

WG

WEARNE

LIMITED IS ONE OF

SOUTH AFRICA'S

OLDEST SUPPLIERS
OF MATERIALS TO THE

BUILDING AND CONSTRUCTION INDUSTRY

2013

SUMMARISED ANNUAL REPORT



WG WEARNE LTD

2013

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INTRODUCTION

This summary of the financial statements for the financial year ended 28 February 2013 includes a review of our financial performance in addition to the notice of the annual general meeting and information of an administrative nature.

The past few years have seen a surge in the amount of information required to be reported upon to meet financial reporting requirements. This has resulted in extremely large bound volumes of annual reports. The cost of printing these reports has become costly which not only impacts on our strategies in reducing costs but has a negative impact on the environment and goes contrary to our sustainability efforts.

The summarised financial statements comply with the Companies Act No. 71 of 2008 as well as the JSE listing requirements which allow for a summary of financial statements to be provided to the shareholders of the company.

A complete set of the annual report is available for review and download on our website www.wearne.co.za from 31 August 2013.

NATURE OF BUSINESS

The company and its subsidiaries are engaged in the manufacture, 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.

FINANCIAL PERFORMANCE

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

The Group is pleased to report an increase of revenue of 31% (or R94.1 million) to R400 million (2012: R305 million) for the annual financial year ended 28 February 2013. The largest contributor to this increase in turnover was the turnaround in the ready-mixed concrete division, where turnover increased by 62% (or R73.4 million) to R191 million (2012: R118 million). The Group's gross profit margins remained consistent at around 20% even though the Group's market share increased significantly.

For the first time since the 2009 annual financial year the Group recorded an operating profit of R7.2 million which was a noticeable improvement on the operating loss of R18.3 million from the 2012 annual financial year. Continuing with key management initiatives at business unit operating levels, unproductive assets were identified and sold, resulting in proceeds of R1.3 million (2012: R12.6 million). Critical plant needing improvement was also identified and R8.9 million (2012: 18.4 million) was spent on these assets resulting in increased efficiency.

The Group continued to focus on its core activities and a decision was taken to sell its interest in Wearne Drilling and Blasting Proprietary Limited. The Group's 50% interest in this Joint Venture was sold effective 28 February 2013 for R4.7 million. This resulted in a loss on the sale of business of R700 000.

The current year performance resulted in a headline loss per share of 6.15 cents (2012: 19.88 cents) and a diluted loss per share of 6.49 cents (2012: 22.86 cents). The net asset value per share reduced to 13.00 cents (2012: 19.33 cents).

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the financial statements.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

These summarised financial statements for the year ended 28 February 2013 have been prepared in terms of the recognition and measurement requirements of International Financial Reporting Standards (IFRS), the AC 500 series pronouncements as issued by the Accounting Practices Board, the JSE Listings requirements, the requirements of the South African Companies Act No. 71 of 2008 and the presentation and disclosure requirements of IAS34. Accounting policies used are consistent with those applied in the previous annual financial statements and IFRS. The consolidated annual financial statements have been audited by Grant Thornton and their unqualified audit opinion is available for inspection at the registered office of the company.

The preparation of the financial results was supervised by the financial director, JJ Bierman CA(SA).

DIVIDEND

In line with Group policy no dividend has been declared for the year.

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EXECUTIVE REVIEW

SHARE CAPITAL

In terms of a 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.

At 28 February 2013 there were 1,592 public shareholders in the company, who held 43.16% 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 28 February 2013, the following represent shareholders other than directors and their associates 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%

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, nonessential and surplus-to-requirement fixed assets have been sold. Where carrying values were higher than net realisable value, these assets have been appropriately impaired. Other than the acquisitions, disposals and impairments disclosed in note 1, there have been no major changes in the property, plant and equipment of the Group during the period or any changes in the policy relating to their use.

