are committed to providing a workplace based on professionalism, passion, respect, integrity and non-discrimination. We ensure compliance with all labour legislation.



TOTAL WORKFORCE PER REGION

Region	No. of Employees (2015)	No. of Employees (2016)
Limpopo	179	173
Gauteng	356	310
North West	23	26
Free State	29	33
KwaZulu-Natal	39	51
Total	616	593

We attract and retain employees by focusing on the development of employees, communicating openly and sharing information, caring for employees and recognising achievements and celebrating success.

	2015	2016
Resignations	8.9%	8.5%
Dismissals	3.4%	2.6%

EMPLOYMENT EQUITY

- **77%** of workforce HDSA
- **14.5%** Female

Recruitment and development plans are focused on meeting the Group Employment Equity target as set out in the 3 year employment equity plan. The plan addresses the following long and short term measures: Affirmative action measures, skills development programmes, learnership programmes as well as diversity training.

SKILLS DEVELOPMENT AND TRAINING

We consider our employees as part of a team that values individual strengths and we believe that each employee contributes to the success of the organisation; we do our best to demonstrate this.

The overall Human Resources Development approach in the Group provides a broad scope for growth opportunities allowing employees to access career developments across all operations.

	2015	2016
Training Spend	Decreased by 38%	Increased by 28%
ABET (percent of employees)	8.76%	9.94%
Learnership (percent of employees)	1.94%	1.94%

The Group offers ABET Training to all employees in order to equip them to meet the entry requirements of the Learnership Programme.

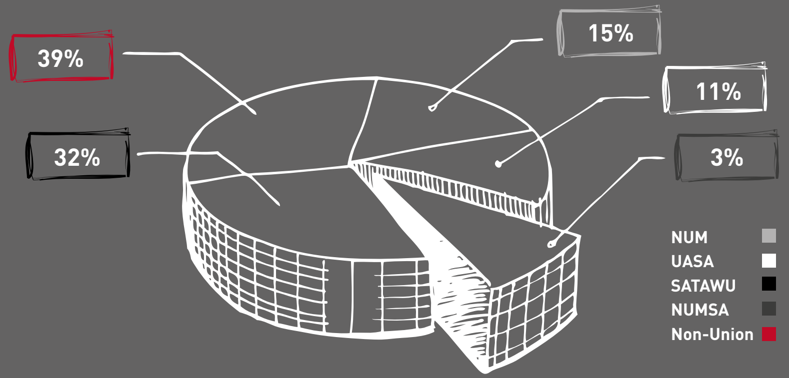
In an effort to increase the artisan pool to meet the Group's technical requirements, emphasis is placed on the recruitment and development of learners through registered learnership programmes. The company plans to have a new intake of learners in 2017. This process applies to both employed and unemployed learners. The placement of learners to gain practical experience is managed according to the size of the operation in order to give learners as much experience as possible to develop their skills.

The Skills Development and Training Plan is geared to ensure that all employees have the necessary skills and competencies to meet required performance standards and to address training and development needs, that will enhance present job competence and prepare employees for career growth and portable skills. A training needs analysis was done to identify training needs and spend for the year.

We place emphasis on technical skills training to assist in overcoming scarce-skills shortages in our business environment as well as ensuring our overall equipment effectiveness (OEE) targets are achieved. In addition to the Group's technical focus, the Group will continue to develop management and supervisory competencies and to support individual development priorities.

STAKEHOLDER COMMUNICATION

The Group supports the rights of employees regarding union representation. We believe in a proactive approach in terms of stakeholder engagement. 60% of our workforce are represented by unions with the majority union being SATAWU.



We will continue transparent stakeholder engagement with concerned parties to ensure a harmonious work environment.

BROAD BASED BLACK ECONOMIC EMPOWERMENT

The Group is presently rated as a level 3 contributor in terms of the generic codes of the Department of Trade and Industry. The verification was performed by SERV and is valid until November 2016.

	2015	2016
Ownership	22.50	22.56
Management	7.84	7.84
Employment Equity	3.55	3.46
Skills Development	10.54	8.96
Preferential Procurement	18.12	18.17
Enterprise Development	10.26	10.20
Socio-Economic Development	5	5
Total Score	**77.81**	**76.19**
BBE Level	**3**	**3**

SOCIAL CAPITAL AND THE COMMUNITY

The Group acknowledges its responsibility towards the communities' in which it operates as well as broader development projects.

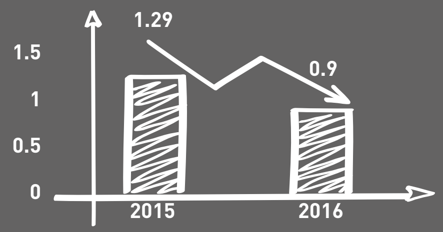
We are committed to the development and upliftment of local stakeholders whereby we engage in Local Economic Development Projects and offer community bursaries. During the financial year we awarded 18 bursaries to students who successfully completed their matric year and furthering their studies at the University at Witwatersrand and the Maluti FET College.

Health and **Safety**

HIGHLIGHTS

Zero Fatality
Reduction in Lost Time Injuries (LTIFR)
No new cases of Silicosis or Noise Induced Hearing Loss reported
Favourable external certification audits conducted by ASPASA and SARMA. An average of 1.91% overall increase was achieved for aggregates.
The ready mix plants achieved a combined average audit increase of 6.3%.

LTIFR - 2016



2017 OBJECTIVES

Zero Fatalities

Reduce lost time injuries by **20%**

Reduce Medical Treatment Cases (MTC) **20%**

Reduce First Aid Cases (FAC) by **5%**

Reduce DMR Section 54 Stoppages compared to 2016

No new cases of Silicosis and Noise Induced Hearing Loss

Maintain compliance to MPRDA and EMPr

DEALING WITH REGULATORY BODIES

Company representatives attend regular tri-partite meetings scheduled by the department of mineral resources inspectorate. Regular scheduled and unscheduled inspections are conducted by inspectorate of mines to ensure ongoing compliance. Thirty six compliance inspections where conducted across Wearne aggregate operations by the department of mineral resources inspectorate. Ten section 54(1) stoppage instructions were issued. Thirty seven days were lost due to DMR stoppages. No department of Labour instruction was recorded. Four environmental audits were conducted by the department of mineral resources environmental inspectorate.

ACHIEVEMENT OF 2016 SHE CORPORATE OBJECTIVES

Ninety eight percent of the objectives were achieved. A concerted effort needs to be maintained to reduce the number of lost time injuries in order to achieve the MHSC (Mine Health and Safety Council) 2014 milestones road towards Zero Harm. The Group health and safety objectives and targets are aligned with the MHSC milestones in order to achieve the objective of the road to zero harm new milestones.

Health and Safety and the well-being of our employees is the Group's main focus. The responsibility for Safety Health and Environment is lead from top management down to all levels of the organisation. Regional managers assume full accountability for SHE management throughout the respective regions. The Group SHE manager, is responsible for implementing new policies. These are communicated through management meetings and each operation's monthly safety meetings and green area forums. Responsibility for compliance rests at every level throughout the Group down to each individual employee.

Health and safety risks are identified and managed through ongoing Hazard Identification and Risk Assessments at each site. Identified risks are mitigated through the following processes: Training on task specific hazards and Safe Operating Procedures to ensure employees are fully conversant with the relevant hazards and the purpose of the engineering controls put in place.

Mandatory Codes of Practice are in place for the mitigation of mining-related risks. The reporting of incidents and near misses is continually encouraged and communicated in order to investigate root causes to prevent similar incidents from recurring.

HEALTH AND SAFETY TRAINING

The following training has been conducted: annual SHE induction for all employees and contractors; First aid; task specific hazard identification and risk assessment; task specific safe operating procedures; general firefighting; Operators/driver training and She Representatives training.

OUR EMPLOYEES WELL-BEING

The occupational healthcare system for our employees is geared towards total wellness and incorporates annual medical testing for all employees. Voluntary HIV/AIDS counselling and testing is offered during annual medical examinations. Our response to the HIV/AIDS and TB is outlined in the Groups HIV Aids & TB policy aligned to the National Strategic Plan on HIV, STI's and TB (NSP 2012/2016).

Monthly Occupational Hygiene surveys are carried out on all sites. The dust suppression systems are implemented to ensure that they remain working at all times.

Environmental **Responsibility**

We endeavour to comply at all times with all applicable environmental legislation. To support this, our quarries' environmental performance is audited bi-annually by ASPASA, and SARMA audits the readymix plants annually.

The DMR also performs random inspections at the Group's quarries. Areas for improvement identified during these audits and inspections are addressed by management.

We manage our environmental footprint with mandatory EMPr at all the quarries, in the absence of which no mining activities will commence. These focus on responsible mining; reducing emissions; reducing spillages; recycling; monitored water usage; and rehabilitation in terms of the EMPr. The Group's operations monitor dust emissions, decrease noise pollution, and recycle effectively.

We are active members of the Aggregates and Sand Producers Association of South Africa (ASPASA) and the South African Ready Mix Association (SARMA) who annually conduct audits at our operations.

Social Capital 2016

Solidifying and reinforcing **our groundwork**

Board of **Directors**

EXECUTIVE DIRECTORS

John Wearne (46)

Chief Executive Officer

B Rek (Stell), Hons B Compt

John joined Wearne as Financial Manager in 1998, was appointed as Financial Director in 2000 and then as CEO in 2003. He resigned as CEO in November 2010 and was re-appointed with effect from 29 February 2012. John has extensive operational and industry knowledge and has been instrumental in growing the Group into the listed entity it is today.

Victoria Milazi (29)

Chief Financial Officer

B Acc sci (Wits), H Dip Acc (Wits), CA(SA)

Victoria completed her articles in 2012 with PwC and joined Wearne in January 2013 as a financial accountant for Wearne Readymixed Concrete. In April 2014 she was promoted to financial manager of Wearne Readymixed Concrete. In September 2015 she was promoted to the Group Financial Manager. Victoria was appointed to the board as CFO effective from 1 February 2016.

NON-EXECUTIVE INDEPENDENT DIRECTORS

Mitesh Patel (42) (Independent)

Chairman

B Acc (Wits), CA (SA)

Mitesh is currently the Managing Partner at Nkonki Inc, one of the leading black firms of chartered accountants, and also serves on the boards of various other listed companies.

Matsobane Khwinana (51)

B Comm Hons (Unisa)

Matsobane served articles at Deloitte and Touche in Johannesburg. As part of his career development, Matsobane has attended various courses in Private Equity and Venture Capital. He currently works for Industrial Development Corporation of South Africa Limited (IDC) in the Workout and Restructuring Department.

Wessel van der Merwe (46) (Independent)

B Comm (UJ), B Comm Hons, CA (SA),

Wessel has been involved with Wearne since its initial listing and brings a wealth of experience and knowledge to the Board. He has served as a member of the AltX Advisory Committee since 2007 and previously headed a corporate advisory business for more than 16 years. He also serves on the boards of several listed companies.

Corporate **Governance**

CORPORATE GOVERNANCE REPORT

The JSE has included certain aspects of South Africa's King III Report on Corporate Governance ("King III") in its Listings Requirements. The board has adopted the recommendations on good corporate governance contained in the King III Report, as well as the King Code of Governance Principles for South Africa. The King III principles and recommendations have been implemented across the Group. A full report of the Group's compliance with each of the King III principles is available on the group website: www.wearne.co.za

MEMORANDUM OF INCORPORATION

On 1 May 2011, South Africa's Companies Act No 71 of 2008 (as amended) ("the Act") came into force – replacing the Companies Act No 61 of 1973. Although already compliant with most of the terms of the Act prior to it coming into force, during 2013 the Group embarked upon additional actions to ensure full conformity with the Act and the amended JSE Listings Requirements, including implementation of the new Memorandum of Incorporation ("MOI") (which replaces the previous Memo and Articles of Association).

THE BOARD OF DIRECTORS

The board is the focal point for corporate governance and responsible to set the tone for ethical leadership throughout the organisation. It is responsible to shareholders and stakeholders for sustainable performance of the Group. The board takes overall responsibility for the success and prosperity of the Group. The board's role is to exercise sound leadership and judgment in directing the Group to achieve sustainable growth, having due consideration to a balanced financial, social and environmental performance, and taking into account the legitimate expectations of its stakeholders in making decisions in the best interest of the Group. The board charter articulates the objectives and responsibilities of the board. Likewise, each of the board sub-committees operates in accordance with written terms of reference, which are regularly reviewed by the board.

At the date of issuing the Annual Report the board comprised five directors, of which two are executive directors and three are non-executive directors, two of whom are independent and free from any business or other relationships which could materially interfere with the exercise of their independent judgement. Advised by the remuneration and nominations committee, the board ensures that the election of independent directors falls on reputable persons of well-known competence and experience, who are willing to devote a sufficient part of their time to the Group.

Details of the Directors in office on 29 February 2016 appear on page 23 of this report.

The roles of the chairman of the board and the chief executive officer ("CEO") are kept separate, each with clearly defined roles and responsibilities. Independent non- executive director, Mr MM Patel, was the chairman of the board with executive director Mr SJ Wearne as the CEO of the Group throughout the financial year under review. There is a clear division of responsibilities on the board which forms part of the policy to ensure a balance of power.

The board reviewed the previously approved the board charter to align it to the recommendation of King III. The board charter compels directors to promote the vision of the Group, while upholding sound principles of corporate governance. The board charter sets out the primary functions of the board as being to:

- retain full and effective control of the Group;
- review and approve corporate strategy;
- approve and oversee major capital expenditure, acquisitions and disposals;
- review and approve annual budgets and business plans;
- monitor operational performance and management;
- determine the Group's purpose and values;
- ensure that the Group complies with sound codes of business behaviour;
- ensure that appropriate control systems are in place for the proper management of risk, financial control and compliance with all laws and regulations;
- appoint the CEO and ensure proper succession planning for executive management;
- regularly identify and monitor key risk areas and the management thereof; and
- oversee the Group's disclosure and communication process.

The board's governance procedures and processes are continuously being reviewed and a number of specific policies have been adopted by the board, expanding on the content of the board charter in the following areas:

- Communication on behalf of the Group and the board;
- Conflict of interest;
- Access to professional advice;
- Social responsibility policies;
- Access to external professional advice;
- Legal compliance;
- Trading in company shares.

To avoid conflict of interest and in compliance with section 75 of the Companies Act 71 of 2008, board members must disclose their interest in material contracts involving the Group. In addition, board members must recuse themselves from deliberations or the decision-making process relating to any matter in which such member may have a personal financial interest.

The board is required to meet at least four times a year. During the 2016 financial year, the board convened five times. Quarterly board meetings have been included in the board's annual calendar. In addition to the above, the board reviewed the previously approved governance work plan to ensure that board discharged its duties in a structured manner and that all governance issues are considered and appropriately dealt with in an annual cycle.

The daily management of the Group's affairs is the responsibility of the CEO. In addition to the annual work plan, an approvals' framework is also in place, setting out the respective responsibilities and levels of authority of the board and executive management. The board is kept informed of all developments at the Group, primarily through the executive directors. The company is aware of the recommendations of the JSE Limited to introduce a policy on the promotion of diversity at board level, including ethnicity and gender. The board will endeavour to draft a policy to take into account the recommendations.

At the time of publishing the annual report, the composition of the board was as follows:

Mr MM Patel	Chairman (Independent non-executive director)
Mr SJ Wearne	Chief executive officer, executive director
Mr W van der Merwe	Independent non-executive director
Mr M Khwinana	Non-executive director
Ms MC Milazi	Chief financial officer, executive director (appointed 1 February 2016)

Mr MJ Ross resigned as an executive director on the 31 January 2016.

Summary attendance table of board meetings during the financial year ended 29 February 2016

Member	27/05/2015	30/07/2015	16/10/2015	Special Telecon 30/11/2015	25/02/2016
M Patel	A	P	P	P	P
WP van der Merwe	P	P	P	P	P
M Khwinana	P	P	P	P	P
SJ Wearne	P	P	P	P	P
MJ Ross	P	P	P	P	R
MC Milazi					P

Key: P - Present **A** - Apology **R** - Resigned

All directors have access to the advice and service of the company secretary who is responsible to the board for ensuring compliance with procedures and applicable statutes and regulations. The company secretary administers corporate governance within the Group and provides counsel and guidance to the board on the proper discharging of their powers, duties and responsibilities. All directors, executive and non-executive, may liaise with the company secretary on agenda items for board meetings.

iThemba Governance and Statutory Solutions (Pty) Ltd, represented by Claire Middlemiss (FCIS CSSA) is the company secretary. Ms Middlemiss has nearly 16 years' experience as a company secretary and is actively involved in assisting the board in its governance initiatives.

During the year under review, the board is satisfied with the competence, qualifications and experience of the company secretary and that an arms-length relationship was maintained with the board of directors. Contact details of the secretary are disclosed under corporate information (IBC).

In accordance with the MOI, and in order to facilitate continuity of the board, one-third of the non- executive directors shall retire from office at each AGM and their reappointment is subject to shareholders' approval. All non-executive directors are subject to retirement and re-election by shareholders every second year. In addition, all directors are subject to election by shareholders at the first opportunity after their initial appointments. The board, assisted by the remuneration and nominations committee, recommends the eligibility of retiring Directors (subject to availability and their contribution to the business) for reappointment. The director retiring by rotation at the forthcoming AGM is Mr WP van der Merwe.

REMUNERATION

Details of directors' fees and remuneration are fully disclosed in note 32 to the separate and consolidated financial statements. In addition, the proposed fees to be paid to non-executive directors for approval by shareholders by way of a special resolution are set out in the notice of the AGM forming part of this report. Non-executive directors only receive remuneration that is due to them as members of the board. Directors serving as members on board sub-committees receive additional remuneration.

Remuneration of executive directors in their capacities as executive members of the management team as approved by the remuneration and nominations committee is fully disclosed in note 32 to the separate and consolidated financial statements.

MONITORING OF PERFORMANCE

The chairman is appointed on an annual basis by the board, with the assistance of the remuneration and nominations committee. The remuneration and nominations committee assesses the independence of non-executive directors annually.

In line with recommendations by King III, in 2016, a detailed self-assessment of the performance of the board and its committees was conducted in line with the latest recommendations by King III and the results thereof were considered in order to identify areas for improvement. The assessments found the structures and processes governing the board and its committees were well established and functioning satisfactorily. It also found that the board had fulfilled its role and responsibilities and had discharged its responsibility to the Group, shareholders and other stakeholders in an exemplary manner. The independence of the independent non-executive directors has been assessed and there are no conflicts to be reported.

BOARD COMMITTEES

The board has established a number of standing committees with delegated authority from the board. Each committee has agreed terms of reference as approved by the board that addresses issues such as composition, duties, responsibilities and scope of authority.

Although the board delegates certain functions to these committees, it retains ultimate responsibility for their activities. The committee members are all non-executive directors and the chief executive officer and Group financial director are permanent invitees to each committee meeting. Each board committee is chaired by an independent non-executive director.

Committees operate in accordance with board approved terms of reference, as well as annual work plans, which are reviewed and updated on a regular basis to align them further with best practice. The board appoints the chairman and the members of these committees. In addition, the committees are required to evaluate their effectiveness and performance on an annual basis and to report the respective findings to the board for consideration. The board has an audit, risk, remuneration and nomination committee as well as a social and ethics committee. All these committees operate under board approved terms of reference.