DIRECTORS

The directors of the company during the year and to the date of this report are as follows:

Executive directors	Nationality	Changes
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SJ Wearne	South African	
JJ Bierman	South African	

Non-executive directors	Nationality	Changes
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WP van der Merwe	South African	
MM Patel	South African	
GM Salanje	South African	
RC Ramushu	South African	Deceased August 2012
MC Khwinana	South African	Appointed 5 September 2012

DIRECTORS' AND OFFICERS' INTERESTS IN CONTRACTS

No material contract in which directors have an interest was entered into during the year.

COMPANY SECRETARY

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

AUDITORS

Grant Thornton will continue in office in accordance with section 90 of the Companies Act No. 71 of 2008.

ACQUISITIONS AND DISPOSALS

The Group made no acquisitions in the financial year under review. During the current financial year the Group sold its interest in Wearne Drilling and Blasting Proprietary Limited for R4.7 million effective 28 February 2013.

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 they are limited to R5 million unless prior written consent is obtained as part of the terms of the loan agreement.

GOING CONCERN

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

In order to ensure that these required funds are available, the Directors implemented a turnaround strategy from March 2011. The most significant features of the strategy include the following in the current financial year:

- The sale of non-critical assets and business segments, which includes, the sale of the Group's interest in Wearne Drilling and Blasting Proprietary Limited and the disposal of non-essential components of property, plant and equipment. The proceeds from these disposals were applied to reduce the Group's outstanding debt,
- Receipt of R16 million in funding from the IDC, granting the Group time and the ability to conduct an asset revitalisation program aimed at enhancing productivity,
- The group has entered into a re-payment plan with its financiers regarding the outstanding long term debt in order to ensure optimal cash flow management, and
- Cost cutting programmes focusing on reducing unnecessary expenditure.

The Board considered the material uncertainty regarding the going concern assumption in the context of the deliberations on the annual financial statements. These indicate that the Group has yielded a headline loss of approximately R64 million for the last two years, a decreasing net asset value, increased borrowings and negative liquidity.

In addressing these matters the directors have taken into account the losses incurred in the current financial year attributable to the implementation of the turnaround strategy as well as expected revenues for the foreseeable future combined with budgets and cash flow forecasts, indicating that the Group will be able to honour its commitments.

Lastly, the Group still maintains the support of its financiers with whom it continues to work closely in order to ensure that its working capital is managed. Furthermore, the Group continues to maintain a strict financial

discipline ensuring that costs are tightly managed and assets effectively utilised.

As a result of the actions and plans presented above, the annual financial statements have been prepared on the going concern basis as the directors are of the view that the Group has adequate resources in place to continue in operation for the foreseeable future.

CASH FLOW

The Group's cash flow management remains a priority and is monitored and reviewed by management in order to ensure the Group's obligations are met when due. The Group benefits from an Invoice Discounting Facility provided by one of our financiers and continued support was given by the IDC who provided funds in the 2013 financial year. The last Section 311 payment to concurrent creditors was made in March 2013.

PROSPECTS

The Group continues to focus on key strategic areas and will continue monitoring individual business operating units at a management level. With relatively low gross margin levels at certain business units constant monitoring and early management intervention mitigates the risk of losses.

The ready-mixed concrete division showed remarkable growth during the current financial year and performance is expected to improve further. Market conditions are expected to remain competitive as there is still spare capacity in the cement industry. New entrants in the cement industry could also change the operating environment in this business. A supply agreement with a major cement player was concluded early in the new financial year which will result in lower cement costs and higher gross profit margins.

The outlook for the aggregate business remains positive as the South African Government's planned infrastructure development starts to materialize. The increased demand for road building material and railway ballast that was seen towards the end of the 2013 financial year is expected to continue. The current order book for the aggregates division indicates that the

revenue targets set out at the beginning of the financial year will be met.

The Concrete Manufactured Products division performed admirably in a tough environment during the 2013 financial year. The issuing of very few tenders by the Limpopo Roads Agency during the 2013 financial year still negatively affected the market for concrete pipes and culverts in the Limpopo area. Greater plant efficiencies however resulted in improved profitability on slightly lower turnover. Market conditions are expected to improve for the 2014 year and the board decided to expand the plant capacity further with an investment of R 700 000 in new product lines. The additional product lines will expand the product offering and make the business more competitive in the concrete pipe market.

Our Contracting business that has always been classified under the aggregates division received a major boost when it was awarded a R 32 million contract after the 2013 financial year end. The contract was awarded by Abeinsa EPC for the supply of earthworks and concrete services at the KHI Solar One power plant in Upington. This project will be executed in a joint venture with a Spanish engineering firm IDD Global. The Joint Venture will also focus on securing additional work in the booming renewable energy sector.

The Group continues to emphasize the importance of customer relations and an exceptionally strong focus has been placed on the constructive engagement with our customers in order to provide the highest levels of service.

The continuing market improvements mentioned above as well as further initiatives to reduce operating costs should see the company return to profitability for the February 2014 financial year end.

On behalf of the board



SJ Wearne



JJ Bierman

26 August 2013

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FINANCIALS

	Notes (s)	Group		Company	
		2013	2012	2013	2012
		R `000	R `000	R `000	R `000
Assets					
Non-current assets					
Property, plant and equipment	1	339,726	370,803	200,595	213,247
Investments in subsidiaries		-	-	2	2
Investment in joint ventures	2	-	-	*	*
Other financial assets		4,875	5,223	14	907
Deferred taxation		10,560	-	-	-
		355,161	376,026	200,611	214,156
Current assets					
Inventories		19,848	17,305	1,258	1,616
Loans to Group companies and joint ventures		-	-	2,435	3,359
Other financial assets		987	4,014	987	1,000
Trade and other receivables		45,519	42,371	9,585	9,731
Cash and cash equivalents		7,047	6,368	3,537	3,186
		73,401	70,058	17,802	18,892
Non-current assets held for sale		4,500	4,500	4,500	4,500
Total Assets		433,062	450,584	222,913	237,548
Equity and Liabilities					
Equity					
Share capital	3	178,357	178,357	181,838	181,838
Reserves		759	345	-	-
Revaluation reserves		39,296	43,299	32,912	36,205
Accumulated loss		(182,923)	(169,215)	(217,646)	(221,463)
Non-controlling interest		-	-	-	-
		35,489	52,786	(2,896)	(3,420)
Non-Current Liabilities					
Borrowings		218,272	252,281	147,975	165,259
Deferred taxation		13,860	8,921	4,157	4,157
Trade and other payables		-	2,023	-	917
Provisions		11,875	14,866	-	-
		244,007	278,091	152,132	170,333
Current Liabilities					
Loans from Group companies and joint ventures		-	5,193	610	10,409
Borrowings		52,467	10,751	36,424	6,418
Taxation payable		647	1,821	-	-
Trade and other payables		65,567	71,437	17,008	23,303
Bank overdraft		34,885	30,505	19,635	30,505
		153,566	119,707	73,677	70,635
Total liabilities		397,573	397,798	225,809	240,968
Total Equity and Liabilities		433,062	450,584	222,913	237,548