AUDIT COMMITTEE

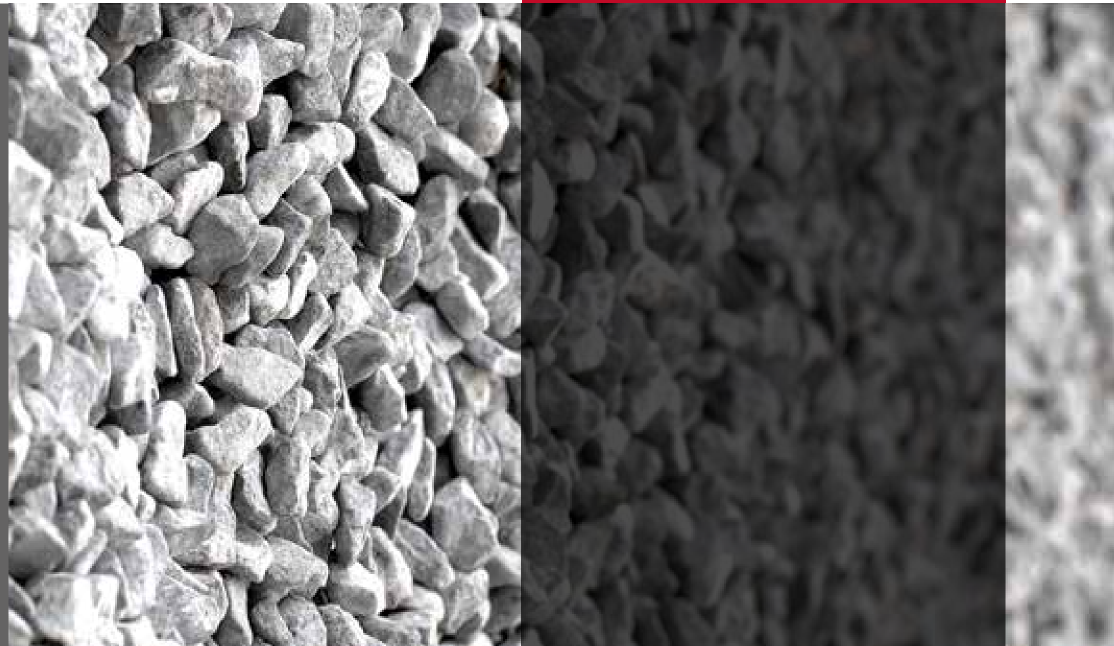
The committee consisted of two independent non-executive directors and one non-executive director from 1 March 2015 to 29 February 2016. It is recommended that the committee consist of three independent non-executive directors. However, dispensation has been received from the JSE in this regard. At the time of publishing the annual report, the composition of the audit committee was as follows:

Mr W van der Merwe	Independent non-executive director
Mr M Khwinana	Non-executive director
Mr M Patel	Independent non-executive director

Summary attendance table of board meetings during the financial year ended 29 February 2016

Member	20/05/2015	30/07/2015	15/10/2015	25/02/2016
WP van der Merwe	P	P	P (T)	P
M Khwinana	P	P	P	P
M Patel	P	P	P	P

Key: P - Present **(T)** - via telecon



The relevant resolution for the appointment of the audit committee as required by the Act is set out in the notice of the AGM as contained in this report. The board is satisfied that the members as proposed for approval by shareholders meet the definition of non-executive directors, acting independently, as defined in the Act.

The audit committee has updated, formal board approved terms of reference. The board is satisfied that the committee has complied with these terms and with its legal and regulatory responsibilities as set out in the Act, King III and the JSE Listings Requirements. The terms of reference for the audit and risk committee intend to ensure compliance with both governance recommendations and statutory requirements.

The board believes that the members collectively possess the knowledge and experience to exercise oversight of the Group's financial management, internal and external auditors, the quality of the Group's financial controls, the preparation and evaluation of the Group's financial statements and financial reporting. The board has established and maintains internal controls and procedures, which are reviewed on a regular basis. These are designed to manage the risk of business failures and to provide reasonable assurance against such failures but this is not a guarantee that such risks are eliminated.

It is the duty of this committee, among other things, to monitor and review:

- Audit findings, audit reports and the appointment of external auditors including an assessment of their performance, independence and objectivity;
- Approving the audit fee of the external auditors;
- Reports of external auditors;
- Evaluation of the performance of the Group financial director;
- Internal controls in place, through consultation with internal and external auditors;
- Governance of information technology (IT) and the effectiveness of the Group's information systems;
- Quarterly and annual financial and operational reports, the annual financial statements and all other widely distributed documents;
- Mandatory term limits on the period that the lead audit partner of the external auditors may serve the Group;
- The nature, scope and extent of audit and any non-audit services which the external auditors may provide to the Group;
- Undertaking the prescribed functions (in terms of section 94(7) of the Companies Act 71 of 2008) on behalf of the Group and all subsidiary companies;
- Overseeing internal controls;
- Assisting the board on the going concern statement;
- Accounting policies of the Group;
- Compliance with applicable legislation, requirements of appropriate regulatory authorities;
- The integrity of the annual report (by ensuring that its content is reliable and recommending it to the board for approval);
- Receiving and dealing appropriately with any complaints relating to the accounting practices and internal audit of the Group, or to the content or auditing of its financial statements, or to any related matter;
- Considering and recommending to the Board the need to engage external assurance providers to provide assurance on the accuracy and completeness of Annual sustainability reporting; and
- Performing any other functions as may be determined by the board.

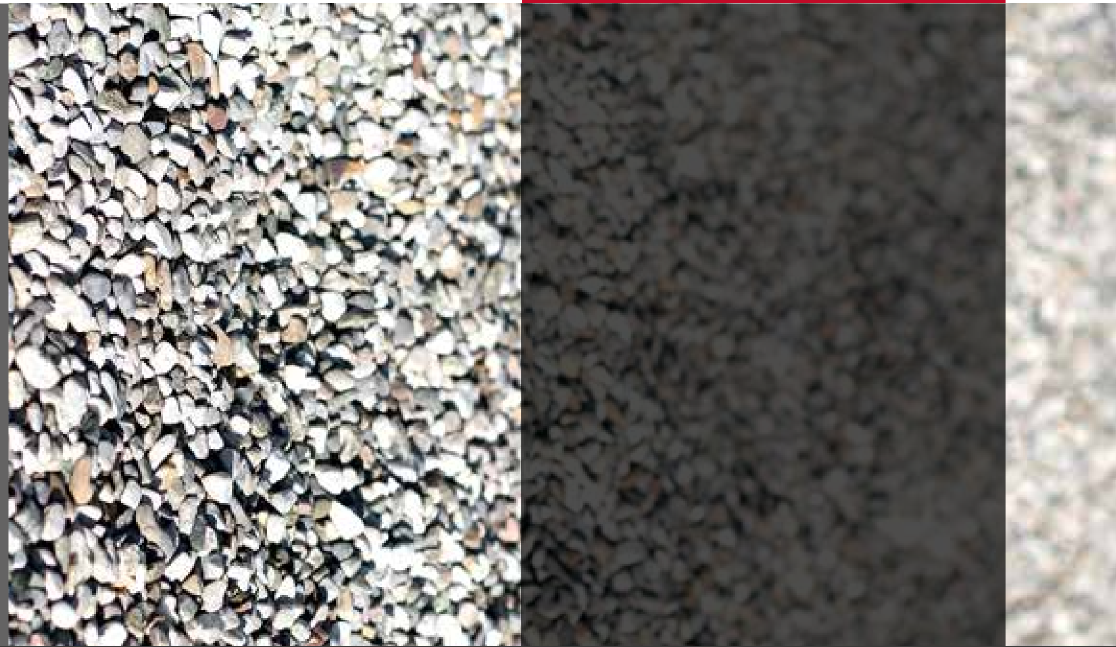
The committee is responsible for facilitating the relationship with the external auditors and for monitoring the non-audit services provided by the external auditors. The external auditors have direct access to the chairman of the committee and attend all meetings of the committee ensuring that auditors are able to maintain their independence. The chairman of the committee is expected to attend the AGM in order to answer any questions that shareholders may have relevant to the committee's areas of responsibility. The committee is responsible for recommending the appointment of a firm of external auditors to the board who in turn will recommend the appointment to the shareholders. The committee is also responsible for determining that the designated appointee has the necessary experience, qualifications and skills and that the audit fee is adequate. The audit committee is satisfied that the external auditors, the respective audit partner and the internal audit department observed the highest level of business and professional ethics and independence. Rotation of the engagement partner responsible for the external audit happens every five years.

Committee members have unlimited access to all information, documents and explanations required in the discharge of their duties. This authority has been extended to internal and external auditors.

The committee has, in addition to its other duties, also satisfied itself as to the appropriateness of the experience and expertise of the Group financial director as required in terms of the JSE Listings Requirements and the entire financial function.

The board is satisfied that the committee has been equipped to properly fulfil its duties going forward.

The statutory report of the committee as required by the Act can be found on page 43 of the annual report.



RISK COMMITTEE

The committee consisted of two members throughout the financial year. At the time of publishing the annual report, the composition of the risk committee was as follows:

Mr W van der Merwe	Independent non-executive director (Acting Chairman)
Mr SJ Wearne	Chief executive officer

Summary attendance table of members at the risk committee meetings during the financial year ended 29 February 2016

Member	27/05/2015	28/07/2015	15/10/2015	25/02/2016
WP van der Merwe	P	P	P	P
SJ Wearne	P	P	P	P

Key: P - Present

The board believes that the members collectively possess the knowledge and experience to exercise oversight of the business risks of the Group. The committee identifies and manages the risk of business failures and provides reasonable assurance against such failures, however this does not guarantee that such risks are eliminated.

It is the duty of this committee, among other things, to monitor and review:

- Adequacy and effectiveness of the Group's enterprise-wide risk management policies, processes and mitigating strategies;
- Performing any other functions as may be determined by the board.

REMUNERATION AND NOMINATIONS COMMITTEE

At the time of publishing the annual report, the composition of the remuneration and nomination committee was as follows:

Mr W van der Merwe	Remuneration committee chairman
Mr. M Khwinana	Non-executive director
Mr. M Patel	Nomination committee chairman

Summary attendance table of members at the remuneration and nomination committee meetings during the financial year ended 29 February 2016

Member	14/04/2015	25/02/2016
WP van der Merwe	P	P
M Khwinana	P	P
M Patel	P	P

Key: P - Present

The committee is primarily responsible for assisting the board in formulating remuneration and other employment policies as well as the remuneration philosophy of the Group and to structure appropriate remuneration packages for executive directors, based on industry standards and the best interests of all parties concerned. The objective is to ensure that remuneration is fair and appropriate to attract, retain and motivate individuals of high calibre to run the Group successfully and to ensure that executive directors are fairly rewarded for their individual contribution to the Group's operating and financial performance in line with its corporate objectives and business strategy. The committee regularly consults with a range of external independent advisers on market information and remuneration trends to ensure that the remuneration is aligned with the industry and market benchmarks. The committee also assists the board in the nomination of new board candidates and ensuring regular assessment of board performance. The committee's terms of reference ensure that, for board appointments, a rigorous, fair and open nomination and appointment process is established which will promote meritocracy in the boardroom and support strong corporate performance. The committee leads that process and makes recommendations to the board.

The remuneration and nominations committee comprises of members of the board and has a majority of non-executive directors. The majority of the non-executive directors serving on the remuneration and nominations committee are independent. The chairman of the board is a member of the remuneration and nominations committee, but does not chair the meeting. However when matters pertaining to nominations are discussed, the chairman of the Board chairs this portion of the meeting, as required by the JSE Listings Requirements.

SOCIAL AND ETHICS COMMITTEE

At the time of publishing the annual report, the composition of the social and ethics committee was as follows:

Mr W van der Merwe	Chairman
Mr SJ Wearne	Chief executive officer
Mr MJ Ross	Chief financial officer (resigned as a member on the 31 January 2016)
Ms MC Milazi	Chief financial officer (appointed as a member on the 1 February 2016)

It is the duty of this committee, among other things, to monitor and review:

- the Group's directors and staff comply with the Group's Code of Ethics;
- the Group practices labour and employment policies that comply with the terms of the International Labour Organisation (ILO) protocol on decent work and working conditions;
- the Group ensures the continued training and skills development of its employees; and
- the Group performs its responsibilities in respect of social and ethics matters in line with relevant policies and that these policies are reviewed on an annual basis, or as required.
- an annual work plan is in place to ensure the committee met all of its statutory requirements.

It is the responsibility of this committee, to ensure, among other things, that:

- the Group discharges its statutory duties in respect of section 72 of the Act dealing with the structure and composition of board sub- committees;
- the Group upholds the goals of the Organisation of Economic Co-operation and Development (OECD) recommendations regarding corruption;
- the Group complies with the Employment Equity Act (as amended) and the Broad-based Black Economic Empowerment Act (as amended).

Summary attendance table of members at the risk committee meetings during the financial year ended 29 February 2016

Member	14/04/2015	28/07/2015	25/02/2016
WP van der Merwe	P	P	P
SJ Wearne	P	P	P
MJ Ross	P	P	R
CM Milazi			P

Key: P - Present **R** - Resigned

JSE LIMITED

The Group is subject to, and remains compliant with, the Listings Requirements of the JSE Limited.

King Report on Governance for South Africa, 2009

The Wearne Group remains committed to compliance with the regulatory requirements of sound corporate governance principles. The Group endorses the application of the principles recommended in the King III Report, and has been effectively implementing and reporting on a spectrum of governance principles, underpinned by the values of responsibility, accountability, fairness and transparency.

The provisions of King III became effective on 1 March 2010. The Group is committed to applying these principles to all its subsidiaries as appropriate. We continue to improve our well-established corporate governance processes and remain abreast of the latest industry developments. A number of these principles are reflected in the Group's internal controls and policy procedures. The Board is satisfied that every effort has been made to comply in all material aspects with King III. Where we do not comply, this is stated and explained. While the Board is satisfied with its level of compliance with applicable governance and regulatory requirements, it recognises that its practices can always be improved, and accordingly the Board has and will continuously review the Group's governance framework against governance best practices. Refer to our website for a detailed matrix that considers all 75 principles of King III at www.wearne.co.za.

In accordance with sections 863 (o) and (p) of the JSE Listing Requirements, no repurchased equity securities or any restrictive funding arrangements took place during the financial year ended 29 February 2016. There has been no change in director's shareholding since year end.

Remuneration **Philosophy**

Details of Directors' fees and remuneration are fully disclosed in note 32 to the financial statements. In addition, the proposed fees to be paid to Non-Executive Directors for approval by shareholders by way of a special resolution are set out in the notice of the AGM forming part of this report. Non-Executive Directors only receive remuneration that is due to them as members of the Board. Directors serving as members on Board sub-Committees receive additional remuneration.

Remuneration of Executive Directors in their capacities as executive members of the management team as approved by the Remuneration and Nominations Committee is fully disclosed in note 32 to the financial statements. Executive directors do not receive Board fees in addition to their remuneration packages.

Our Remuneration and Nomination Committee meets half-yearly and its mandate includes:

- ensuring alignment of the remuneration strategy and policy with the Group's business strategy, desired culture, shareholders' interests and commercial well-being;
- determining remuneration packages needed to attract, retain and motivate high performing executives without paying more than is necessary for this purpose;
- ensuring that remuneration levels relative to other comparable companies are pitched at the desired level taking relative performance into account;
- ensuring adequacy of retirement and healthcare funding for senior executives;
- communicating remuneration policies and strategic goals and objectives to all stakeholders; and
- identifying candidates and making recommendations for the appointment of directors.

The remuneration and nomination committee reviews its terms of reference annually. In discharging its responsibilities the committee consults with the company secretary and draws extensively on external surveys, independent outside advice and information.

REMUNERATION PHILOSOPHY, STRATEGY AND POLICY

Using a consultative process our remuneration policy and approach, retention policy and incentive schemes were aligned with our business objectives. Our primary remuneration philosophy is to employ and retain high-calibre, high- performing individuals who subscribe to our shared values and the culture of our Group. Our key aim is to motivate our employees and align their behaviour with our business objectives and our shared values.

RETENTION POLICY

Our retention policy provides mechanisms that allow us to identify the type of potential employees we need to attract in terms of the skills we require and the type of employees we need to retain. The policy assists us in proactively identifying retention risks at supervisory level and above and ensuring that critical resources are remunerated at market levels.

Social & Ethics **Committee Report**

Wearne's Social and Ethics Committee was established in 2012 in accordance with the requirements of the Companies Act No. 71, 2008 (the Act), Section 72 (4) and Regulation 43 (2). The Social and Ethics Committee of a company is entitled to the rights set out in Section 72(8) of the Act and carries the responsibilities described in the Companies Act Regulations. A distinction is made for purposes of the terms of reference of the Committee between those functions where the Committee has a direct line of sight and those which have been allocated to other committees of the Board and where the Committee will only fulfil an oversight role.

As required in terms of the Act, the Committee shall monitor the activities of the Company and relevant subsidiaries, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, in the areas as prescribed by law.

The Committee is chaired by Wessel van der Merwe, an independent non-executive director, and as at the date of this report, consists of two additional executive directors. A summary of its membership, the meetings held during the year under review as well as attendance at these meetings is reported in the Corporate Governance report on page 29 of the Annual report. The Committee has an independent role and is governed by formal terms of reference which are reviewed annually by the Board. The Committee assists the Board in monitoring the Group's activities in terms of legislation, regulation and codes of best practice relating to:

- ethics;
- stakeholder engagement, including employees, customers, communities and the environment;
- strategic empowerment and compliance with the transformation codes; and is responsible for:
- monitoring the Group's activities relating to social and economic development, good corporate citizenship, the environment, and health and public safety;
- ensuring appropriate short- and long- term targets are set by management monitoring progress on strategic empowerment and performance against targets;
- monitoring changes in the application and interpretation of empowerment charters and codes; and
- monitoring functions required in terms of the Companies Act and its regulations.

The Committee also assists the Board in implementing and monitoring the Broad-Based Black Economic Empowerment and Employment Equity programmes and policies, directing affirmative procurement initiatives, monitoring the skills development policy and the development of Enterprise Development and Socio Economic Development programmes. The members of the Committee believe that the Group is substantively addressing the issues it is required to monitor in terms of the Companies Act.

ETHICS AND HUMAN RIGHTS

Wearne believes in ethical business conduct and have a zero tolerance approach to corrupt employees, including contractors and consultants, are required to apply the highest ethical standards when conducting business on behalf of the Group. Both a Code of Ethics and a whistleblowing facility are in place to facilitate the management and monitoring of ethics. Members of the workforce and suppliers are encouraged to report any suspicions they may have of irregularities. Anyone using the whistleblowing facility is guaranteed anonymity. Reported cases on the whistleblowing facility are investigated and corrective action is taken if it is required. During the past financial year, 1 case has been reported. These cases are reported on to the Audit and Risk Committee and the Social and Ethics Committee.

CODE OF ETHICS

The Code of Ethics confirms that acts of bribery or fraud by employees, contractors, suppliers, joint venture partners and other business partners are not tolerated. Immediate action is taken (which may include dismissal and legal action) against any organisation or person committing bribery or fraud. The Group remains committed to fair trade and purchasing in an ethical manner.

HUMAN RIGHTS

Wearne is committed to upholding the UN Universal Declaration of Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work and complying with all relevant South African legislation.

Mr. W P van der Merwe

Chairman

Risk **Management**

Risk is inherent in everything the Group does. Our aim is to achieve best practice in controlling all the risks to which the Group is exposed to. We will achieve this by identifying our priority exposures, addressing these, incorporating appropriate risk management strategies, risk improvements and contingency planning into our business, monitoring and reviewing on-going risk to account for changes in our operations and to enable us to make well-informed decisions on risk controls.

Risk Management Structure and Responsibilities

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

RISK MANAGEMENT STEERING COMMITTEE

Co-ordinate the regular formal updating of business unit and corporate risk registers and risk treatment action plans and compiling into a master set

Maintain corporate risk and risk control information

Ensure that all relevant risk areas are considered including those emanating from the services of external providers and contractors

Analyse and report to the Group's Executive

Ensure appropriate linkages to the Group's business and corporate planning processes, and where necessary, to budget processes

BUSINESS UNIT MANAGERS

Oversee the business unit risk management program and endorse risk mitigation strategies and action plans

ALL EMPLOYEES

Responsible for managing risk within their span of control, for promoting the application of risk management by contractors, and assisting with the identification of global or broadly based risks that could impact the Group as a whole

The Risk Management function is one directed by the Group's Board, facilitated by the Group's Risk Management Steering Committee and carried out by every manager in each area as a core activity.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group has exposure to the following risks:

RISK CATEGORY	RISK DESCRIPTION	RESPONSE TO RISK
CREDIT RISK	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.	Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, trade references and bank references. Purchase limits are established for each customer, who represents the maximum open amount; these limits are reviewed on an ad hoc basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash-before-delivery basis. The Group has credit insurance to mitigate the risk.
LIQUIDITY RISK	Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.	The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
MARKET RISK	Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.	The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
OPERATIONAL RISK	Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.	The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

The Group has exposure to the following risks:

RISK CATEGORY	RISK DESCRIPTION	RESPONSE TO RISK
OPERATIONAL RISK (Continued)		• requirements for appropriate segregation of duties, including the independent authorisation of transactions • requirements for the reconciliation and monitoring of transactions • compliance with regulatory and other legal requirements • documentation of controls and procedures • requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified • requirements for the reporting of operational losses and proposed remedial action • development of contingency plans • training and professional development • ethical and business standards • risk mitigation, including insurance where this is effective.
LEGAL RISK	Legal risk arises where: • the Group's businesses or functions may not be conducted in accordance with applicable laws; • incorrect application of regulatory requirements takes place; • the Group may be liable for damages to third parties; and • contractual obligations may be enforced against the Group in an adverse way, resulting from legal proceedings being instituted against it.	Although the Group has processes and controls in place to manage its legal risk, failure to manage risks effectively could result in legal proceedings impacting the Group adversely, both financially and reputational.
ENVIRONMENTAL RISK	Environmental Risk can be defined as the "actual or potential threat of adverse effects on living organisms and the environment by effluents, emissions, wastes, resource depletion, etc., arising out of an organization's activities."	Environmental risk falls within the Group sustainability management programme, which aims to create a consistent approach to environmental and social risk management within the Group's operations. Raising awareness and training will be an on-going element of managing environmental risk and identifying opportunities and business solutions to environmental and social concerns.
OCCUPATIONAL HEALTH AND SAFETY	Occupational safety and health is the risks associated with the safety, health and welfare of people engaged in work or employment.	The health and safety of employees, customers and other stakeholders is a priority and the Group aims to identify and reduce the potential for accidents or injuries in all its operations. Training of health and safety officers and staff awareness is an on-going endeavour. Standards that support uniform health and safety requirements across all Group operations are being developed. The focus on health and safety is closely linked to employee wellbeing and the Group's efforts to attract, retain and develop skilled and talented employees.