*Amounts less than R1,000

STATEMENT OF COMPREHENSIVE INCOME

	Notes (s)	Group		Company	
		2013	2012	2013	2012
		R `000	R `000	R `000	R `000
Continuing operations					
Revenue		400,001	305,870	81,868	86,542
Cost of sales		(315,478)	(247,798)	(43,618)	(53,064)
Gross profit		84,523	58,072	38,250	33,478
Other income		2,065	3,397	5,237	4,112
Operating expenses		(79,428)	(79,815)	(37,974)	(88,307)
Operating Profit/(Loss)		7,160	(18,346)	5,513	(50,717)
Investment revenue		475	1,546	12,607	12,673
Finance costs		(27,318)	(35,928)	(17,596)	(23,610)
Profit/(Loss) before taxation		(19,683)	(52,728)	524	(61,654)
Taxation		4,365	425	-	4,143
Profit/(Loss) from continuing operations		(15,318)	(52,303)	524	(57,511)
Discontinued operations					
(Loss) from discontinued operations		(2,393)	(2,650)	-	(4,139)
		(17,711)	(54,953)	524	(61,650)
Other comprehensive income					
Fair value adjustments: Available-for-sale		414	213	-	-
Deferred Tax on Fair Value Adjustment		(77)	-	-	-
Release of reserve		-	(242)	-	(242)
Gain on revaluation		-	54,357	-	44,506
Deferred tax on revaluation		-	(11,058)	-	(8,301)
Total comprehensive loss for the year		(17,374)	(11,683)	524	(25,417)
Total comprehensive Profit/ (Loss) attributable to:					
Owners of the parent		(17,374)	(11,683)	524	(25,417)
Non-controlling interest		-	-	-	-
		(17,374)	(11,683)	524	(25,417)
Continuing operations					
Basic and diluted loss per share (cents)	6	(5.61)	(21.76)		
Continuing and discontinued operations					
Basic and diluted loss per share (cents)	6	(6.49)	(22.86)		

STATEMENT OF CHANGES IN EQUITY

Group	Share capital	Share premium	Total share capital	Revaluation reserves	Reserves	Accumulated loss	Total attributable to equity holders of the group	Non-controlling interest	Total equity
	R `000	R `000	R `000	R `000	R `000	R `000	R `000	R `000	R `000
Balance at 01 March 2011	246	174,391	174,637	-	374	(114,344)	60,667	784	61,451
Loss for the year	-	-	-	-	-	(54,953)	(54,953)	-	(54,953)
Other comprehensive income	-	-	-	43,299	(29)	-	43,270	-	43,270
Non-controlling interest disposed of	-	-	-	-	-	82	82	(784)	(702)
Issue of shares	83	11,616	11,699	-	-	-	11,699	-	11,699
Share issue expenses	-	(61)	(61)	-	-	-	(61)	-	(61)
Movement on treasury shares	1	7	8	-	-	-	8	-	8
Redemption of shares	(57)	(7,869)	(7,926)	-	-	-	(7,926)	-	(7,926)
Total changes	273	3,693	3,720	43,299	(29)	(54,871)	(7,881)	(784)	(8,665)
Balance at 01 March 2012	273	178,084	178,357	43,299	345	(169,215)	52,786	-	52,786
Loss for the year	-	-	-	-	-	(17,711)	(17,711)	-	(17,711)
Other comprehensive income	-	-	-	-	337	-	337	-	337
Release of revaluation reserve	-	-	-	(4,003)	-	4,003	-	-	-
Total changes	-	-	-	(4,003)	337	(13,708)	(17,374)	-	(17,374)
Balance at 28 February 2013	273	178,084	178,357	39,296	759	(182,923)	35,489	-	35,489

Notes

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*Amounts less than R1,000

STATEMENT OF CHANGES IN EQUITY

Company	Share capital	Share premium	Total share capital	Revaluation reserves	Reserves	Accumulated loss	Total attributable to equity holders of the group	Non-controlling interest	Total equity
	R `000	R `000	R `000	R `000	R `000	R `000	R `000	R `000	R `000
Balance at 01 March 2011	250	177,876	178,126	-	242	(159,813)	18,555	-	18,555
Loss for the year	-	-	-	-	-	(61,650)	(61,650)	-	(61,650)
Other comprehensive income	-	-	-	36,205	(242)	-	35,963	-	35,963
Issue of shares	83	11,616	11,699	-	-	-	11,699	-	11,699
Share issue expenses	-	(61)	(61)	-	-	-	(61)	-	(61)
Redemption of shares	(57)	(7,869)	(7,926)	-	-	-	(7,926)	-	(7,926)
Total changes	276	3,686	3,712	36,205	(242)	(61,650)	(21,975)	-	(21,975)
Balance at 01 March 2012	276	181,562	181,838	36,205	-	(221,463)	(3,420)	-	(3,420)
Loss for the year	-	-	-	-	-	524	524	-	524
Release of revaluation reserve	-	-	-	(3,293)	-	3,293	-	-	-
Total changes	-	-	-	(3,293)	-	3,817	524	-	524
Balance at 28 February 2013	276	181,562	181,838	32,912	-	(217,646)	(2,896)	-	(2,896)