The Group has exposure to the following risks:

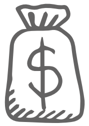
RISK CATEGORY	RISK DESCRIPTION	RESPONSE TO RISK
COMPLIANCE RISK	Compliance risk is the risk of legal or regulatory sanctions, financial loss or loss to reputation that the Group may suffer as a result of its failure to comply with all laws, regulations, codes of conduct and standards of good practice applicable to its activities.	The Group's approach to managing compliance risk is proactive and premised on internationally-accepted principles of risk management. It is also aligned with other Group risk type methodologies. Staff are made aware of their responsibilities in terms of current and emerging legislative and regulatory requirements and developments through induction programmes and on-going training and awareness initiatives.

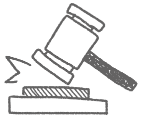
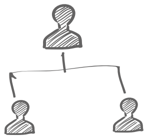
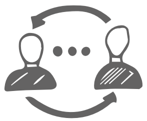
The board of directors is committed to the management of risk to continue to protect its:

- Customers, clients and stakeholders
- Employees and their skills
- Environment
- Quality of service
- Assets and intellectual property
- Contractual and statutory obligations
- Image and reputation

Our challenge for the future is to infuse risk management into our culture, our everyday business operations and those of our contractors and business partners. Everyone's involvement and support is critical to an effective result.

Stakeholder **Engagement**

STAKEHOLDER	WHY DO WE ENGAGE WITH THEM?	WHY DO THEY ENGAGE WITH US	TOPICS OF CONCERN	MODE OF COMMUNICATION	OUR RESPONSE TO CONCERNS
CUSTOMERS 	We have a duty of care towards our customers, build long-term relationships and provide them with transparent and sustainable solutions for their business.	For reliable services and quality products that will add value in their business operations.	Quality of products and service. Reliable supply of products and services.	Frequent Site visits, regular meetings, email and regular telephonic communication.	We address customer concerns promptly. We continuously test the quality of our products and make deliberate efforts to provide the best services.
SHAREHOLDERS AND INVESTORS 	To communicate our strategic plans, and initiatives that we are to undertake in order to improve profitability and create value for the shareholders.	To ensure reasonable return on their investments. Also have interest in our dividend payout policy.	Sustainable return on investment, Risk, capital and liquidity management.	Media publications, our website, annual Annual report and SENS announcements and annual general meetings.	SENS announcements on matters affecting the shareholder's investments. Communicate strategic matters such as our dividend payout policy and capital investments.
LENDERS/PROVIDERS OF CAPITAL 	To ensure access to affordable funding, healthy relationships allowing on-going, honest conversation that provides stability.	To ensure punctuality and ability to meet capital and interest payments. To ensure that debt covenants will be met.	Capital management Sustainability Profitability Liquidity and solvency Cash generation Corporate governance and compliance Risk management Growth prospects Reputational issues	Media publications, our website, annual Annual report and SENS announcements and annual general meetings.	SENS announcements on matters affecting the shareholder's investments. Communicate strategic matters such as our dividend payout policy.
EMPLOYEES 	To ensure we are an employer of choice, we are constantly seeking feedback from our employees to help us understand and respond to their needs and concerns.	Pleasant working environment, Career growth prospects.	Employee wellbeing Culture Career development Job security HIV/AIDS Training	Frequent Email, focus Groups, forums as needed, workshops as need, Frequent social events, intranet.	We openly communicate with our employees regarding their incentives and benefits. We provide financial assistance to our employees wishing to further their studies or enhance their professional skills.

STAKEHOLDER	WHY DO WE ENGAGE WITH THEM?	WHY DO THEY ENGAGE WITH US	TOPICS OF CONCERN	MODE OF COMMUNICATION	OUR RESPONSE TO CONCERNS
GOVERNMENT, LOCAL AUTHORITIES AND REGULATORY BODIES 	To show our commitment to being transparent and meet expectations of regulators.	To ensure compliance to the relevant regulatory requirements. To work together with us in improving economic, social and environmental conditions.	Compliance with all legal and regulatory aspects of business. Strong and open relationships with regulators and other supervisory bodies.	Annual audit of our financial statements. Regular Meetings with relevant regulatory bodies, regular electronic communication.	We report any injuries promptly. We conduct Regular health and safety audits. We have meetings with SARS and other legislative regulators.
TRADE UNIONS AND CIVIL SOCIETY GROUPS 	Wearne's engagement involves listening to the different perspectives of the people involved, learning about the issues that these groups face.	Labour negotiation and fair salaries and wages increases.	Working conditions of employees. Fair salaries and wages.	Regular Emails, regular telephonic conversations, meetings.	We continuously engage with the trade unions to maintain healthy relationships.
SUPPLIERS AND BUSINESS PARTNERS 	We engage with our suppliers to maintain good relationships with them through encouraging responsible policies across our supply chain, local procurement, and supplier conduct and considering the environmental impact of our choices.	To ensure reliable supply of quality products at competitive prices as well as maintenance of payment terms.	Reasonable payment terms. Supplier relationship.	Frequent Telephonic communication, regular meetings, frequent Electronic communication.	Consistent feedback on payments and payment terms. Despite the difficult trading conditions, we strive to enhance our relationships with our suppliers through communication.

Value added **Statement**

for the year ended 29 February 2016

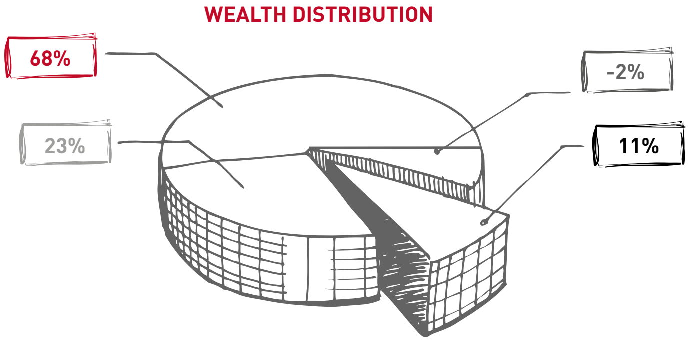
Set out below is the wealth created by the Group and it's employees during the year under review and how it was applied:

		2016 R'000		2015 R'000
Revenue		511,859		483,342
Cost of goods sold		-403,763		-384,130
Value added by operations		**108,096**		**99,212**
Discontinued operations		12,233		11,476
Non-operating income		4,292		8,270
Total value added		**124,621**		**118,958**
Applied as follows:				
To remunerate employees:				
- Salaries, wages, pensions and other benefits	68%	84,881	51%	60,865
To reward providers of capital:				
- Dividends		-		-
- Interest on borrowings	23%	28,470	22%	26,630
To the state:				
- Direct taxes	-2%	-2,092	2%	2,404
To replace assets:				
- Depreciation	25%	31,169	30%	35,293
To expand the Group				
- Retained Earnings	-14%	-17,807	-5%	-6,234
Total value added		**124,621**		118,958

Value added ratios		
Number of employees	593	616
Revenue per employee	863	785
Wealth created per employee	210	193

Total wealth created:

Employees	84,881
Government	-2,092
Providers of Capital	28,470
Reinvested	13,362



Separate and Consolidated Financial Statements

for the year ended 29 February 2016

Getting the
fundamentals right

Financial Contents 2016

The reports and statements set out below comprise the separate and consolidated financial statements presented to the shareholders:

The following supplementary information does not form part of the separate and consolidated financial statements and is unaudited:

Level of assurance

These separate and consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Preparer

These financial statements were prepared by KC Rottok Chesaina CA (SA) of Mueni Management Consulting Proprietary Limited under the supervision of MC Milazi CA (SA), CFO.

Director's **Responsibilities and Approval**

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the separate and consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the separate and consolidated financial statements fairly present the state of affairs of the Group and company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards, the Companies Act and JSE listing requirements. The external auditors are engaged to express an independent opinion on the separate and consolidated financial statements.

The separate and consolidated financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the separate and consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's and Group's cash flow forecast for the year to 31 July 2017 and, in the light of this review and the current financial position, they are satisfied that the company and Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's separate and consolidated financial statements. The separate and consolidated financial statements have been examined by the Group's external auditors and their report is presented on page 45.

The separate and consolidated financial statements set out on pages 46 to 79, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:

MM Patel
Chairman
16 August 2016

SJ Wearne
Chief Executive Officer
16 August 2016

Audit Committee **Report**

For the year ended 29 February 2016

The information below constitutes the report of the Audit Committee.

Mr WP van der Merwe continued in his appointment as Audit Committee chairman. The Audit Committee comprises a further two independent non-executive directors Mr M Khwinana and Mr MM Patel. A short CV for each of these directors has been set out on page 23 of the annual report demonstrating their suitable and relevant skills and experience. Although Mr MM Patel as Chairman of the board should not be a member of the Audit Committee in terms of the King III Report, the directors believe this is ameliorated by his qualification as a Chartered Accountant (SA) and the limited number of available non-executive directors to take his place.

The Committee's charter promotes the overall effectiveness of corporate governance in accordance with the King III Report. Further it provides for the monitoring of the Group's compliance with disclosure requirements, relevant laws and regulations and its own code of conduct. The Audit Committee charter is reviewed annually.

The Committee meets four times a year and attendance of directors is set out on page 27. Special meetings are convened as required. The external auditors and executive management are invited to attend every meeting. The Committee annually conducts a self-assessment and the board in addition evaluates the Committee, based on several factors including:

- Expertise
- Inquiring attitude, objectivity, and independence
- Judgement
- Understanding of the business
- Understanding of and commitment to the Committee's duties and responsibilities
- Willingness to devote the time needed to prepare for and participate in Committee deliberations
- Timely responses
- Attendance at meetings.

The Committee members were all satisfied with the functioning of the Committee. The board was also satisfied that the Committee members collectively have sufficient academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs and human resource management as required by section 94(5) of the Companies Act, read with Regulation 42.

Internal financial control

The Audit Committee performed an assessment of the effectiveness of the Group's system of internal control and risk management, including internal financial controls. This assessment conducted formed the basis for the Audit Committee's recommendation to the board that nothing has come to the attention of the Committee that would suggest that the prevailing internal controls are not, in all material aspects, effective.

The assurance provided by the Audit Committee serves to assist the board in fulfilling its disclosure obligations to report annually to shareholders on the effectiveness of the Group's system of internal financial control and risk management procedures.

In terms of the Companies Act and the JSE Listings Requirements the Audit Committee has considered and satisfied itself of the appropriateness of the expertise and experience of the CFO, Ms MC Milazi

The Audit Committee has further satisfied itself that Grant Thornton and Mr Z Sadek, the designated auditor, are independent of the Group.

The members of the Audit Committee received the JSE's Report on proactive monitoring of financial statements in 2015 issued on 11 February 2016. The report however will be reviewed in detail at the Audit Committee meeting subsequent to 29 February 2016

The Audit Committee recommended the annual financial statements for the year ended 29 February 2016, for approval to the board. The board has subsequently approved the annual financial statements which will be open for discussion at the forthcoming annual general meeting. The Audit Committee is satisfied that appropriate risk management processes are in place and has obtained combined assurance given by the external auditors and management.

Mr WP van der Merwe
Chairman
16 August 2016

Certification by **Company Secretary**

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, the Company has, in respect of the financial year reported upon, lodged with the Companies and Intellectual Property Commission all returns required of a public Group in terms of the Act and that all such returns are true, correct and up to date.

Claire Middlemiss
On behalf of: iThemba Governance & Statutory Solutions (Pty) Ltd
Company Secretary
16 August 2016

Independent **Auditor's Report**

Independent Auditor's Report
To the shareholders of
WG Wearne Limited

Report on the Audit of the Separate and consolidated Financial Statements

We have audited the separate and consolidated financial statements of WG Wearne Limited as set out on pages 48 to 79, which comprise the separate and consolidated statements of financial position as at 29 February 2016, and the separate and consolidated statements of comprehensive income, separate and consolidated statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the separate and consolidated financial position of WG Wearne Limited at 29 February 2016, and its separate and consolidated financial performance and separate and consolidated cash flows for the year than ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 42 in the consolidated financial statements which indicate that the Group incurred a headline loss of R18.9 million for the year ended 29 February 2016 and as of that date, the Group's current liabilities exceeds its current assets by R115 million. These conditions, along with other matters as set forth in Note 42, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Other reports required by the Companies Act

As part of our audit of the separate and consolidated financial statements for the year ended

29 February 2016, we have read the Directors' Report, Audit Committee Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion thereon.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 04 December 2015, we report that Grant Thornton Johannesburg Partnership has been the auditor of WG Wearne Limited for five years.

Grant Thornton

GRANT THORNTON JOHANNESBURG PARTNERSHIP
Registered Auditors

MZ Sadek
Partner

Registered Auditor
Chartered Accountant (SA)
16 August 2016

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Director's **Report**

The directors of WG Wearne Limited present their report for the Group for the year ended 29 February 2016.

1. NATURE OF BUSINESS

The company and its subsidiaries are engaged in the mining, manufacturing, marketing and transport of crushed stone, sand, ready-mixed concrete and pre-cast concrete products in the Gauteng, North West, Free State, Limpopo and KwaZulu-Natal Provinces, all of which are in the Republic of South Africa. Contracting services are also offered throughout the country.

2. GROUP STRUCTURE

Details of the company`s subsidiary companies are contained in Annexure A of the separate and consolidated financial statements.

3. SHARE CAPITAL

In terms of the resolution passed at the annual general meeting, and valid until the next annual general meeting, the company authorised the directors, subject to the regulations of the JSE, to: repurchase shares in the company, by special resolution and allot and issue for cash any shares in the company, limited to 50% of the company`s issued capital, by ordinary resolution.

An analysis of the company`s shareholders is provided in Annexure B of the annual report. At 29 February 2016 there were 1316 public shareholders in the company, who held 44.40% of the ordinary shares.

There were no changes in the authorised or issued share capital of the company during the year under review.

As far as the company is aware, at 29 February 2016, the following represent shareholders who hold an interest of 5% or more in the company:

Shareholder	Percentage held
Samant Trust	17.94%
Industrial Development Corporation (IDC)	15%
Richtrau No 329 (Pty) Ltd	15%
SJ Wearne (Director as well)	7.66%

4. DIVIDENDS

No dividends have been declared in the period.

5. DIRECTORATE

The directors in office during the year:

Directors		
S J Wearne	Executive	
MC Milazi	Executive	
WP van der Merwe	Non-executive	(Independent)
MM Patel	Non-executive	(Independent)
MC Khwinana	Non-executive	

6. SHAREHOLDING OF DIRECTORS

Details of the number of shares in the company beneficially held by directors and their associates at 29 February 2016 are as follows:

Executive directors	2016	2015
S J Wearne*	21 180 400	21 180 400

Non-executive Directors	2016	2015
WP Van Der Merwe	3 400 000	3 400 000

The shares listed above were all beneficially held.
* S J Wearne is also a beneficiary of the Samant Trust. Beneficiaries of the Samant Trust hold 49 588 967 shares in the company.

7. DIRECTORS`AND OFFICERS` INTEREST IN CONTRACTS

During the financial year, no contracts were entered into which directors or officers of the Group had an interest and which significantly affected the business of the Group.

8. PROPERTY, PLANT AND EQUIPMENT

The directors have critically reviewed the fixed asset requirements of the Group as well as the carrying values. As a result of this, non-essential and surplus-to-requirement fixed assets have been sold. Where carrying values were higher than recoverable amount, these assets have been appropriately impaired. The revaluation in the current year on the Brandvlei Quarry (Level 3 in terms of IFRS 13) was concluded by an independent appraiser on 29 March 2016 and is considered appropriate for the year ended 29 February 2016. The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances, current use and discounted cash flows. The method of valuation was the going concern method. The valuator`s report showed a going concern value amount of R 20.3 million which was considered reasonable for the property.

Property, plant and equipment of Wearne Precast were classified as held for sale in the current year. The assets were re-measured to their fair value (less costs to sell) of R19,6 million which resulted in an impairment of R1,7 million.

9. REMUNERATION OF DIRECTORS

The directors` remuneration is reflected in full in note 32 to the annual financial statements.

10. GOING CONCERN

The Group incurred a headline loss on continuing operations for the 2016 financial period of R21.3 million and headline earnings from discontinued operations of R2.4 million. Headline loss from continuing and discontinued operations amounted to R18.9 million. This highlights a material uncertainty regarding the going concern issue which is emphasised further by the Group`s negative liquidity position and high gearing.

The Group is currently technically solvent with a net asset value of R42.2 million. Current liabilities of R213 million exceed current assets of R97.7 million by R115 million. The Group encountered significant cash flow pressures in the current year. Hence a restructure plan has been developed to sell off non-core assets to improve liquidity and solvency.

The first phase of the re-structuring process was implemented with the planned sale of the Precast Division (concrete manufactured products segment). The aim of the process is to reduce the cash flow pressures of the Group and improve liquidity and solvency of the individual subsidiaries. The Group is optimistic that once the re-structure plan has been implemented in full, a viable and profitable business will emerge.

The Group generated cash flows from continuing operations of R55.1 million and R6.5 million from discontinued operations which in part is contributed by an increase in trade and other payables. The Group maintained its strict cash flow management policy, however due to cash flow pressures delays were encountered in meeting working capital obligations. Cash flow management remains key in this challenging period. Cash resources are expected to improve as the restructure plan which includes the sale of non- core and underperforming assets, is expected to be in full swing in the coming financial year.

The Group has several loans covenants on its secured borrowings which measure various ratios including debt service cover. The Group was in breach of some of its loan covenants during the year, however a waiver of the breach was obtained from the respective bank. Subsequent to 29 February 2016, the bank revised the loan agreement and excluded the clause on loan covenants. In addition due to cash flow pressures, the Group was unable to meet its monthly instalments of the IDC loans as they fell due. Negotiations to restructure the IDC loans are in progress and are at an advanced stage.

Subsequent to year end, management, entered into an agreement for the sale of the Bethlehem business in line with the restructure plan. The sale is expected to result in a profit on sale of approximately R10 million. The sale of the division furthers highlights the Group's commitment in improving solvency and liquidity. In addition to the re-structure plan, management continues to review all aspects of the business in order to ensure that resources are being utilized effectively. This ensures that all cost areas are closely monitored in order to reduce expenditure and relieve cash reserves for the Group's working capital. In light of the above, the going concern basis has been adopted in preparing these financial statements. The directors have no reason to believe that the Group or any company (with the exception of Wearne Precast which will be dormant in the future) within the Group will not continue to be a going concern in the foreseeable future.

11. ACCOUNTING POLICIES

Detailed accounting policies are set out on pages 52 to 56 of the separate and consolidated financial statements.

12. EVENTS AFTER THE REPORTING PERIOD

The Group entered into an agreement with Afrimat Concrete Products Proprietary Limited and Afrimat Aggregates (KZN) Proprietary Limited, subsidiaries of Afrimat Limited ("Afrimat") on 6 July 2016 to dispose of the Bethlehem quarry and ancillary businesses as a going concern. The Group also entered into an agreement on 6 July 2016 with Rodag Holdings Proprietary Limited, a subsidiary of Afrimat, to dispose of the property on which the Bethlehem quarry is situated, namely Erf 4038, Bethlehem, Free State. The proceeds from the sale are expected to be approximately R30 million for the sale of the businesses including stock on hand and the property. Profits approximating R10 million are expected to be earned from the sale. The sale forms part of the restructure plan to dispose of non-core assets to improve the liquidity and solvency of the Group. The businesses and property have been identified as non-core assets.