Notes 3

*Amounts less than R1,000

STATEMENT OF CASH FLOWS

	Notes (s)	Group		Company	
		2013	2012	2013	2012
		R ` 000	R ` 000	R ` 000	R ` 000
Cash flows from operating activities					
Cash generated from operations	10	31,715	21,704	3,900	9,042
Interest income		275	1,526	12,420	12,673
Dividends received		14	20	-	-
Finance costs		(25,343)	(28,812)	(16,671)	(16,494)
Tax (paid) refunded		-	(961)	-	-
Net cash from operating activities		6,661	(6,523)	(351)	5,221
Cash flows from investing activities					
Replacement of property, plant and equipment		(9,003)	(16,485)	(2,074)	(6,549)
Expansion of property, plant and equipment		-	(1,912)	-	-
Proceeds on the disposal of property, plant and equipment		1,380	12,663	626	2,042
Proceeds on the disposal of non-current asset held for sale		-	30,000	-	30,000
Proceeds on disposal of interest in joint venture		-	3,000	-	3,000
Proceeds on loans from group companies		-	-	12,026	-
Loan paid to group companies		-	(484)	(1,570)	3,000
Loan written off on disposal of Joint Venture		(5,184)	-	-	-
Proceeds on sale of other financial asset		1,094	(1,734)	1,094	(714)
Net cash from investing activities		(11,713)	25,048	10,102	(2,423)
Cash flows from financing activities					
Net proceeds from the issue of shares		-	11,647	-	11,647
Proceeds from term loans		-	10,000	-	10,000
Proceeds from IDC funding		16,000	43,000	16,000	43,000
Repayment of borrowings		(11,823)	(19,100)	(13,612)	(13,092)
Trade and other payables		(2,023)	(17,598)	(917)	(7,112)
Net cash from financing activities		2,154	27,949	1,471	44,443
Net change in cash from continuing operations		(2,898)	46,474	11,221	47,241
Net cash flows from discontinued operations		(803)	991	-	-
Cash movement for the year		(3,701)	47,465	11,221	47,241
Cash at the beginning of the year		(24,137)	(71,602)	(27,319)	(74,560)
Total cash at end of the year		(27,838)	(24,137)	(16,098)	(27,319)

Group	2013				2012				
	Cost / Revalued amount	Accumulated depreciation and impairments	Carrying value	Cost / Revalued amount	Accumulated depreciation and impairments	Carrying value	Cost / Revalued amount	Accumulated depreciation and impairments	Carrying value
	R ` 000	R ` 000	R ` 000	R ` 000	R ` 000	R ` 000	R ` 000	R ` 000	R ` 000
1. Property, plant and equipment									
Land and buildings	192,917	(39,229)	153,688	188,173	(33,754)	154,419			
Plant and machinery	252,498	(114,229)	136,269	261,854	(100,224)	161,630			
Motor vehicles	97,454	(49,198)	48,256	77,700	(24,383)	53,317			
Office equipment	1,566	(844)	722	1,566	(615)	951			
IT equipment	4,768	(4,035)	733	4,202	(3,732)	470			
Plant-under-construction	58	-	58	16	-	16			
Total	549,261	(209,535)	339,726	533,511	(162,708)	370,803			
Company									
Land and buildings	172,625	(37,004)	135,621	148,393	(32,854)	135,539			
Plant and machinery	141,905	(78,555)	63,350	145,165	(69,372)	75,793			
Motor vehicles	3,046	(1,977)	1,069	3,012	(1,676)	1,336			
Office equipment	259	(122)	137	259	(91)	168			
IT equipment	2,923	(2,505)	418	2,643	(2,232)	411			
Total	320,758	(120,163)	200,595	319,472	(106,225)	213,247			