13. AUDITORS

Grant Thornton Johannesburg Partnership continued in office as auditors for the company and its subsidiaries for 2016.

14. COMPANY SECRETARY

Ithemba Governance and Statutory Solutions Proprietary Limited continued to act as company secretary during the current financial year.

15. FINANCIAL RESULTS

The Group's business and operations, and the results thereof, are reflected in the attached separate and consolidated financial statements and no other fact or circumstance material to a fair assessment of the financial position of the Group has occurred.

The current year performance saw the Group make a basic headline loss per share of 6.95 (2015: 2.83) and basic and diluted loss from continuing and discontinued operations of 6.52 cents (2015: 2.28 cents). The net asset value per share decreased to 15.47 cents (2015: 20.03).

16. ACQUISITIONS AND DISPOSALS

During the 2016 financial year, management decided to dispose of the Plant, Equipment and Inventory of the concrete manufactured products segment. Management committed to a plan to dispose of the assets in February 2016 following a strategic decision to focus on core operations. The concrete manufactured segment was identified as non-core to the operations of the Group and the transaction will be the Group's first step in a restructuring process to divest of its non-core assets.

The salient terms of the transaction include the following:

Consideration of R 19.6 million (including transaction costs) for Plant and Equipment is expected to be received from the sale. In addition, raw materials and finished goods will be disposed of at the lower of cost or net realisable value on 60 day terms after the deduction of advanced payments received up to the effective date. All other assets and all the liabilities will be excluded from the transaction.

17. BORROWINGS

The borrowing powers of the directors are unlimited in terms of the company`s Memorandum of Incorporation. However, in terms of the Loan Agreement with the IDC the company shall not without prior written consent from the IDC lend a excess of R 5 million per calendar year except if such liabilities are incurred in the ordinary course of business.

Statement of **Financial Position**

Figures in Rand thousand	Note	Group 2016	Group 2015	Company 2016	Company 2015
Assets					
NON-CURRENT ASSETS					
Property, plant and equipment	3	294 426	316 931	217 190	211 884
Investments in subsidiaries	4	-	-	2	2
Other financial assets	5	6 167	5 864	-	-
Deferred tax	6	4 851	5 709	-	-
		305 444	**328 504**	**217 192**	**211 886**
CURRENT ASSETS					
Inventories	7	27 642	37 058	1 143	733
Trade and other receivables	9	48 195	63 912	10 509	21 864
Cash and cash equivalents	10	633	179	14	141
		76 470	**101 149**	**11 666**	**22 738**
Assets in disposal Group classified as held for sale	11	**21 291**	**-**	**-**	**-**
Total Assets		**403 205**	**429 653**	**228 858**	**234 624**
Equity and Liabilities					
Equity					
Share capital	12	178 357	178 357	181 837	181 837
Reserves	13	1 392	1 353	-	-
Revaluation reserves	13	57 326	52 735	53 069	47 770
Accumulated loss		(194 842)	(177 744)	(186 267)	(181 470)
		42 233	**54 701**	**48 639**	**48 137**
Liabilities					
NON-CURRENT LIABILITIES					
Other financial liabilities	14	129 950	178 153	110 953	136 238
Deferred tax	6	7 039	8 884	-	-
Provisions	15	11 062	11 259	-	-
		148 051	**198 296**	**110 953**	**136 238**
CURRENT LIABILITIES					
Other financial liabilities	14	56 681	48 958	42 173	28 378
Current tax payable		55	1 119	-	-
Trade and other payables	16	116 066	91 157	21 171	15 046
Bank overdraft	10	23 492	35 422	5 922	6 825
		196 294	**176 656**	**69 266**	**50 249**
Liabilities directly associated with assets in the disposal Group classified as held for sale	11	**16 627**	**-**	**-**	**-**
Total Liabilities		**360 972**	**374 952**	**180 219**	**186 487**
Total Equity and Liabilities		**403 205**	**429 653**	**228 858**	**234 624**

Statement of **Profit or Loss and Other Comprehensive Income**

	Note	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Continuing operations					
Revenue	17	511 859	483 342	141 342	127 225
Cost of sales	18	(403 763)	(384 130)	(69 271)	(60 411)
Gross profit		**108 096**	**99 212**	**72 071**	**66 814**
Other income	19	4 292	8 270	1 284	2 742
Operating expenses		(107 315)	(90 010)	(62 307)	(56 793)
Operating profit	**20**	**5 073**	**17 472**	**11 048**	**12 763**
Investment revenue	21	196	401	(1)	265
Impairment of loans: reversal		-	-	-	72 489
Finance costs	22	(26 670)	(24 463)	(15 844)	(13 887)
(Loss) profit before taxation		**(21 401)**	**(6 590)**	**(4 797)**	**71 630**
Taxation	23	2 950	(2 404)	-	-
(Loss) profit from continuing operations Discontinued operations		**(18 451)**	**(8 994)**	**(4 797)**	**71 630**
Profit from discontinued operations	11	644	2 760	-	-
(Loss) profit for the year		**(17 807)**	**(6 234)**	**(4 797)**	**71 630**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Fair value adjustments: Revaluation of land and buildings	24	5 300	10 000	5 300	10 000
Deferred tax on fair value adjustments		-	1 564	-	1 564
Total items that will not be reclassified to profit or loss		**5 300**	**11 564**	**5 300**	**11 564**
Items that may be reclassified to profit or loss:					
Fair value adjustments: Available for sale		81	573	-	-
Deferred tax on fair value adjustment		(42)	(112)	-	-
Total items that may be reclassified to profit or loss		**39**	**461**	**-**	**-**
Other comprehensive income for the year net of taxation		**5 339**	**12 025**	**5 300**	**11 564**
Total comprehensive (loss) income for the year		**(12 468)**	**5 791**	**503**	**83 194**
Per share information					
Continuing operations: Basic loss per share	36	(6,76)	(3,29)	-	-
Discontinued operations: Basic earnings per share		0,24	1,01	-	-
Continuing and discontinuing operations: Basic loss per share		**(6,52)**	**(2,28)**	**-**	**-**

Statement of **Changes in Equity**

	Share capital R '000	Share premium R '000	Total share capital R '000	Revaluation reserve R'000	Available for sale R '000	Total reserves R '000	Accumulated loss R '000	Total equity R '000
Group								
Balance at 01 March 2014	**273**	**178 084**	**178 357**	**45 098**	**892**	**45 990**	**(175 437)**	**48 910**
Loss for the year	-	-	-	-	-	-	(6 234)	(6 234)
Other comprehensive income	-	-	-	11 564	461	12 025	-	12 025
Transfer between reserves	-	-	-	(3 927)	-	(3 927)	3 927	-
Balance at 01 March 2015	**273**	**178 084**	**178 357**	**52 735**	**1 353**	**54 088**	**(177 744)**	**54 701**
Loss for the year	-	-	-	-	-	-	(17 807)	(17 807)
Other comprehensive income	-	-	-	5 300	39	5 339	-	5 339
Transfer between reserves	-	-	-	(709)	-	(709)	709	-
Balance at 29 February 2016	**273**	**178 084**	**178 357**	**57 326**	**1 392**	**58 718**	**(194 842)**	**42 233**
Note(s)	12	12	12	13	13			

	Share capital R '000	Share premium R '000	Total share capital R '000	Revaluation reserve R'000	Available for sale R '000	Total reserves R '000	Accumulated loss R '000	Total equity R '000
Company								
Balance at 01 March 2014	**276**	**181 561**	**181 837**	**39 423**	**-**	**39423**	**(256 318)**	**(35 058)**
Profit for the year	-	-	-	-	-	-	71 630	71 630
Other comprehensive income	-	-	-	11 564	-	11564	-	11 564
Transfer between reserves	-	-	-	(3 218)	-	(3218)	3 218	-
Balance at 01 March 2015	**276**	**181 561**	**181 837**	**47 769**	**-**	**47769**	**(181 470)**	**48 136**
Loss for the year	-	-	-	-	-	-	(4 797)	(4 797)
Other comprehensive income	-	-	-	5 300	-	5300	-	5 300
Balance at 29 February 2016	**276**	**181 561**	**181 837**	**53 069**		**53069**	**(186 267)**	**48 639**
Note(s)	12	12	12	13	13			

Statement of **Cash Flows**

Figures in Rand thousand	Note(s)	Group 2016	2015	Company 2016	2015
Cash flows from operating activities					
Cash generated in operations	25	81 594	38 958	39 271	15 670
Interest income		140	95	-	6
Dividends received		56	306	-	259
Finance costs		(26 670)	(24 463)	(15 844)	(13 887)
Cash flows of discontinued operations		6 507	5 174	-	-
Net cash from operating activities		**61 627**	**20 070**	**23 427**	**2 048**
Cash flows from investing activities					
Purchase of property, plant and equipment		(27 667)	(14 826)	(12 805)	(2 946)
Sale of property, plant and equipment		6 179	7 615	1 644	4 063
Proceeds on sale of non-current asset held for sale		-	8 185	-	8 185
Increase in other financial assets		(222)	(78)	-	-
Net cash flows of discontinued operations		(317)	(1 225)	-	-
Net cash from investing activities		**(22 027)**	**(329)**	**(11 161)**	**9 302**
Cash flows from financing activities					
Repayment of borrowings		(24 099)	(35 997)	(11 490)	(24 636)
Receipt from Group company`s loans		-	-	-	6 473
Net cash flows of discontinued operations		(3 487)	(3 015)	-	-
Net cash from financing activities		**(27 586)**	**(39 012)**	**(11 490)**	**(18 163)**
Total cash movement for the year		**12 014**	**(19 271)**	**776**	**(6 813)**
Cash at the beginning of the year		(35 243)	(15 972)	(6 684)	129
Total cash at end of the year	**10**	**(23 229)**	**(35 243)**	**(5 908)**	**(6 684)**

Accounting **Policies**

1. PRESENTATION OF SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The separate and consolidated financial statements of WG Wearne Limited have been prepared in accordance with International Financial Reporting Standards and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listing Requirements and the Companies Act of South Africa. The separate and consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

Functional and presentation currency:

These financial statements are presented in South African Rand, which is the Group's functional currency.

These accounting policies are consistent with the previous financial period, except for the adoption of amendments and standards set out in note 2.

1.1 CONSOLIDATION BASIS OF CONSOLIDATION

The separate and consolidated financial statements incorporate the separate and consolidated financial statements of the Group and all investees which are controlled by the Group.

Control exists when the Group has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor`s returns.

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the separate and consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the separate and consolidated financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the separate and consolidated financial statements. Significant judgements include:

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Disclosure of these estimates of provisions is included in note 15 - Provisions.

Decommissioning and quarry rehabilitation provision

Group companies are required to restore quarry and processing site at the end of their useful lives to a condition acceptable to the relevant authorities. A rehabilitation trust fund has been established at the request of the regulatory authorities, and annual contributions have been made to the trust as required, in order for the ultimate rehabilitation cost to be provided for at the end of the useful life of a site.

Quantifying the future costs of these obligations is complex and requires various estimates to be made as well as interpretations of and decisions regarding regulatory requirements, particularly with respect to the degree of rehabilitation required, with reference to the sensitivity of the environmental area surrounding the sites. Consequently, the guidelines issued for quantifying the future rehabilitation cost of a site, as issued by the Department of Minerals and Energy, have been used to estimate future rehabilitation costs.

The expected costs of any decommissioning and rehabilitation programme, discounted to its net present value, are capitalised at the beginning of a project and amortised over the estimated remaining useful life of the quarry.

The quantification of future rehabilitation costs was conducted by an independent expert, Pieter Jacobus Greyling (a Quantity Surveyor, member of Plato as Professional Mine Surveyor 1995, Member.PMS0122) in 2013. The current year rehabilitation costs were based on the 2013 quantification calculation taking into account a discounting factor.

Taxation
The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income.

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Property, plant and equipment
The useful lives and residual values of items of property, plant and equipment are assessed annually and may differ depending on various factors. The details of useful lives are disclosed in note 1.3.

Significant judgement is required in the valuation classes of property, plant and equipment measured according to the revaluation model. In valuing these classes of assets the Group makes use of independent experts.

Inventory
The determination of what constitutes slow moving, damaged, or obsolete inventory requires judgement. When inventory has been identified as slow moving, damaged, or obsolete it is written off.

A significant portion of the Group's inventory relates to Aggregate that is held in stockpiles at various locations. The determination of the volume of a stockpile is complex and requires both a degree of judgement and estimation. Management utilizes independent quantity surveyors in order to quantify the volume of Aggregate on hand.

1.3 PROPERTY, PLANT AND EQUIPMENT

Cost model
The following classes of property, plant and equipment are carried according to the cost model;

- Motor vehicles
- Office equipment
- IT equipment
- Plant-under-construction

Recognition and measurement:
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Revaluation model
The following classes of property, plant and equipment are carried according to the revaluation model;

- Land and buildings
- Plant and machinery

Recognition and measurement:
Items of Land and buildings,plant and machinery are measured at their revalued amounts. Revalued amounts are fair market values based on appraisals prepared by external professional valuers . Any revaluation surplus arising upon appraisal of land and buildings, plant and machinery is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to accumulated losses as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to accumulated losses when the asset is derecognised.

Depreciation
Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated except where the land is used for quarrying activities.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land: Commercial Land	Indefinite
Land: Quarry	Life of quarry
Buildings	20 - 50 years
Plant and machinery	1 - 15 years
Motor vehicles	5 - 10 years
Office equipment	5 - 10 years
IT equipment	2 - 3 years
Plant under construction	*

* Plant-under-construction is not depreciated until it becomes ready for use.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Assets relating to quarry resources are classified as tangible assets and are capitalised to the cost of land. Stripping costs in the production phase of a quarry are capitalised to the cost of land and are depreciated over the expected useful life of the quarry.

The commercial land has been revalued based on fair value whereas quarrying land has been revalued using the value in use based on the life of quarry.

1.4 FINANCIAL INSTRUMENTS

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group has the following non-derivative financial assets: loans and receivables and available-for sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to Group companies are classified as loans and receivables.

Loans from Group companies are classified as financial liabilities measured at amortised cost.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

1.5 TAXATION

Income tax, current tax assets and liabilities

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.6 LEASES

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

1.7 INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.8 NON-CURRENT ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

When the Group intends to sell a non-current asset or a Group of assets (a disposal Group), and if sale within twelve months is highly probable, the asset or disposal Group is classified as 'held for sale' and presented separately in the statement of financial position. Liabilities are classified as 'held for sale' and presented as such in the statement of financial position if they are directly associated with a disposal Group.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations (see Note 11).

1.9 IMPAIRMENT OF ASSETS

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired may include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

1.9 IMPAIRMENT OF ASSETS (CONTINUED)

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by Grouping together receivables and held- to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Non-financial assets:

The carrying amounts of the Group's non-financial assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount. Recoverable amount is determined as the greater of Fair value less cost to sell and Value-in-use. Impairment loss represents the difference between the asset's carrying amount and the recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Group of units) on a pro-rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

1.10 EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

Headline Earnings per share is calculated as per the Johannesburg Stock Exchange requirements and prepared in accordance with The South African Institute of Chartered Accountants, Headline Earnings per share circular 2/2015.

1.11 INVESTMENT INCOME AND FINANCE COSTS

Investment income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

1.12 EMPLOYEE BENEFITS

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the Group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.13 PROVISIONS AND CONTINGENCIES

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

1.14 REVENUE

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates and value added taxes.

Revenue recognition Criteria for the Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the balance sheet date.

Revenue recognition criteria for the receipt of rental income

Rental income is recognised as revenue on the straight line basis over the lease term.

1.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits. Cash and cash equivalents presented on the cash flow are presented net of bank overdrafts and include cash and cash equivalents and bank overdrafts of discontinued operations.

1.16 OPERATING SEGMENT

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Notes to the **separate and consolidated financial statements**

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendment to IFRS 13: Fair Value Measurement: Annual improvements project

The amendment clarifies that references to financial assets and financial liabilities in paragraphs 48–51 and 53–56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial Instruments: Presentation.

Amendment to IAS 24: Related Party Disclosures: Annual improvements project

The definition of a related party has been amended to include an entity, or any member of a Group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project

The amendment adjusts the option to proportionately restate accumulated depreciation when an item of property, plant and equipment is revalued. Instead, the gross carrying amount is to be adjusted in a manner consistent with the revaluation of the carrying amount. The accumulated depreciation is then adjusted as the difference between the gross and net carrying amount.

There has been no material impact on the separate and consolidated financial statements as a result of the adoption of new Standards and amendments.

2.2 STANDARDS AND INTERPRETATIONS EARLY ADOPTED

The Group has not chosen to early adopt any standards and interpretations.

2.3 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 March 2016 or later periods only those expected to have an impact on the Group are included.

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is now complete for classification, measurement and derecognition of financial assets and liabilities. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Financial liabilities shall not be reclassified.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 01 January 2018.

The Group expects to adopt the standard for the first time in the 2018 separate and consolidated financial statements.

The impact of this Standard is currently being assessed.

IFRS 5 Non-current assets Held for Sale and Discontinued Operations

Annual Improvements 2012-2014 Cycle: Amendments clarifying that a change in the manner of disposal of a non- current asset or disposal Group held for sale is considered to be a continuation of the original plan of disposal, and accordingly, the date of classification as held for sale does not change.

The effective date of the amendments is for the years beginning on or after 01 January 2016. The impact of this standard is currently being assessed.

IFRS 15 Revenue from Contracts with Customers

- An entity applies IFRS 15 to each contract with a customer that has commercial substance and meets other specific criteria (such as the probability of the entity collecting its entitled consideration in exchange for promised goods or services)
- The standard has specific conditions that need to be met in order for a contract to be within the scope of IFRS 15.
- To identify the performance obligation(s), an entity must consider if the customer can benefit from the good or service on its own or together with other readily available resources. The entity must also consider whether its promise to deliver the good or service is separately identifiable from other promises in the contract.
- The transaction price is typically a fixed amount of customer consideration. However, the price could include estimates of consideration that are variable, or consideration that is in a form other than cash. Factors such as collection uncertainty and the effects of financing are also considered in the determination of the transaction price.
- An entity allocates the transaction price to each performance obligation on the basis of the stand-alone selling prices of each distinct good or service. The standard specifies when an entity should allocate the consideration to a specific part of the contract vs. all of the performance obligations in the contract.
- If it is determined that a contract contains a significant financing arrangement, an entity needs to adjust for the time value of money.
- Revenue is recognized when the entity satisfies a performance obligation by transferring a promised good or service to a customer (i.e., the customer obtains control of that good or service).
- Therefore, revenue is recognized as control is passed, either over time or at a point in time. Control of an asset is defined as the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. This includes the ability to prevent others from directing the use of, and obtaining the benefits from, the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly.

The effective date of the standard is for years beginning on or after 01 January 2018.

The Group does not envisage the adoption of the standard until such time as it becomes applicable to the Group's operations.

The impact of this standard is currently being assessed.

IAS 1 Presentation of Financial Statements

Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures.

The effective date of the amendment is for years beginning on or after 01 January 2016.

The Group expects to adopt the amendment for the first time in the 2017 separate and consolidated financial statements.

The amendments are expected to have a material impact on the separate and consolidated financial statements, however additional disclosure requirements will be imposed.

IAS 27 Separate and consolidated Financial Statements

Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2016.

It is unlikely that the amendment will have a material impact on the Group's separate and consolidated financial statements.

IFRS 16 Leases

New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.

IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

IFRS 16 supersedes the following Standards and Interpretations:

(a) IAS 17 Leases;
(b) IFRIC 4 Determining whether an Arrangement contains a Lease;
(c) SIC-15 Operating Leases—Incentives; and
(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The effective date of the standard is for years beginning on or after 01 January 2019.

The Group expects to adopt the standard for the first time in the 2019 separate and consolidated financial statements.

The amendments are expected to have a material impact on the separate and consolidated financial statements, however additional disclosure requirements will be imposed.

3. PROPERTY, PLANT AND EQUIPMENT

Group		2016			2015	
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	224 186	(38 464)	185 722	222 990	(36 576)	186 414
Plant and machinery	238 181	(149 967)	88 214	249 958	(142 514)	107 444
Motor vehicles	81 726	(61 764)	19 962	87 107	(64 775)	22 332
Office equipment	1 455	(1 167)	288	1 569	(1 169)	400
IT equipment	5 174	(4 934)	240	5 143	(4 802)	341
Total	**550 722**	**(256 296)**	**294 426**	**566 767**	**(249 836)**	**316 931**

Company		2016			2015	
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	210 440	(32 933)	177 507	205 119	(32 910)	172 209
Plant and machinery	134 923	(95 856)	39 067	130 791	(91 831)	38 960
Motor vehicles	2 213	(1 796)	417	2 720	(2 203)	517
Office equipment	270	(212)	58	270	(183)	87
IT equipment	3 225	(3 084)	141	3 055	(2 944)	111
Total	**351 071**	**(133 881)**	**217 190**	**341 955**	**(130 071)**	**211 884**

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Disposals	Classified as held for sale	Revaluations	Depreciation	Impairment loss	Total
Land and buildings	186 414	3 978	-	(7 422)	5 300	(1 887)	(661)	185 722
Plant and machinery	107 444	17 200	(1 700)	(12 109)	-	(21 543)	(1 078)	88 214
Motor vehicles	22 332	6 576	(1 575)	(55)	-	(7 310)	(6)	19 962
Office equipment	400	-	-	(3)	-	(109)	-	288
IT equipment	341	230	-	(11)	-	(320)	-	240
	316 931	**27 984**	**(3 275)**	**(19 600)**	**5 300**	**(31 169)**	**(1 745)**	**294 426**

Reconciliation of property, plant and equipment - Group - 2015

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land and buildings	176 974	772	(486)	10 000	(846)	186 414
Plant and machinery	124 534	8 516	(4 055)	-	(21 551)	107 444
Motor vehicles	29 652	6 622	(1 593)	-	(12 349)	22 332
Office equipment	532	13	-	-	(145)	400
IT equipment	615	128	-	-	(402)	341
	332 307	**16 051**	**(6 134)**	**10 000**	**(35 293)**	**316 931**

Reconciliation of property, plant and equipment - Company - 2016

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land and buildings	172 209	21	-	5 300	(23)	177 507
Plant and machinery	38 960	12 614	(1 346)	-	(11 161)	39 067
Motor vehicles	517	-	(77)	-	(23)	417
Office equipment	87	-	-	-	(29)	58
IT equipment	111	170	-	-	(140)	141
	211 884	**12 805**	**(1 423)**	**5 300**	**(11 376)**	**217 190**

Reconciliation of property, plant and equipment - Company - 2015

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Total
Land and buildings	162 167	172	-	(107)	10 000	(23)	172 209
Plant and machinery	51 599	2 648	(3 389)	125	-	(12 023)	38 960
Motor vehicles	650	96	(38)	(14)	-	(177)	517
Office equipment	107	10	-	-	-	(30)	87
IT equipment	301	20	-	(4)	-	(206)	111
	214 824	**2 946**	**(3 427)**	**-**	**10 000**	**(12 459)**	**211 884**

Impairment loss

During the 2016 financial year, a decision was made to dispose of plant and equipment of the concrete manufactured products segment (refer to note 11). As a result the plant and equipment was re-classified as held for sale and included in the disposal group in the statement of financial position. The plant and equipment was measured to its fair value less costs to sell of R19 600 000. The measurement of the plant and equipment to its fair value less costs to sell resulted in an impairment loss of R1 745 336. The impairment loss is included in the profit from discontinued operations disclosed in the statement of profit or loss and other comprehensive income.

Revaluations

Fair value of certain of the Group`s property, plant and equipment is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date. The revaluation reserve as disclosed in the statement of changes in equity consists of revaluations performed in prior years as well as the current year. The revaluation in the current year was performed on the Brandvlei Quarry (Level 3 in terms of IFRS 13) was concluded by an independent appraiser on 29 March 2016 which is appropriate for the year ended 29 February 2016. The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances, current use and discounted cash flows. The method of valuation was the going concern method. The valuator`s report showed a going concern value amount of R 20.3 million which was considered reasonable for the property.

Had the assets continued to be carried according to the cost model the carrying values would be as follows:

Group 2016	Cost Model R `000	Revaluation Model R `000	Surplus R `000
Land and buildings	125 916	185 722	59 806
Plant and machinery	82 305	88 214	5 901
Group 2015			
Land and buildings	131 908	186 414	54 506
Plant and machinery	100 548	107 444	6 896
Company 2016			
Land and buildings	117 701	177 507	59 806
Company 2015			
Land and buildings	117 703	172 209	54 506

4. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Company

Name of company	Held by	% voting power 2016	% voting power 2015	Carrying amount 2016	Carrying amount 2015
Wearne Platkop Quarry Proprietary Limited		100,00 %	100,00 %	*	*
Wearne Aggregates Proprietary Limited		100,00 %	100,00 %	*	*
Wearne Precast Proprietary Limited		100,00 %	100,00 %	2	2
Wearne Quarries Free State Proprietary Limited		100,00 %	100,00 %	*	*
Wearne Quarries Gauteng Proprietary Limited		100,00 %	100,00 %	*	*
Wearne Quarries Limpopo Proprietary Limited		100,00 %	100,00 %	*	*
Wearne Quarries Natal Proprietary Limited		100,00 %	100,00 %	*	*
Wearne Ready Mixed Concrete Proprietary Limited		100,00 %	100,00 %	*	*
Noordvaal Crushers Proprietary Limited		100,00 %	100,00 %	*	*
Wearne Share Scheme Trust		100,00 %	100,00 %	*	*
		100,00 %	100,00 %	2	2

* Amounts less than R 1 000

The carrying amounts of subsidiaries are shown net of impairment losses. Where the carrying value and fair value of investments in subsidiaries is less than a thousand rand it has been rounded to RNil. Refer to annexure A for carrying value denominated in South African Rand. All subsidiaries are incorporated in the Republic of South Africa.

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
5. OTHER FINANCIAL ASSETS				
Available-for-sale				
Held by the Wearne Rehabilitation Trust: Stanlib	6 167	5 864	-	-
Wealth Management Limited				
Loans and receivables				
Loans to share scheme participants	1 757	1 757	-	-
	1 757	1 757	-	-
Impairment losses	(1 757)	(1 757)	-	-
	-	-	-	-
Non-current assets				
Available-for-sale	6 167	5 864	-	-
Reconciliation of impairment losses				
Opening balance	(1 757)	(2 054)	-	-
Allowance for impairment	-	297	-	-
	(1 757)	**(1 757)**		

The Stanlib Wealth Management Limited investments consist of unit trusts whose fair value is based on quoted market prices. These financial assets are therefore classified as Level 1 in the IFRS 13 fair value hierarchy. The fair values are determined at the reporting date. The maximum exposure to credit risk at the reporting date is the fair value of the debt securities classified as available-for-sale and the credit risk exposures attributable from the loans and receivables classified in other financial assets.

The investments are not available for use by the Group other than for the intended use of site rehabilitation in accordance with the directives of the Department of Minerals and Energy.

Loans to the WG Wearne Share Scheme participants currently bear no interest, are unsecured and have no fixed terms of repayment. These loans have been fully impaired. Refer to note 12 for further information on the share scheme.

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
6. DEFERRED TAX				
Deferred tax liability				
Accelerated capital allowances for tax purposes	(10 056)	(23 697)	-	(10 989)
Provisions	589	1 002	-	350
Debtors payments in advance	769	952	-	4
Estimated loss	1 848	13 020	-	10 642
Prepayments	(34)	(49)	-	(7)
Fair value adjustments	(155)	(112)	-	-
Total deferred tax liability	**(7 039)**	**(8 884)**	**-**	**-**
Deferred tax asset				
Accelerated capital allowances for tax purposes	(9 329)	(10 828)	-	-
Provisions	564	330	-	-
Debtors payments in advance	1 030	1 124	-	-
Estimated losses	12 630	15 133	-	-
Prepayments	(44)	(50)	-	-
Deferred tax balance from temporary differences other than unused tax losses	4 851	5 709	-	-
Total deferred tax asset	**4 851**	**5 709**	**-**	**-**
Deferred tax liability	(7 039)	(8 884)	-	-
Deferred tax asset	4 851	5 709	-	-
Total net deferred tax liability	**(2 188)**	**(3 175)**	**-**	**-**
Reconciliation of deferred taxation liability				
At beginning of year	(8 884)	(8 151)	-	(1 564)
Accelerated capital allowances for tax purposes	2 653	412	-	(1 723)
Provisions	(64)	452	-	172
Income received in advance	(179)	(202)	-	(53)
Estimated losses	(530)	(1 268)	-	3 188
Prepayments	8	(15)	-	(20)
Other comprehensive income	(43)	(112)	-	-
	(7 039)	**(8 884)**	**-**	**-**

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Reconciliation of deferred taxation asset				
At the beginning of the year	5 709	6 312	-	-
Originating temporary differences on tangible assets	1 500	1 065	-	-
Provisions	233	(90)	-	-
Debtors payments in advance	(94)	380	-	-
Estimated losses	(2 503)	(1 950)	-	-
Prepayments	6	(8)	-	-
	4 851	**5 709**	**-**	**-**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of R36 078 704 (2015: R 20 635 548) in respect of total estimated losses amounting to R 128 852 515 (2015: R 73 698 389) that may be carried forward against future taxable income. In addition the Group has deferred tax capital losses recognised amounting to R 10 030 866 (2015: R 10 356 741) in respect of capital losses amounting to R 35 824 523 (2015: R 36 988 362) which may be carried forward. It is probable that future taxable capital gains will be available to utilise the capital losses.

7. INVENTORIES

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Raw materials and components	5 628	11 543	1 082	586
Finished goods	21 629	23 570	10	34
Diesel	385	1 945	51	113
	27 642	**37 058**	**1 143**	**733**

8. LOANS TO (FROM) GROUP COMPANIES

Subsidiaries

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Noordvaal Crushers Proprietary Limited	-	-	845	(22)
Wearne Aggregates Proprietary Limited	-	-	68 751	34 842
Wearne Precast Proprietary Limited	-	-	16 636	15 125
Wearne Quarries Natal Proprietary Limited	-	-	1 082	1 081
Wearne Ready Mixed Concrete Proprietary Limited	-	-	53 002	87 771
	-	-	140 316	138 797
Impairment of loans to subsidiaries	-	-	(140 316)	(138 797)
	-	**-**	**-**	**-**

During the prior year management decided to recapitalise the financial position of the various subsidiary companies. This was done by way of transfer of rights and obligations between the various intercompany loans. The net result of this was that WG Wearne Limited was the net funder to the various subsidiary companies. This resulted in a reversal of a portion of the impairment loss previously recognised in the company`s accounting records.

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Reconciliation of impairment				
Opening balance	-	-	138 797	210 226
Impairment of loans	-	-	1 519	-
Reversal of impairment of loans	-	-	-	(72 488)
	-	**-**	**140 316**	**137 738**
Loans to special purpose entity				
WG Wearne Share Incentive Trust	-	-	4 506	4 483
	-	-	4 506	4 483
Allowance for impairment of loan	-	-	(4 506)	(4 483)
	-	**-**	**-**	**-**

These loans are interest free, are unsecured and have no fixed terms of repayment.

9. TRADE AND OTHER RECEIVABLES

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Trade receivables	43 303	57 937	8 820	18 083
Prepayments	1 729	2 154	651	926
Deposits	1 230	174	-	-
Other receivables	1 933	3 647	1 038	2 855
	48 195	**63 912**	**10 509**	**21 864**

Trade and other receivables pledged as security

For detail regarding the cession of trade receivables as security for overdraft facilities provided to the Group refer to note 10.

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Less than 30 days	27 104	38 901	7 365	14 271
31 to 60 days	8 114	6 160	285	2 628
61 to 90 days	4 759	6 738	1 151	1 115
91 to 120 days	1 559	2 182	-	-
over 120 days	1 767	3 956	19	69
	43 303	**57 937**	**8 820**	**18 083**

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Fair value of trade and other receivables				
Trade and other receivables	48 195	63 912	10 509	21 864

Trade and other receivables past due but not impaired

Trade receivables which are past due but not considered to be impaired, are detailed below.

The ageing of amounts past due but not impaired is as follows:

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Less than 3 months	4 759	6 738	1 151	1115
3 to 6 months	1 559	2 182	-	-
Over 6 months	1 767	3 956	19	69

Items past due and not impaired by more than 3 months are still considered collectible in full. This is based on the historical payment behaviour and analysis of the customer credit risk.

Group

As of 29 February 2016, trade and other receivables of R 3 462 004 (2015: R 3 382 284) were impaired and provided for.

Company

As at 28 February 2015 trade and other receivables of R Nil (2015: R 615 000) were impaired and provided for.

The ageing of the impairment allowance is as follows:

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
3 to 6 months	4	2	-	-
3 to 6 months	468	893	-	615
Over 6 months	2 990	2 487	-	-

Reconciliation of allowance for impairment of trade and other receivables

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Opening balance	3 382	1 936	615	-
Utilised during the year	(3 880)	(701)	(615)	-
Raised during the year	5 264	3 023	-	615
Unused amounts reversed during the year	(1 304)	(876)	-	-
	3 462	**3 382**	**-**	**615**

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Cash on hand	114	179	14	7
Bank balances	519	-	-	-
Other cash and cash equivalents	-	(1 245)	-	134
Invoice discounting facility	(23 492)	(34 177)	(5 922)	(6 825)
	(22 859)	**(35 243)**	**(5 908)**	**(6 684)**
Current assets	633	179	14	141
Current liabilities	(23 492)	(35 422)	(5 922)	(6 825)
	(22 859)	**(35 243)**	**(5 908)**	**(6 684)**

There is no material difference between the fair value of cash and cash equivalents and the nominal value. No credit ratings of the relevant banking institutions have been obtained.

The Group has a multi-optional facility with Nedbank Limited by way of overdraft, short term loan and factoring agreement with Nedbank Debtor Management (for R 70 000 000) letter of guarantee facility. As security for the facility, the bank holds:

- Unrestricted first cession of all present and future book debts;
- Unlimited inter-linking suretyships including a cession of loan funds in favour of the bank between WG Wearne
- Limited and its subsidiary companies;
- First and second covering mortgage bond for R 1 300 000 over the remaining extent of Portion 31 (a portion of Portion 1) of the farm Middelvlei No. 225;
- Continuing covering mortgage bond for R 11 200 000 over the remaining extent of Portion 31 (a portion of Portion 1) of farm Middelvlei No. 225 Randfontein;
- Continued covering mortgage bond for R 90 000 of portion 56 of erf 247 Pothindustria
- Continued covering mortgage bond for erf 4038 Bethlehem township of R 1 000 000
- First covering mortgage bond for Portion 64 of Farm Roodepoort 744 of R 10 000 000
- A general notarial bond of R 15 000 000 registered over the moveable assets of Wearne Aggregates Proprietary Limited

11. DISCONTINUED OPERATION AND DISPOSAL GROUP HELD FOR SALE

During the 2016 financial year, management decided to dispose of the Plant, Equipment and Inventory of the concrete manufactured products segment. Management committed to a plan to dispose of the assets in February 2016 following a strategic decision to focus on core operations. The concrete manufactured segment was identified as non-core to the operations of the Group and the transaction will be the Group's first step in a restructuring process to divest of its non-core assets.

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

The salient terms of the transaction include the following:

Consideration of R 19.6 million (including transaction costs) for Plant and Equipment is expected to be received from the sale. In addition, raw materials and finished goods will be disposed of at the lower of cost or net realisable value on 60 day terms after the deduction of advanced payments received up to the effective date. All other assets and all the liabilities will be excluded from the transaction.

The measurement of Plant and Equipment at fair value less cost to sale resulted in an impairment loss of R 1 745 336, which is included in the profit from discontinued operations disclosed in the statement of profit or loss and other comprehensive income. The discontinued operations presented in the statement of profit or loss and other comprehensive income is presented net of intercompany transactions between the segment and its holding company Wearne Limited as well as its subsidiaries.

The concrete manufactured products segment was not previously classified as held for sale or as a discontinued operation.

The comparative consolidated statement of profit or loss and other comprehensive income has been reclassified to show the discontinued operation separately from continuing operations.

Operating activities of disposal Group

2016	Disposal Group	Intercompany Eliminations	Disposal Group net of Eliminations
Revenue	20 581	-	20 581
Cost of sales	(10 685)	2 337	(8 348)
Gross Profit	**9 896**	**2 337**	**12 233**
Operating expenses	(7 187)	-	(7 187)
Results from operating activities	**2 709**	**2 337**	**5 046**
Finance costs	(1 799)	-	(1 799)
Result from operating activities before taxation	**910**	**2 337**	**3 247**
Taxation	(858)		(858)
Result from discontinued operations	**52**	**2 337**	**2 389**
Re-measurement of assets held for sale			
Property, plant and equipment	(1 745)	-	(1 745)
	(1 693)	**-**	**644**

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

2015	Disposal Group	Intercompany Eliminations	Disposal Group net of Eliminations
Revenue	23 219	-	23 219
Cost of sales	(12 996)	1 253	(11 743)
Gross Profit	**10 223**	**1 253**	**11 476**
Operating expenses	(5 947)	-	(5 947)
Results from operating activities	**4 276**	**1 253**	**5 529**
Finance costs	(2 167)	-	(2 167)
Result from operating activities before taxation	**2 109**	**1 253**	**3 362**
Taxation	(602)		(602)
Result from discontinued operations	**1 507**	**1 253**	**2 760**
Assets of discontinued operation			
Property, plant and equipment	19 600	-	-
Inventories	1 296	-	-
Trade and other receivables	395	-	-
Total assets	**21 291**	**-**	**-**
Liabilities of discontinued operation			
Other financial liabilities	12 892	-	-
Trade and other payables	3 364	-	-
Bank overdraft	371	-	-
	16 627	**-**	**-**
Equity			
Share capital	2	-	-
Equity loans	16 636	-	-
Accumulated loss	(11 527)	-	-
	5 111	**-**	**-**

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

12. SHARE CAPITAL

Authorised

500 000 000 Ordinary par value shares of 0.1 cent	500 000	500 000	500 000	500 000

At year end the Company had issued 273 037 963 (2015: 273 037 963) ordinary shares net of treasury shares of 0.1 cents each. The Group holds treasury shares through the WG Wearne Share Incentive Scheme of 3 355 250 (2015: 3 355 250).

The ordinary shares have 1 vote in respect of each share at any meeting of the shareholders of the holding company, the right to receive a dividend if declared, and the right to participate in the capital surplus on the winding up of the holding company.

The directors have the authority to allot the unissued shares, in terms of an ordinary resolution passed at the company`s annual general meeting. This authority lapses at the next annual general meeting, unless it is renewed.

Issued

Ordinary	273	273	276	276
Share premium	178 084	178 084	181 561	181 561
	178 357	**178 357**	**181 837**	**181 837**

In 2006, an offer was made to the employees to purchase shares at R1 each prior to listing. Employees agreed to take up 4 185 000 shares. At the inception of the scheme the employees could elect how many shares they wanted to subscribe for. The shares offered to employees were at market value (the listing price) and IFRS 2 was not applicable. The WG Wearne Share Incentive Scheme Trust provided funding to employees by means of a loan to enable them to purchase the shares. The Trust in turn obtained a loan from WG Wearne Limited to fund the transactions. The loans carried interest at a rate which is not less than the rate of interest stipulated from time to time in terms of the Seventh Schedule of the Income Tax Act, 1962, as amended. The repayment term of the loans was a period of 4 years. Only once the employees paid the full value of the loan could they receive shares. However, the shares were transferred into the respective employees names on intitial offering date but the share certificates were held as security until the loan was settled. Shares not taken up by employees and shares subsequently repurchased from share participants are considered to be treasury shares and accounted for as such on consolidation.

Loans to share participants have been fully impaired.

The 885 000 shares which were not originally taken up by employees were offered to directors and senior management on 20 December 2006 at a price of 340 cents per share (market price of 395 cents). The share based expense was recognized.

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

13. RESERVES

Non-distributable reserves

Non-distributable reserves consist of fair-value adjustments to available-for-sale investments.

For details regarding the fair value measurement hierarchy of available-for-sale investments refer to note 39.

Reserves consist of:

Fair value adjustment to available-for-sale investments	1 392	1 353	-	-

Revaluation reserves

Revaluation reserves consist of non-distributable revaluation surpluses raised on classes of property, plant and equipment carried according to the revaluation model. In accordance with the requirements of IFRS the revaluation reserves are realised through equity via other comprehensive income over the useful lives of the respective revalued assets.

Company

No revaluation reserves were realised through equity as the revaluations were performed on land which is not depreciated. The prior year transfer of the revaluation reserve as recorded in the statement of changes in equity, relates to the sale of the Roodekop property.

Reserves consist of:

Land and buildings	59 806	54 506	59 806	54 506
Plant and machinery	5 911	6 896	-	-
Deferred tax	(8 391)	(8 667)	(6 737)	(6 737)
	57 326	**52 735**	**53 069**	**47 769**

14. OTHER FINANCIAL LIABILITIES

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Secured loans held at amortised cost				
Revolving loan - ABSA Bank Limited	37 893	41 609	37 893	41 609
	37 893	41 609	37 893	41 609
Less: current portion at amortised cost	(6 756)	(5 901)	(6 756)	(5 901)
	31 137	**35 708**	**31 137**	**35 708**
Unsecured loans held at amortised cost				
IDC - A loan	52 951	53 712	52 951	53 712
IDC - B loan	15 098	16 470	15 098	16 470
IDC - C loan	2 339	2 339	2 339	2 339
Term loan - Wesbank	1 128	1 593	1 128	1 593
	71 516	74 114	71 516	74 114
Less: current portion at amortised cost	(20 434)	(8 799)	(20 434)	(8 799)
	51 082	**65 315**	**51 082**	**65 315**
Instalment sale agreements				
ABSA Bank	3 357	5 282	3 174	4 534
Wesbank	27 580	39 455	13 129	19 036
Mercedes Benz Finance Services	755	3 766	-	-
Nedbank	30 133	58 326	18 512	24 746
ELB Equipment Holdings Limited	467	2 346	-	577
FAW vehicle manufactures	5 387	2 213	-	-
Kenmore Crushing Solutions	641	-	-	-
Fleet Africa	8 902	-	8 902	-
	77 222	111 388	43 717	48 893
Less: current portion at amortised cost	(29 491)	(34 258)	(14 983)	(13 678)
	47 731	**77 130**	**28 734**	**35 215**
Non-current liabilities				
Secured loans	31 137	35 708	31 137	35 708
Unsecured loans	51 082	65 315	51 082	65 315
Instalment sale agreements	47 731	77 130	28 734	35 215
	129 950	**178 153**	**110 953**	**136 238**
Current liabilities				
Secured loans	6 756	5 901	6 756	5 901
Unsecured loans	20 434	8 799	20 434	8 799
Instalment sale agreements	29 491	34 258	14 983	13 678
	56 681	**48 958**	**42 173**	**28 378**
	186 631	**227 111**	**153 126**	**164 616**

Secured loans held at amortised cost

There is no material difference between the fair value of the secured loans and their book value. The loans are secured by mortgage bonds and registered over certain of the Group`s land and buildings. Refer to note 10 for further details.

The ABSA Bank Limited revolving loan bears interest at prime plus 1.5% (11.75%) and is repayable at an average monthly instalment of R 952 529.

WG Wearne Limited has a fixed term loan and a revolving loan with ABSA, as security for these facilities the bank holds:

- First ranking mortgage bond in the amount of R 103 000 000 in favour of ABSA of the farm Rietfontein 189 IQ and portion 7 of farm Groenplaats 157 IQ
- First ranking mortgage bond in the amount of R 4 600 000 of the farm Rietvlei 180 IQ
- Second continuous covering mortgage bond in the amount of R 10 000 000 in favour of ABSA, Nedbank and Wesbank sharing pro-rata basis to the existing exposure;
- Special Notarial bonds over moveable assets purchased from De Bruyn Sandwerke Group registered in favour of WG Wearne Limited in the amount of R 17 645 000 dated 8 January 2007
- Negative pledge over assets of WG Wearne Limited dated 17 November 2006;
- Unlimited Cross sureties by all WG Wearne Limited subsidiaries, including cession of loan accounts for: WG Wearne Limited,

Wearne Aggregates Proprietary Limited, and Noordvaal Crushers Proprietary Limited

Cession of loan account dated 17 November 2006 in Noordvaal Crushers Proprietary Limited;
Cession of loan account dated 17 November 2006 in Wearne Aggregates Proprietary Limited;
and 1st Charge over assets financed

Unsecured loans held at amortised cost

The IDC A loan is repayable beginning March 2015 in 48 monthly installments of R 650 000 per month for the first 12 months, R 1 250 000 for the following 24 months and R 1 987 000 for the remaining 12 months. IDC B loan bears interest at 9.5% per annum and is repayable at an average monthly instalment of R 431 000 for 20 months beginning May 2012.

The IDC C loan bears no interest and has no fixed terms of repayment. The carrying value of the loan approximates its fair value.

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

Instalment sale agreements held at amortised cost

There is no material difference between the fair value of instalment sales creditors and their book value.

The instalment sale agreements are secured over property, plant and equipment with a carrying value in the Group excluding revaluations of R 71 376 974 (2015: R 64 527 544).

The instalment sale agreements for ABSA, Wesbank, Nedbank Fleet Africa, Mercedes Benz and ELB bear interest between prime less 1% to prime plus 2.75% (prime 10.25% at year end) and are repayable at an average monthly instalment of R 3 952 172 commencing April 2013. FAW bears interest at 13.5% and is repayable at an average monthly instalment of R 349 254.

Instalment sale liabilities are carried at amortised cost. All financial liabilities held at amortised cost are denominated in South African Rand.

Fair value of borrowings

The carrying value of financial liabilities approximate the fair value.

15. PROVISIONS

Reconciliation of provisions - Group - 2016

	Opening balance	Reversed during the year	Unwinding of discount	Total
Environmental rehabilitation	11 259	(702)	505	11 062

Reconciliation of provisions - Group - 2015

	Opening balance	Reversed during the year	Unwinding of discount	Total
Environmental rehabilitation	11 750	(837)	346	11 259

The quantification of future rehabilitation costs was conducted by an independent expert in March 2013, Pieter Jacobus Greyling (a Quantity Surveyor, member of Plato as Professional Mine Surveyor 1995, Member.PMS0122). The current year rehabilitation costs were based on the 2013 quantification calculation performed by the expert taking into account a discounting factor.

16. TRADE AND OTHER PAYABLES

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Trade payables	89 361	75 958	15 072	10 387
Amounts received in advance	6 426	-	-	-
VAT	8 094	4 544	2 381	502
Payroll accruals	8 888	7 118	2 050	1 563
Trade accruals	2 230	2 750	943	1 890
Sundry creditors	1 067	787	725	704
	116 066	**91 157**	**21 171**	**15 046**

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

Fair value of trade and other payables

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Trade and other payables	116 066	92 974	21 173	16 863

17. REVENUE

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Sale of goods	477 000	460 060	59 042	52 615
Rendering of services	34 859	23 282	64 479	54 114
Rental Income	-	-	8 592	8 592
Recoveries	-	-	9 229	11 904
	511 859	**483 342**	**141 342**	**127 225**

18. COST OF SALES

Sale of goods

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Cost of goods sold	(374 158)	(362 486)	(39 666)	(38 767)
Rendering of services	(29 605)	(21 644)	(29 605)	(21 644)
	(403 763)	**(384 130)**	**(69 271)**	**(60 411)**

19. OTHER INCOME

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Profit on sale of fixed assets	2 904	1 481	222	636
Commissions received	23	20	4	3
Rental income	880	553	358	381
Recoveries	626	-	1	-
Sale of fixed assets	-	1 298	-	9
Other income	(141)	4 918	699	1 713
	4 292	**8 270**	**1 284**	**2 742**

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
20. OPERATING PROFIT				
Operating profit for the year is stated after accounting for the following:				
Operating lease charges				
• Premises	10 503	9 950	1 255	1 159
• Motor vehicles	281	51	-	-
• Equipment	1 189	420	1 150	384
	11 973	**10 421**	**2 405**	**1 543**
Profit on sale of property, plant and equipment	2 904	1 481	222	636
Impairment on loans to Group companies	-	-	1 991	72 489
Depreciation on property, plant and equipment	31 169	35 293	11 376	12 549
Employee costs	81 963	77 793	36 049	35 457
21. INVESTMENT REVENUE				
Dividend revenue				
Listed financial assets - Local	31	259	-	259
Unit trusts - Local	25	47	-	-
	56	**306**	**-**	**259**
Interest revenue				
Bank and other interest	140	95	(1)	6
	196	**401**	**(1)**	**265**
22. FINANCE COSTS				
Bank overdraft and loans	9 406	7 654	9 310	7 618
Late payment of tax	2 466	-	1 067	-
Trade payables	842	395	842	395
Instalment sales` agreements	8 613	10 564	4 625	5 482
Other interest paid	5 343	5 850	-	392
	26 670	**24 463**	**15 844**	**13 887**

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
23. TAXATION				
Major components of the tax expense				
Current				
Mineral taxation	1 064	(220)	-	-
Deferred				
Originating and reversing temporary differences	5 361	3 780	-	(242)
Utilisation of unused tax losses	(3 475)	(5 964)	-	242
	1 886	**(2 184)**	**-**	**-**
	2 950	**(2 404)**	**-**	**-**

Taxation excludes the tax expense on the reversal of deferred tax assets on the discontinued operations of R 857 751 (2015: 602 136) (refer to Note 11).

Note 8 provides information on deferred tax assets and liabilities.

Reconciliation of the tax expense

	Group 2016	Group 2015	Company 2016	Company 2015
Applicable tax rate	(28,00)%	(28,00)%	(28,00)%	28,00 %
Disallowable charges	2,00%	5,00%	-%	(28,00)%
Deferred tax not raised on estimated losses	17,00%	118,00%	28,00%	5,00%
Capital losses recognised	-%	(52,00)%	-%	(5,00)%
Prior year tax adjustment	-%	(10,00)%	-%	-%
Royalty tax	(5,00)%	3,00%	-%	-%
	(14,00)%	**36,00%**	**-%**	**-%**

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000

24. RECONCILIATION OF FAIR VALUE ADJUSTMENTS: REVALUATION OF LAND AND BUILDINGS

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Revaluation of property	5 300	10 000	5 300	10 000
Deferred tax	(1 187)	(1 865)	(1 187)	(1 865)
Estimated losses	1 187	3 429	1 187	3 429
	5 300	**11 564**	**5 300**	**11 564**

25. CASH GENERATED FROM OPERATIONS

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Loss before taxation (from continuing operations)	(21 401)	(6 590)	(4 797)	71 630
Adjustments for:				
Depreciation and amortisation	30 103	34 368	11 376	12 459
Net profit on disposal of property, plant and equipment	(2 904)	(1 481)	(222)	(636)
Dividends received	-	(306)	-	-
Interest received - investment	(140)	(95)	-	(265)
Finance costs	26 670	24 463	15 844	13 887
Reversal of impairment of loans receivable	-	-	-	(72 489)
Provisions	(197)	(491)	-	-
Changes in working capital:				
Inventories	8 495	(10 039)	(410)	3 501
Trade and other receivables	15 356	(5 082)	11 355	(9 397)
Trade and other payables	25 612	4 211	6 125	(3 020)
	81 594	**38 958**	**39 271**	**15 670**

26. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Group - 2016

	Loans and receivables	Available-for-sale	Total
Other financial assets	-	6 167	6 167
Trade and other receivables	46 444	-	46 444
Cash and cash equivalents	633	-	633
	47 077	**6 167**	**53 244**

Group - 2015

	Loans and receivables	Available-for-sale	Total
Other financial assets	-	5 864	5 864
Trade and other receivables	63 575	-	63 575
Cash and cash equivalents	179	-	179
	63 754	**5 864**	**69 618**

Company - 2016

	Loans and receivables	Total
Trade and other receivables	10 462	10 462
Cash and cash equivalents	14	14
	10 476	**10 476**

Company - 2015

	Loans and receivables	Total
Trade and other receivables	22 755	22 755
Cash and cash equivalents	141	141
	22 896	**22 896**

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

27. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Group - 2016

	Financial liabilities at amortised cost	Total
Other financial liabilities	186 631	186 631
Trade and other payables	98 519	98 519
Bank overdraft	23 492	23 492
	308 642	**308 642**

Group - 2015

	Financial liabilities at amortised cost	Total
Other financial liabilities	227 111	227 111
Trade and other payables	88 430	88 430
Bank overdraft	35 422	35 422
	350 963	**350 963**

Company - 2016

	Financial liabilities at amortised cost	Total
Other financial liabilities	153 126	153 126
Trade and other payables	17 171	17 171
Bank overdraft	5 922	5 922
	176 219	**176 219**

Company - 2015

	Financial liabilities at amortised cost	Total
Other financial liabilities	164 616	164 616
Trade and other payables	16 361	16 361
Bank overdraft	6 825	6 825
	187 802	**187 802**

28. RETIREMENT BENEFITS

It is the policy of the Group to provide retirement benefits and contribute to defined contribution funds to all its employees, all of which are subject to the Pension Funds Act.

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Total contributions to such schemes	5 974	4 451	2 034	1 589

29. COMMITMENTS

Operating leases – as lessee (expense)

Minimum lease payments due

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
- within one year	(7 482)	(4 123)	(4 626)	(1 179)
- in second to fifth year inclusive	(15 298)	(9 990)	(9 586)	(2 649)
	(22 780)	**(14 113)**	**(14 212)**	**(3 828)**

The Group`s operating leases relate to the rental of production vehicles, motor vehicles and the head office premises. These leases range between 1 and 5 years in length.

30. CONTINGENCIES

Disputes regarding the repayment of previously claimed diesel rebate from SARS including penalties and interest to the value of R 7 842 803 are pending. A request for suspension of payment was granted in full by SARS. The matter will reconsidered by SARS on 31 August 2016.

The Group currently has a defined benefit plan which has been in the process of deregistration since 2010. Estimated deregistration costs amount to R300 000.

31. RELATED PARTIES

Relationships

Controlled entities (and related transactions)	Subsidiaries as set out in Annexure A
Executive Directors	SJ Wearne MC Milazi
Entities controlled by the Directors	Senatla Structures Proprietary Limited
Special purpose entities	WG Wearne Rehabilitation Trust WG Wearne Share Incentive Scheme

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

32. DIRECTORS` AND PRESCRIBED OFFICERS` EMOLUMENTS

Executive

2016

	Emoluments	Other benefits	Expense allowances	Total
SJ Wearne	1 378	-	358	1 736
MJ Ross (1)	645	5	-	650
MC Milazi (2)	52	62	-	114
	2 075	**67**	**358**	**2 500**

2015

	Emoluments	Total
SJ Wearne	1 588	1 588
MJ Ross	709	709
	2 297	**2 297**

(1) MJ Ross resigned as a director on 31 January 2016.
(2) MC Milazi was appointed as a director on 1 February 2016

Non-executive

	Type of earnings	2016	2015
MM Patel	Fees	240	244
WP van der Merwe	Fees	176	172
		416	**416**

33. RISK MANAGEMENT CAPITAL RISK MANAGEMENT

The board of directors has approved strategies for the management of financial risks which are in line with the corporate objectives. These guidelines set up the short and long-term objective and actions to be taken in order to manage the financial risks that the Group faces.

The major guidelines of the policy are the following:

- Minimise interest rate, currency and market risk for all kinds of transactions,
- All financial risk management activities are carried out and monitored at central level, and
- All financial risk management activities are carried out on a prudent and consistent basis, while following the best market practices.

The Group`s activities expose it to a variety of financial risks. These risks include the following:

- Market risk (which includes interest rate risk, cash flow interest rate risk and price risk)
- Credit risk, and
- Liquidity risk

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

The Group`s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group`s financial performance.

The board provides principals for overall risk management as well as policies covering specific areas such as interest rate risk, credit risk and investment of excess liquidity.

At year end the Group`s share capital consisted solely of share capital. The Group is currently aiming to reduce the debt equity ratio.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. Such forecasting takes into consideration the Group`s debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

The Group encountered significant cashflow pressures during the current year. Refer to notes 34 and 42 on managements plans on alleviating the cash flow pressures of the Group.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity Groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

At 29 February 2016	Less than 1 year	Between 1 and 4 years
Other financial liabilities	56 681	129 950
Trade and other payables	98 519	-
Bank overdraft	23 492	-

At 28 February 2015	Less than 1 year	Between 1 and 4 years
Other financial liabilities	48 958	178 153
Trade and other payables	88 430	-
Bank overdraft	35 422	-

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

Company

At 29 February 2016	Less than 1 year	Between 1 and 4 years
Other financial liabilities	42 173	110 953
Trade and other payables	17 171	-
Bank overdraft	5 922	-

At 28 February 2015	Less than 1 year	Between 1 and 2 years
Other financial liabilities	28 378	136 238
Trade and other payables	16 361	-
Bank overdraft	6 825	-

The carrying amount of the financial liabilities approximates the fair value at period end date.

Interest rate risk

The Group`s exposure to interest rate risk mainly concerns financial assets and financial liabilities. Financial assets and financial liabilities are categorised by interest rate type as follows:

- Non-interest bearing,
- Fixed, and
- Floating rate

The following table analysis the breakdown of financial assets and financial liabilities by interest rate type:

Group- Assets 2016

	Non interest bearing	Fixed rate	Floating rate	Total
Other financial assets	-	-	6 167	6 167
Trade and other receivables	46 444	-	-	46 444
Cash and cash equivalents	-	-	633	633
	46 444	**-**	**6 800**	**53 244**

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

Group-Assets 2015

	Non interest bearing	Fixed rate	Floating rate	Total
Other financial assets	-	-	5 864	5 864
Trade and other receivables	63 575	-	-	63 575
Cash and cash equivalents	-	-	179	179
	63 575	**-**	**6 043**	**69 618**

Group-Liabilities 2016

	Non interest bearing	Fixed rate	Floating rate	Total
Other financial liabilities	-	-	186 631	186 631
Trade and other payables	98 519	-	-	98 519
Bank overdraft	-	-	23 492	23 492
	98 519	**-**	**210 123**	**308 642**

Group-Liabilities 2015

	Non interest bearing	Fixed rate	Floating rate	Total
Other financial liabilities	-	-	227 111	227 111
Trade and other payables	88 430	-	-	88 430
Bank overdraft	-	-	35 422	35 422
	88 430	**-**	**262 533**	**350 963**

Company- Assets 2016

	Non interest bearing	Fixed rate	Floating rate	Total
Trade and other receivables	10 462	-	-	10 462
Cash and cash equivalents	-	-	14	14
	10 462	**-**	**14**	**10 476**

Company- Assets 2015

	Non interest bearing	Fixed rate	Floating rate	Total
Trade and other receivables	22 755	-	-	22 755
Cash and cash equivalents	141	-	-	141
	22 896	**-**	**-**	**22 896**

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

Company-Liabilities 2016

	Non interest bearing	Fixed rate	Floating rate	Total
Other financial liabilities	-	-	153 126	153 126
Trade and other payables	17 171	-	-	17 171
Bank overdraft	-	-	5 922	5 922
	17 171	**-**	**159 048**	**176 219**

Company-Liabilities 2015

	Non interest bearing	Fixed rate	Floating rate	Total
Other financial liabilities	-	-	164 616	164 616
Trade and other payables	16 361	-	-	16 361
Bank overdraft	6 825	-	-	6 825
	23 186	**-**	**164 616**	**187 802**

Sensitivity analysis

The analysis has been performed for floating interest rate financial liabilities. The impact of a change in interest rates on floating interest rate financial liabilities has been assessed in terms of the changing of their cash flows and therefore in terms of the impact on net expenses.

The Group`s interest rate risk arises substantially from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group`s borrowings at variable rates are denominated in South African Rand.

Group

A hypothetical increase/decrease in the interest rate by 50 basis points, with all other variables remaining constant, would result in an increase/decrease in loss after tax of R 732 000 (2015: R 31 170).

A hypothetical increase/decrease in the interest rate by 100 basis points, with all other variables remaining constant, would result in an increase/decrease in loss after tax of R 1 464 000 (2015: R 62 340).

Company

A hypothetical increase/decrease in the interest rate by 50 basis points, with all other variables remaining constant, would result in an increase/decrease in loss after tax of R 474 686 (2015: R 358 150).

A hypothetical increase/decrease in the interest rate by 100 basis points, with all other variables remaining constant, would result in an increase/decrease in loss after tax of R 949 373 (2015: R 716 300).

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

Credit risk

Credit risk is managed on a Group basis.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Each customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references as well as credit insurance approval. Sale limits are established for each customer in accordance with limits set by the board. Any sales exceeding those limits require approval from Management. Sales to retail customers are settled in cash. The Groups exposure to credit risk on trade receivables is mitigated through its use of credit insurance. Refer to note 9 for details of on the quality and allowance for impairment of trade receivables.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Group - 2016	Group - 2015	Company - 2016	Company - 2016
Trade and other receivables	46 444	63 575	10 462	22 755
Cash and cash equivalents	633	179	14	141

At 29 February 2016, the maximum exposure to credit risk for trade receivables based on the top five customers and credit limits is as follows:

	Group		Company	
As at 29 February 2016	Credit limit	Balance	Credit limit	Balance
Debtor A	18 000	1 253	15 000	399
Debtor B	15 000	5 087	5 000	1 145
Debtor C	5 000	1 145	1 000	391
Debtor D	2 000	1 372	1 000	63
Debtor E	2 000	1 298	50	35
	42 000	**10 155**	**22 050**	**2 033**

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000

As at 28 February 2015	Group Credit limit	Group Balance	Company Credit limit	Company Balance
Debtor A	15 000	6 432	15 000	6 432
Debtor B	7 000	6 144	2 000	3 475
Debtor C	3 500	3 475	1 000	278
Debtor D	1 400	1 326	-	56
Debtor E	1 500	1 321	-	-
	28 400	**18 698**	**18 000**	**10 241**

The Group is exposed to a number of guarantees for its overdraft facilities. Refer to note 10 for additional details.

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

34. EVENTS AFTER THE REPORTING PERIOD

The Group entered into an agreement with Afrimat Concrete Products Proprietary Limited and Afrimat Aggregates (KZN) Proprietary Limited, subsidiaries of Afrimat Limited ("Afrimat") on 6 July 2016 to dispose of the Bethlehem quarry and ancillary businesses as a going concern. The Group also entered into an agreement on 6 July 2016 with Rodag Holdings Proprietary Limited, a subsidiary of Afrimat, to dispose of the property on which the Bethlehem quarry is situated, namely Erf 4038, Bethlehem, Free State .The proceeds from the sale are expected to be approximately R30 million for the sale of the businesses including stock on hand as well as property. Profits approximating R10 million are expected to be earned from the sale. The sale forms part of the restructure plan to dispose of non -core assets to improve the liquidity and solvency of the Group. The businesses and property have been identified as non-core assets.

35. TAX (PAID) REFUNDED

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Balance at beginning of the year	(1 119)	(899)	-	-
Current tax for the year recognised in profit or loss	1 064	(220)	-	-
	(55)	**(1 119)**	**-**	**-**

36. BASIC AND DILUTED LOSS PER SHARE

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Continuing operations: Basic loss per share	(6,76)	(3,29)	-	-
Discontinued operations: Basic earnings per share	0,24	1,01	-	-
Continuing and discontinued operations: Basic loss per share	(6,52)	(2,28)	-	-

The calculation of continuing basic and diluted loss per ordinary share is based on losses of R 18 451 000 (2015: R 8 994 000) and a weighted average number of shares in issue of 273 038 000 (2015: 273 038 000).

The calculation of discontinued operations basic and diluted earnings per share is based on earnings of R 644 000 (2015: R 2 760 000) and a weighted average number of shares in issue of R 273 038 000 (2015:273 038 000).

The calculation of continuing and discontinuing basic and diluted loss per ordinary shares is based on losses of R 17 807 000 (2015: R 6 234 000) and a weighted average number of shares in issue of 273 038 000 (2015:273 038 000).

The weighted average number of shares is calculated after taking into account the effect of setting off treasury shares of 3 355 000 (2015: 3 355 000).

37. HEADLINE AND DILUTED HEADLINE LOSS PER SHARE

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Continuing basic and diluted headline loss per share	(7,82)	(3,84)		
Discontinued operations basic and diluted headline earnings per share	0.87	1.01		
Total	**(6.95)**	**(2.83)**	**-**	**-**

Reconciliation of headline loss

	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Loss for the period	(17 807)	(6 234)	-	-
Profit on the sale of property, plant and equipment	(2 904)	(1 481)	-	-
Impairment of non-current assets held for sale	1 745	-	-	-
	(18 966)	**(7 715)**	**-**	**-**

The calculation of basic and diluted headline loss per ordinary share is based on losses of R 18 966 000 (2015: R 7 715 000) and a weighted average number of shares in issue of 273 038 000 (2015: 273 038 000).

The weighted average number of shares is calculated after taking into account the effect of setting off treasury shares of 3 355 000 (2015: 3 355 000).

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000

38. ASSET VALUE PER SHARE

Net asset value per share	15.47	20.03		

The calculation of net asset value per ordinary share is based on a net asset value of R 42 233 000 (2015: R 54 587 000) and an issued number of ordinary shares of 273 038 000 (2014: 273 038 000).

The number of shares is calculated after taking into account the effect of setting off treasury shares of 3 355 000 (2015: 3 355 000). The treasury shares are held by the WG Wearne Share Incentive Scheme.

39. MEASUREMENT OF FAIR VALUES

The Group`s finance team performs valuations of financial items for financial reporting purposes, including level 3 fair values, in conjunction with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market- based information. Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every two years, in line with Group`s reporting dates.

Level 1

The Rehabilitation Trust Investment is held with Stanlib Wealth Management Limited as at 29 February 2016. The investments are held in various funds to spread the risk related to the investment returns and maximise the return to the Group for the purposes of Rehabilitation.

The plant and equipment of the concrete manufactured segment was remeasured to its fair value less costs to sell. The fair value less costs to sell was based on quoted market prices being the agreed purchase price of the assets.

Level 3

Fair value of certain of the Group`s property, plant and equipment is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date. The revaluation in the current year on the Brandvlei Quarry was concluded by an independent appraiser on 29 March 2016, which is considered appropriate for the year ended 29 February 2016. The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances, current use and discounted cash flows. The discounted cash-flow analysis was performed over a 27 year period, a discount rate of 20% was used for the purposes of the valuation which takes into account the high risk and volatile nature of a mine.

40. SEGMENTAL REPORTING

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
Revenue: Total sales				
Aggregates	291 499	298 958	-	-
Ready mixed concrete	256 320	228 355	-	-
Concrete manufactured products	-	23 219	-	-
Contracting	87 674	58 712	-	-
	635 493	**609 244**	**-**	**-**
Revenue: Inter-segment sales				
Aggregates	95 780	78 997	-	-
Contracting	27 847	23 654		
Ready mixed concrete	7	33	-	-
	123 634	**102 684**	**-**	**-**
Revenue: External sales				
Aggregates	195 719	219 961	-	-
Ready mixed concrete	256 313	228 323	-	-
Concrete manufactured products	-	23 219	-	-
Contracting	59 827	35 058	-	-
	511 859	**506 561**	**-**	**-**
Operating profit (loss) before taxation				
Aggregates	3 167	29 266	-	-
Contracting	3 274	(234)		
Ready mixed concrete	(1 368)	(10 308)	-	-
Concrete manufactured products	-	4 276	-	-
	5 073	**23 000**	**-**	**-**
Property, plant and equipment				
Aggregates	249 157	248 339	-	-
Contracting	18 659	18 584		
Ready mixed concrete	26 608	27 971	-	-
Concrete manufactured products	-	22 037	-	-
	294 424	**316 931**	**-**	**-**

	Group		Company	
	2016 R '000	2015 R '000	2016 R '000	2015 R '000
Total assets				
Aggregates	303 246	301 409	-	-
Contracting	20 745	38 191		
Ready mixed concrete	57 923	64 056	-	-
Concrete manufactured products	-	25 997	-	-
	381 914	**429 653**	**-**	**-**

The Group`s business segments and segmental information presented above represent the primary basis of segment reporting. The business segment reporting format reflects the Group`s management and internal reporting structure. Inter-segment transactions are concluded at arm`s length terms and conditions. At year end the Group did not have a customer who individually accounted for more than 10% of the Group`s total sales.

Segmental results of the concrete manufactured products division have been excluded from the current year segmental analysis. The segment was classified as held for sale in the current and operating results have been disclosed in note 11.

All companies in the Group operate solely in the Republic of South Africa.

41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

Group		Company	
2016 R '000	2015 R '000	2016 R '000	2015 R '000

42. GOING CONCERN

The Group incurred a headline loss on continuing operations for the 2016 financial period of R21.3 million and headline earnings from discontinued operations of R2.4 million. Headline loss from continuing and discontinued operations amounted to R18.9 million. This highlights a material uncertainty regarding the going concern issue which is emphasised further by the Group`s negative liquidity position and high gearing.

The Group is currently technically solvent with a net asset value of R42.2 million. Current liabilities of R213 million exceed current assets of R97.7 million by R115 million. The Group encountered significant cash flow pressures in the current year. Hence a restructure plan has been developed to sell off non-core assets to improve liquidity and solvency.

The first phase of the re-structuring process was implemented with the planned sale of the Precast Division. The aim of the process is to reduce the cash flow pressures of the Group and improve liquidity and solvency of the individual subsidiaries. The Group is optimistic that once the re-structure plan has been implemented in full, a viable and profitable business will emerge.

The Group generated cash flows from continuing operations of R55.1 million and R6.5 million from discontinued operations which in part is contributed by an increase in trade and other payables. The Group maintained its strict cash flow management policy, however due to cash flow pressures delays were encountered in meeting working capital obligations. Cash flow management remains key in this challenging period. Cash resources are expected to improve as the restructure plan which includes the sale of non- core and underperforming assets, is expected to be in full swing in the coming financial year.

The Group has several loans covenants on its secured borrowings which measure various ratios including debt service cover. The Group was in breach of some of its loan covenants during the year, however a waiver of the breach was obtained from the respective bank. Subsequent to 29 February 2016, the bank revised the loan agreement and excluded the clause on loan covenants. In addition due to cash flow pressures, the Group was unable to meet its monthly instalments of the IDC loans as they fell due. Negotiations to restructure the IDC loans are in progress and are at an advanced stage.

Subsequent to year end, management, entered into an agreement for the sale of the Bethlehem business in line with the restructure plan. The sale is expected to result in a profit on sale of approximately R10 million. The sale of the division furthers highlights the Group's commitment in improving solvency and liquidity. In addition to the re-structuring plan, management continues to review all aspects of the business in order to ensure that resources are being utilized effectively. This ensures that all cost areas are closely monitored in order to reduce expenditure and relieve cash reserves for the Group's working capital. In light of the above, the going concern basis has been adopted in preparing these financial statements. The directors have no reason to believe that the Group or any company (with the exception of Wearne Precast which will be dormant in the future) within the Group will not continue to be a going concern in the foreseeable future.

Annexure A

SCHEDULE OF INVESTMENTS IN AND RELATED PARTY TRANSACTIONS WITH SUBSIDIARIES

	Issued capital	Interest		Cost of Shares		Equity loan amounts owing by / (to) subsidiary		Amounts included in trade receivables		Amounts included in trade payables		Net profit / (loss) after tax attributable to group		Services rendered by subsidiaries		Services rendered to subsidiaries		Interest received from / (paid to) subsidiaries		Sale of assets to subsidiaries	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	R	%	%	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Subsidiaries (Direct)																					
Noordvaal Crushers (Proprietary) Limited	16 000	100	100	1	1	845 292	(21 899)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wearne Aggregates (Proprietary) Limited *	3	100	100	3 000 000	3 000 000	524 915	34 841 734	4 724 451		27 337	-	(6 823 009)	149 713 938	434 116	3 903 727	61 270 023	62 641 570	-	-	-	-
Wearne Platkop Quarry (Proprietary) Limited	100	100	100	100	100	(100)	(100)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wearne Precast (Proprietary) Limited	100	100	100	1 770	1 770	16 636 051	15 124 619	156 978		-	-	1 693 037	1 506 856	-	-	1 696 262	482 576	-	-	-	-
Wearne Quarries Free State (Proprietary) Limited	100	100	100	100	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wearne Quarries Gauteng (Proprietary) Limited	100	100	100	100	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wearne Quarries Limpopo (Proprietary) Limited	100	100	100	100	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wearne Quarries Natal (Proprietary) Limited	100	100	100	100	100	1 081 519	1 081 519	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wearne Ready Mixed Concrete (Proprietary) Limited	100	100	100	100	100	83 230 684	87 771 024	1 794 983		-	-	(6 050 340)	52 015 004	-	-	17 674 549	26 263 705	-	-	-	-
Special purpose entities																					
WG Wearne Share Incentive Scheme	-	-	-	-	-			-	-	-	-			-	-	-	-	-	-	-	-
WG Wearne Rehabilitation Trust	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-	-	-	-
TOTALS				**3 002 471**	**3 002 471**	**140 318 361**	**138 840 695**	**6 676 412**		**27 337**	**-**	**14 566 386**	**203 235 798**	**434 116**	**3 903 727**	**80 640 834**	**89 387 851**	**-**	**-**	**-**	**-**
Reclassification of non-current asset held for sale																					
Wearne Precast (Proprietary) Limited	100	100	100	1 770	1 770	16 636 051	15 124 619	156 978		-	-	1 693 037	1 506 856	-	-	1 696 262	482 576	-	-	-	-

* Wearne Aggregates Proprietary Limited was previously known as WG Wearne Logistics (Proprietary) Limited
** Wearne Contracts Proprietary Limited was previously known as Portland Quarry (Proprietary) Limited

Annexure B

SHAREHOLDER ANALYSIS

Company: WG Wearne Limited
Register date: 26 February 2016
Issued Share Capital: 276 393 213

SHAREHOLDER SPREAD	No of Shareholdings	%	No of Shares	%
1 - 1 000 shares	210	15,91	116 368	0,04
1 001- 10 000 shares	600	45,45	2 782 016	1,01
10 001- 100 000 shares	389	29,47	14 255 486	5,16
100 001- 1 000 000 shares	90	6,82	23 867 176	8,64
1 000 001 shares and over	31	2,35	235 372 167	85,16
Totals	**1 320**	**100,00**	**276 393 213**	**100,00**

DISTRIBUTION OF SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
Banks/Brokers	3	0,23	542 845	0,20
Close Corporations	23	1,74	5 431 287	1,97
Endowment Funds	2	0,15	5 078	0,00
Government	1	0,08	41 458 982	15,00
Individuals	1 181	89,47	93 564 546	33,85
Investment Companies	1	0,08	93 259	0,03
Other Corporations	4	0,30	150 900	0,05
Private Companies	42	3,18	67 321 844	24,36
Public Company	1	0,08	500 000	0,18
Retirement Fund	1	0,08	67 800	0,02
Share Trust	1	0,08	3 355 250	1,21
Trusts	60	4,55	63 901 422	23,12
Totals	**1 320**	**100,00**	**276 393 213**	**100,00**

PUBLIC / NON - PUBLIC SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
Non - Public Shareholders	5	0,38	157 042 581	56,82
Directors and Associates of the Company holdings	1	0,08	21 180 400	7,66
Strategic Holdings	3	0,23	132 506 931	47,94
Share Trust	1	0,08	3 355 250	1,21
Public Shareholders	1 315	99,62	119 350 632	43,18
Totals	**1 320**	**100,00**	**276 393 213**	**100,00**

Beneficial shareholders holding 5% or more	No of Shares	%
Samant Trust	49 588 967	17,94
Industrial Development Corporation	41 458 982	15,00
Richtrau No 329 (Pty) Ltd	41 458 982	15,00
Wearne, SJ	21 180 400	7,66
Totals	**153 687 331**	**55,60**

Notice of Annual **General Meeting**

For the year ended 29 February 2016

WG Wearne Limited
Registration number 1994/005983/06
Incorporated in the Republic of South Africa
Share code: WEA • ISIN: ZAE000078002
("Wearne" or "the Company" or "the Group")

Notice is hereby given that the annual general meeting of the shareholders of Wearne will be held in the Boardroom of the Company at the offices of the Company, Stonemill Office Park, 3 Kiepersol House, 300 Acacia Road, Cresta on Wednesday, 26 October 2016 at 10h00 (SA time), to deal with the business as set out below and to consider and, if deemed appropriate, pass the ordinary and special resolutions set out in this notice.

Kindly note that in terms of section 63(1) of the Companies Act of 2008, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the annual general meeting. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

The Board of Directors of the Company has determined that the record date in terms of section 59(1) of the Companies Act, No 71 of 2008, as amended ("the Companies Act") for the purpose of determining which shareholders of the Company are entitled to receive notice of the annual general meeting is Friday, 19 August 2016 and the record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 21 October 2016. Accordingly, the last day to trade in order to be eligible to vote at the annual general meeting is Friday, 14 October 2016.

For the purpose of approving resolutions, the support of more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present in person, or represented by proxy, at the annual general meeting is required, unless otherwise indicated.

Shareholders are referred to the explanatory notes as attached to the notice of the annual general meeting for additional information, including abbreviated profiles of the directors standing for re-election.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

The consolidated audited annual financial statements for the Company and the Group, including the external Independent Auditor's Report, the Audit Committee Report and the Directors' Report for the year ended 29 February 2016, have been distributed as required and will be presented to shareholders at the annual general meeting.

The consolidated audited annual financial statements, together with the above-mentioned reports are set out on pages 43 to 79 of the Annual Report.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

In accordance with Companies Regulation 43(5)(c), issued in terms of the Companies Act 71 of 2008, the Chairman of the Social and Ethics Committee, or in the absence of the Chairman any member of the Committee, will present the Committee's report to shareholders at the annual general meeting. The Report of the Social and Ethics Committee is set out on page 32 of the Annual Report 2016.

ORDINARY RESOLUTION NUMBER 1.1

Re-election of director

Mr W van der Merwe retires by rotation and, being eligible, offers himself for re-election as a director of the Company.

Accordingly, shareholders are requested to consider and, if deemed fit, approve the separate ordinary resolution set out below.

"RESOLVED that the re-election of Mr W van der Merwe as an independent non-executive director of the Company be and is hereby approved."

Explanatory note

In accordance with the Company's Memorandum of Incorporation, one third of the non-executive directors are required to retire at each annual general meeting and may offer themselves for re-election. In addition, any person appointed to the Board of Directors following the previous annual general meeting is required to retire and is eligible for election at the next annual general meeting.

ORDINARY RESOLUTION NUMBER 1.2

Re-appointment of director

Ms MC Milazi having been appointed as an executive director of the Company since the previous annual general meeting, offers herself for re-appointment as an executive director of the Company.

Accordingly, shareholders are requested to consider and, if deemed fit, approve the separate ordinary resolution set out below.

"RESOLVED that the re-appointment of Ms MC Milazi as an executive director of the Company be and is hereby approved."

Brief biographical details of the directors standing for re-election and re-appointment are set out on page 23 of the Annual Report 2016.

ORDINARY RESOLUTION NUMBER 2

Re-appointment of auditors

"RESOLVED that the reappointment of Grant Thornton Johannesburg Partnership, Registered Auditors, represented by Mr Rudi Huiskamp, upon the recommendation of the current Audit Committee, as independent auditors of the Company be and is hereby approved."

Explanatory note

Grant Thornton Johannesburg Partnership has indicated its willingness to continue in office and ordinary resolution 2 proposes the re-appointment of that firm as the Company's auditors with effect from 1 April 2016. Section 90(3) of the Companies Act requires the designated auditor to meet the criteria as set out in section 90(2) of the Act. The Board of Directors of the Company is satisfied that both Grant Thornton Johannesburg Partnership and the designated auditor, Mr Rudi Huiskamp, meet all relevant requirements and, on recommendation of the Audit Committee, it is proposed that Grant Thornton Johannesburg Partnership be re-appointed.

ORDINARY RESOLUTION NUMBER 3

Appointment of Audit Committee members for the year ending 28 February 2017

It is proposed that the non-executive directors as indicated below be appointed as members of the Audit Committee.

Ordinary resolution number 3.1

"RESOLVED that the appointment of Mr WP van der Merwe as member and chairman of the Audit Committee until the conclusion of the next annual general meeting of the Company in 2017 be and is hereby approved. Subject to his re-appointment as per ordinary resolution 1.

Ordinary resolution number 3.2

"RESOLVED that the appointment of Mr M Khwinana as member of the Audit Committee until the conclusion of the next annual general meeting of the Company in 2017".

Ordinary resolution number 3.3

"RESOLVED that the appointment of Mr M Patel as member of the Audit Committee until the conclusion of the next annual general meeting of the Company in 2017 be and is hereby approved."

Explanatory note

In terms of section 94(2) of the Companies Act, a public company must at each annual general meeting elect an Audit Committee comprising at least three members who are non-executive directors and who meet the criteria of section 94(4) of the Companies Act. Regulation 42 to the Companies Act specifies that one third of the members of the Audit Committee must have appropriate academic qualifications or experience in the areas as listed in the regulation.

The Board of Directors of the Company is satisfied that the proposed members of the Audit Committee meet all relevant statutory requirements. As indicated in the Corporate Governance Report forming part of the Annual Report 2016, the Chairman of the Board is also proposed for appointment as a member of the Audit Committee. Also, the audit committee should consist of three independent non-executive directors, however Mr Khwinana is not independent and is a non-executive director and member of the audit committee. Dispensation has been received from the JSE due to the size of the Company. This is not in full compliance with the recommendations of the King III Report and an explanation for the non-application of this recommendation has been provided on the company's website: www.wearne.co.za.

Brief biographical details of Messrs WP van der Merwe, M Khwinana and M Patel appear on page 23 of the Annual Report 2016.

ORDINARY RESOLUTION NUMBER 4

Authority to directors to allot and issue unissued ordinary shares.

Resolved that the directors are authorised to allot and issue ordinary shares in the capital of the company, as and when suitable situations arise, on the following conditions:

- any such issue of shares shall be to "public shareholders" as defined by the JSE Listings Requirements and not to "related parties";
- this authority shall only be valid until the next annual general meeting of the company, provided it shall not extend beyond 15 months from the date of this annual general meeting;
- a SENS announcement giving details, including the impact on net asset value and earnings per share, will be published at the time of any such allotment and issue of shares representing, on a cumulative basis within one financial year, 5% or more of the number of shares of that class in issue prior to any such issues;
- issues of shares (excluding issues of shares exercised in terms of any company Group share incentive scheme) in any one financial year, shall not, in aggregate, exceed 50% of the number of shares of the relevant class of the company's issued share capital;

- in determining the price at which an allotment and issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price on the JSE of the class of shares to be issued measured over the 30 business days prior to the date that the price of issue is determined or agreed between the company and the party/ies subscribing for the shares; and
- must be of a class already in issue
- in terms of the JSE Listings Requirements, 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of ordinary resolution 4 for it to be approved.

ORDINARY RESOLUTION NUMBER 5

Authority to directors to issue shares for cash.

Resolved that the directors are authorised to issue ordinary shares in the capital of the company for cash, as and when suitable situations arise, on the following conditions:

- any such issue of shares shall be to "public shareholders" as defined by the JSE Listings Requirements and not to "related parties";
- this authority shall only be valid until the next annual general meeting of the company, provided it shall not extend beyond 15 months from the date of this annual general meeting;
- a SENS announcement giving details, including the impact on net asset value and earnings per share, will be published at the time of any such allotment and issue of shares representing, on a cumulative basis within one financial year, 5% or more of the number of shares of that class in issue prior to any such issues;
- issues of shares (excluding issues of shares exercised in terms of any company Group share incentive scheme) in any one financial year, shall not, in aggregate, exceed 50% of the number of shares of the relevant class of the company's issued share capital;
- in determining the price at which an allotment and issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price on the JSE of the class of shares to be issued measured over the 30 business days prior to the date that the price of issue is determined or agreed between the company and the party/ies subscribing for the shares; and
- must be of a class already in issue
- in terms of the JSE Listings Requirements, 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of ordinary resolution 5 for it to be approved.

ORDINARY RESOLUTION NUMBER 6

Advisory endorsement of the remuneration policy

"RESOLVED to approve, as a non-binding advisory vote, the Company's remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and members of Board Committees) as set out in the Report of the Remuneration Committee contained in the Annual Report 2016 on page 31."

Explanatory note

The King Report on Corporate Governance for South Africa, 2009 (King III) recommends that the remuneration philosophy of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote to provide shareholders with an opportunity to indicate should they not be in support of the material provisions of the remuneration philosophy and policy of the Company.

ORDINARY RESOLUTION NUMBER 7

Authority to implement the special and ordinary resolutions

"RESOLVED that, any director of the Company or the company secretary be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the special and ordinary resolutions as set out in this notice of the annual general meeting."

Explanatory note

Authority is required to do all such things and sign all documents and take all such action as necessary to implement the resolutions set out in the notice and approved at the annual general meeting. It is proposed that the company secretary and/or any director be authorised accordingly.

SPECIAL RESOLUTION NUMBER 1

General authority to the Company to repurchase company shares

"RESOLVED as a special resolution that the Company, or a subsidiary, be and hereby is authorised, by way of general authority as contemplated in section 48 of the Companies Act no 71 of 2008, as amended, ("Act") to acquire from time to time any of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the Memorandum of Incorporation of the Company, the provisions of the Act and the Listings Requirements of the JSE Limited ("JSE").

It is recorded that the Listings Requirements of the JSE require, inter alia, that the Company or a subsidiary may make a general acquisition of shares issued by the Company only if:

the repurchase of the ordinary shares is effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;

- at any point in time the Company may only appoint one agent to effect any repurchases on its behalf;
- this general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of the general authority to repurchase shares;
- the maximum price at which the shares may be acquired will be 10% (ten percent) above the weighted average market value at which such ordinary shares are traded on the JSE, for such ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction is effected;
- any such acquisition shall not, in any one financial year, exceed 20% (twenty percent) of the Company's issued ordinary shares or as at the passing of the general authority;
- the Company or its subsidiaries may not repurchase ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings

Requirements;

- the repurchase may only be effected, if the shareholder spread requirements as set out in paragraph 3.37 of the JSE Listings Requirements are still met after such repurchase;
- should derivatives be used, such authority is limited to paragraphs 5.72(c) and (d) and 5.84(a) of the JSE Listings Requirements;
- a statement will be issued by the directors that, after considering the maximum effect of such repurchase, for a period of at least 12 (twelve) months after the date of the notice of the annual general meeting:
    - the Company and the Wearne Group will be able to repay its debts in the ordinary course of business;
    - the assets of the Company and the Wearne Group fairly valued according to International Financial Reporting Standards and on a basis consistent with the last financial period of the Company ended 29 February 2016, exceed its liabilities;
    - the Company and the Wearne Group have adequate share capital and reserves;
    - the Company and the Wearne Group have sufficient working capital for their requirements;
- the directors undertake not to effect a repurchase unless they are satisfied that the working capital requirements of the Company are adequate for its requirements; and

- when the Company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement must be made. Such announcement must be made as soon as possible and in any event by not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded."

In order for this special resolution number 1 to be adopted, the support of at least 75% (seventy-five per cent) of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

Explanatory note

Section 48 of the Companies Act authorises the Board of Directors of a Company to approve the acquisition of its own shares subject to the provisions of section 48 and section 46 having been met. The directors of the Company do not have any specific intentions for utilising this general authority at the date of this annual general meeting.

Additional disclosure requirements required in terms of paragraph 11.26 of the JSE Listings Requirements

Material changes

No material changes have occurred since the end of the last financial period, being 29 February 2016, and the date of this notice of annual general meeting.

Directors' responsibility statement

The directors of WG Wearne Limited as set out on page 23 of the Annual Report 2016:

- have considered all the statements of fact and opinion in the Annual Report to which this notice is attached;
- accept, individually and collectively, full responsibility for such statements; and
- declare that, to the best of their knowledge and belief, such statements are correct and no material facts have been omitted, the omission of which would make any statements false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this notice contains all information required by law and the JSE Listings Requirements.

Litigation statement

WG Wearne Limited nor its subsidiaries is party to any legal or arbitration proceedings (including such proceedings which are pending or (threatened) which may have or have had in the previous 12 (twelve) months a material effect on the Group's financial position.

Other disclosure in terms of paragraph 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures, which are contained in the Annual Report 2016:

REQUIREMENTS	25/02/2016
Directors	Page 23
Major shareholders	Page 80
Directors' interest in securities	Page 46
Share capital of the Company	Page 67

SPECIAL RESOLUTION NUMBER 2

Approval of non-executive directors' fees

"RESOLVED, as a special resolution:

- that the Company be and is hereby authorised to pay remuneration to its directors for their services as directors, as contemplated in section 66(8) and 66(9) of the Companies Act of 2008; and
- that the remuneration structure and amounts as set out below, be and is hereby approved until such time as rescinded or amended by shareholders by way of a special resolution:

	R'000
Chairman	257
Non-Executive Directors	
Chairman of Audit Committee and Chairman of Risk Committee	206
Chairman of Remuneration Committee and Chairman of Nomination Committee	
Chairman of Social, Ethics and Transformation Committee	
Committee members • Audit; Risk • Remuneration: Nomination	

In order for this special resolution number 2 to be adopted, the support of at least 75% (seventy-five per cent) of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

Explanatory note

In terms of section 66(8) and section 66(9) of the Act, a Company may pay remuneration to directors for their services as directors unless otherwise provided by the Memorandum of Incorporation and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but as employees of the Company and as such, the resolution as included in the notice requests approval of the remuneration paid to non-executive directors for their services as directors of the Company.

SPECIAL RESOLUTION NUMBER 3

Authority to provide financial assistance to any company or corporation which is related or inter-related to the Company

"RESOLVED as a special resolution that:

(i) for purposes of section 44 of the Companies Act, the Board of Directors of the Company, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, be and is hereby authorised (subject to compliance with the requirements of the Company's constitutional documents and the Companies Act, each as presently constituted and as amended from time to time), to grant financial assistance, as contemplated in section 44 of the Companies Act, to any person or entity for the purpose of, or in connection with, the subscription of any securities issued or to be issued by the Company or a related or inter-related Company, or for the purchase of any securities of the Company or a related or inter-related Company, on such terms and conditions as the Board of Directors of the Company deems fit; and

(ii) for the purposes of section 45 of the Companies Act, the Board of Directors of the Company, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, be and is hereby authorised (subject to compliance with the requirements of the Company's constitutional documents and the Companies Act, each as presently constituted and as amended from time to time) to grant direct or indirect financial assistance, as contemplated in section 45 of the Companies Act, to a related or inter-related (as defined in section 1 of the Companies Act) company or corporation or to a member of a related or inter-related corporation or to a person related to any such company or corporation on such terms and conditions as the board of directors of the Company deems fit."

Explanatory note

To the extent necessary under section 44 and 45 of the Companies Act, to authorise the Board of Directors of the Company to provide financial assistance as contemplated under section 44 of the Companies Act in connection with the issuance of any securities issued or to be issued by the Company or any related or inter-related Company and to authorise the board of directors of the Company to provide financial assistance as contemplated under section 45 of the Companies Act to a related or inter-related (as defined in section 1 of the Companies Act) Company or corporation or to a member of a related or inter-related corporation or to a person related to any such Company or corporation.

The Board will not authorise any financial assistance in terms of the above unless it has considered and is satisfied that:

I. considering all reasonably foreseeable financial circumstances of the Company at that time, the Company will, immediately after providing the financial assistance to related or inter-related companies, satisfy the solvency and liquidity test as required in terms of the Companies Act;
II. the terms under which any financial assistance is proposed to be given are fair and reasonable to the Company; and
III. any conditions or restrictions in respect of the granting of any financial assistance as set out in the Company's Memorandum of Incorporation have been met.

This general authority is necessary for the Company to continue making loans to subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. A general authorisation from shareholders avoids the need to refer each instance to shareholders for approval with the resulting time delays and expense. If approved, this general authority will expire at the end of two years. It is, however, the intention to renew the authority annually at the annual general meeting.

Notifications

Shareholders are hereby notified in terms of section 45(5) of the Companies Act that the Board has passed the same resolution to take effect on the passing of this special resolution by shareholders.

Shareholders are also advised that the Board is satisfied that after providing the financial assistance, the Company will satisfy the solvency and liquidity tests and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

To transact such other business as may be required at an annual general meeting.

VOTING AND PROXIES

The shareholders of the Company will be entitled to attend the general meeting and to vote on the resolutions set out above. On a show of hands, every Wearne shareholder who is present in person, by proxy or represented at the general meeting shall have one vote (irrespective of the number of shares held in the Company), and on a poll, which any shareholder can request, every Wearne shareholder shall have for each share held by him/her that proportion of the total votes in the Company which the aggregate amount of the nominal value of that share held by him bears to the aggregate of the nominal value of all the shares issued by the Company.

In terms of the JSE Listings Requirements any shares currently held by the Wearne Share Incentive Trust will not be taken into account in determining the results of voting on special resolution number 1.

Proxies

A Wearne shareholder entitled to attend and vote at the annual general meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of the Company.

A form of proxy is attached for the convenience of certificated shareholders and "own name" dematerialised shareholders of the Company who are unable to attend the annual general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), not later than 10h00 on 24 October 2016.

Shareholders' rights regarding proxies in terms of section 58 of the Act are as follows:

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is
not a shareholder of that company, as a proxy to –
- (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
- (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment –
- (a) must be in writing, dated and signed by the shareholder; and
- (b) remains valid for –
  - (i) one year after the date on which it was signed; or
  - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in sub-section (4) (c), or expires earlier as contemplated in subsection (8) (d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
- (a) shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
- (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
- (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

(4) Irrespective of the form of instrument used to appoint a proxy –
- (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
- (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
- (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by –
  - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  - (ii) delivering a copy of the revocation instrument to the proxy, and to the Company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –
- (a) the date stated in the revocation instrument, if any; or
- (b) the date on which the revocation instrument was delivered as required in sub-section (4)(c)(ii).

(6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

Any shareholder of the Company who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the general meeting should he/she decide to do so.

Dematerialised shareholders of the Company, other than "own name" dematerialised shareholders of the Company, who have not been contacted by their CSDP or broker with regard to how they wish to cast their votes, should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the Company's annual general meeting in order for their CSDP or broker to vote in accordance with such instructions. This must be done in terms of the agreement entered into between such dematerialised shareholders of the Company and the relevant CSDP or broker. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

ELECTRONIC PARTICIPATION

Should any shareholder wish to participate in the annual general meeting by way of electronic participation, that shareholder should make application in writing (including details as to how the shareholder or its representative can be contacted) to so participate to the transfer secretaries at the address below, to be received by the transfer secretaries at least five business days prior to the annual general meeting in order for the transfer secretaries to arrange for the shareholder (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act, 2008 and for the transfer secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The Company reserves the right to elect not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation. Shareholders are advised that participation in the annual general meeting by way of electronic participation will not entitle a shareholder to vote. Should a shareholder wish to vote at the annual general meeting, he/she may do so by attending and voting at the annual general meeting either in person or by proxy.

By order of the Board
Claire Middlemiss
Company Secretary Representing: iThemba Governance and Statutory Solutions (Pty) Ltd Cresta
16 August 2016

WG Wearne Limited
Registration number 1994/005983/06
Incorporated in the Republic of South Africa
Share code: WEA • ISIN: ZAE000078002
("Wearne" or "the Company")
Registered Office:
3 Kiepersol House, Stone Mill Office Park, 300 Acacia Road, Cresta, 2195
Postal Address: PO Box 1674, Cresta, 2118
Transfer Secretaries:
Computershare Investor Services (Pty) Limited
Designated Adviser:
Exchange Sponsors (Pty) Limited

Form of **Proxy**

WG Wearne Limited

FORM OF PROXY FOR THE ANNUAL GENERAL MEETING TO BE HELD IN

the Boardroom of the Company at the offices of the Company, Stonemill Office Park, 3 Kiepersol House, 300 Acacia Road, Cresta on Wednesday, 26 October 2016 at 10h00 (SA time)

FOR USE BY CERTIFICATED ORDINARY SHAREHOLDERS AND DEMATERIALISED ORDINARY

SHAREHOLDERS WITH 'OWN NAME' REGISTRATION ONLY

Holders of dematerialised ordinary shares other than 'own name' registration must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP to issue them with the necessary authorisation to attend the annual general meeting in person or provide their CSDP or broker with their voting instructions should they not wish to attend the annual general meeting in person but wish to be represented thereat.

I/We (Please print) ______________________________

of (address) ______________________________

being the registered holder(s) of ______________ ordinary shares in the capital of the company do hereby appoint

1. ______________________________

Or failing him/ her

2. ______________________________

Or failing him / her, the chairman of the annual general meeting as my/our proxy to act for me/us and on my/our behalf at the annual general meeting of the company which will be held on Wednesday, 26 October 2016 at 10h00 and at any adjournment thereof for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions:

		FOR	AGAINST	ABSTAIN
ORDINARY RESOLUTIONS				
1.1	Approval of re-election of director - Mr WP van der Merwe			
1.2	Approval of re-appointment of director - Ms MC Milazi			
2	Approval of re-appointment of external auditor			
3	Approval of election of audit & risk committee members:			
3.1	Mr WP van der Merwe* * Subject to re-election as a director pursuant to ordinary resolution number 1.1			
3.2	Mr M Khwinana			
3.3	Mr M Patel			
4	Authority to directors to allot and issue unissued ordinary shares			
5	Authority to directors to issue shares for cash			
6	Approval of the remuneration policy by way of a non-binding, advisory vote			
7	Approval of signing authority			
SPECIAL RESOLUTIONS				
1.	Approval of general authority to repurchase company shares			
2.	Approval of the remuneration of the non-executive directors			
3.	Authority to provide financial assistance to any company or corporation which is related or inter-related to the Company.			

Please indicate with an 'X' in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.

Signed at: ______________________ on ______________________ 2016. ______________________

____

Signature

Assisted by me (where applicable) ______________________

Notes to form of proxy and summary of applicable rights established by section 58 of the companies act, 2008 ("the Act")

1. An ordinary shareholder holding dematerialised shares by 'own name' registration, or who holds shares that are not dematerialised, is entitled to appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder. Such ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder's choice in the space provided, with or without deleting 'the chairman of the annual general meeting', provided that any such deletion must be signed in full by the shareholder. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
   Should a proxy not be specified, this will be exercised by the chairman of the annual general meeting. A proxy need not be a shareholder of the company.
2. All resolutions put to the vote shall be decided by way of a poll. An ordinary shareholder is entitled on a poll, to 1 (one) vote per ordinary share held. An ordinary shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the ordinary shareholder in the appropriate box(es). An 'X' in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will result in the proxy not being authorised to vote or to abstain from voting at the annual general meeting in respect of the shareholder's votes, except in the case where the chairman of the annual general meeting is the proxy. An ordinary shareholder or his/her proxy is not obliged to use all the votes exercisable by the ordinary shareholder, or to cast all those votes exercised in the same way, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the ordinary shareholder.
3. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
4. Any alteration or correction made to this form of proxy must be signed in full and not initialled by the signatory.
5. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to this form, unless previously recorded by the company or waived by the chairman of the annual general meeting.
6. A minor must be assisted by his/her parent/guardian and the relevant documentary evidence establishing his/her legal capacity must be attached to this form of proxy unless previously recorded by the company or waived by the chairman of the annual general meeting.
7. When there are joint holders of shares, any one holder may sign the proxy form.
8. The chairman of the annual general meeting may reject or accept any proxy form which is completed and/or received other than in compliance with these notes.
9. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person other than the chairman of the annual general meeting.
10. The appointment of a proxy or proxies:
    a. is suspended at any time to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
    b. is revocable in which case the shareholder may revoke the proxy appointment by:
        i. cancelling it in writing or making a later inconsistent appointment of a proxy; and
        ii. delivering a copy of the revocation instrument to the proxy and to the company.
11. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as the appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by such company to the shareholder, must be delivered by such company to:
    a. the shareholder; or
    b. the proxy or proxies, if the shareholder has directed the company to do so in writing and has paid any reasonable fee charged by the company for doing so.
12. The proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
13. It is requested that this proxy form should be completed and returned to the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), so as to reach them by not later than Monday 24 October 2016 at 10h00.

ADDITIONAL FORMS OF PROXY ARE AVAILABLE FROM THE TRANSFER SECRETARIES ON REQUEST.

Corporate **Details**

REGISTERED OFFICE

WG Wearne Limited
(Registration number 1994/005983/06)

Stonemill Office Park
3 Kiepersol House
300 Acacia Road
PO Box 1674
Cresta, 2118
Telephone: (011) 459 4500
Facsimile: (011) 459 5481
email:info@wearne.co.za

TRANSFER SECRETARY

Computershare Investor Services Proprietary Ltd
(Registration number 2004/003647/07)

Ground Floor 5th Floor
70 Marshall Street
Johannesburg
PO Box 61051
Marshalltown, 2107
Telephone: (011) 370 5000
Facsimile: (011) 688 5210

DESIGNATED ADVISER

Exchange Sponsors

44A Boundary Road
Inanda, Sandton, 2196
P O Box 411216
Craighall, 2024
Tel: (011) 880 2113
Fax: (011) 447 4824

COMMERCIAL BANKERS

Nedbank Limited
(Registration number 1951/000009/06)

Nedbank House
12 Fredman Drive
Sandown
PO Box 784088
Sandton, 2146
Telephone: (011) 775 2600
Facsimile: (011) 783 4882

AUDITORS

Grant Thornton Johannesburg Partnership
52 Corlett Drive Wanderers Office Park
Illovo, 2196
Telephone: (011) 384 8000
Facsimile: (086) 555-8188

COMPANY SECRETARY

iThemba Governance and Statutory Solutions Proprietary Ltd
(Registration number 2008/008745/07)

Monument Office Park
Suite 5 - 102
79 Steenbok Avenue
Monument Park
PO Box, 25160
Monument Park, 0105
Telephone: 086 111 10 10
Facsimile: 086 604 13 15