	Opening balance	Additions	Disposals	Reclassifications	Transfer to non-current asset held for sale	Revaluation	Depreciation	Impairment	Closing Balance
	R `000	R `000	R `000	R `000	R `000	R `000	R `000	R `000	R `000
1. Property, plant and equipment									
Reconciliation of property, plant and equipment – Group 2013									
Land and buildings	154,419	1,929	-	-	-	-	(2,660)	-	153,688
Plant and machinery	161,630	4,809	(5,531)	-	-	-	(24,639)	-	136,269
Motor vehicles	53,317	1,594	(510)	-	-	-	(6,145)	-	48,256
Office equipment	951	-	(9)	-	-	-	(220)	-	722
IT equipment	470	629	(14)	-	-	-	(352)	-	733
Plant-under-construction	16	42	-	-	-	-	-	-	58
Total	370,803	9,003	(6,064)	-	-	-	(34,016)	-	339,726
Reconciliation of property, plant and equipment – Group 2012									
Land and buildings	117,994	1,497	-	-	(8,639)	44,506	(939)	-	154,419
Plant and machinery	167,341	13,194	(4,969)	814	-	9,852	(24,563)	(39)	161,630
Motor vehicles	77,700	2,745	(13,860)	-	-	-	(12,317)	(951)	53,317
Office equipment	1,150	56	(14)	-	-	-	(241)	-	951
IT equipment	1,082	294	(19)	-	-	-	(887)	-	470
Plant-under-construction	199	631	-	(814)	-	-	-	-	16
Total	365,466	18,417	(18,862)	-	(8,639)	54,358	(38,947)	(990)	370,803

	Opening balance	Additions	Disposals	Reclassifications	Transfer to non-current asset held for sale	Revaluation	Depreciation	Impairment	Closing Balance
	R `000	R `000	R `000	R `000	R `000	R `000	R `000	R `000	R `000
1. Property, plant and equipment									
Reconciliation of property, plant and equipment – Company 2013									
Land and buildings	135,539	103	-	-	-	-	(21)	-	135,621
Plant and machinery	75,793	1,673	(790)	-	-	-	(13,326)	-	63,350
Motor vehicles	1,336	22	(14)	-	-	-	(275)	-	1,069
Office equipment	168	-	-	-	-	-	(31)	-	137
IT equipment	411	277	-	-	-	-	(270)	-	418
Total	213,247	2,075	(804)	-	-	-	(13,923)	-	200,595
Reconciliation of property, plant and equipment – Company 2012									
Land and buildings	99,693	-	-	-	(8,639)	44,506	(21)	-	135,539
Plant and machinery	87,409	6,170	(3,630)	-	-	-	(14,156)	-	75,793
Motor vehicles	2,007	88	(353)	-	-	-	(383)	(23)	1,336
Office equipment	193	6	-	-	-	-	(31)	-	168
IT equipment	730	285	-	-	-	-	(604)	-	411
Total	190,032	6,549	(3,983)	-	(8,639)	44,506	(15,195)	(23)	213,247

Figures in Rand thousand	Group		Company	
	2013	2012	2013	2012
	R `000	R `000	R `000	R `000

1. Property, plant and equipment (continued)

The revaluation was conducted by an independent appraiser, Fredrick Senekal (a Sworn Appraiser to the Master of the Supreme Court, duly appointed by the Minister of justice in terms of section 6(1) of the Administration of Estates Act, 1965 (Act 66 of 1965), effective 29th February 2012. The fair values were determined by the appraiser based on the current market values for similarly traded items of property, plant and equipment.

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

Group 2013	Cost Model	Revaluation Model	Surplus
	R `000	R `000	R `000
Land	113,519	153,979	40,460
Plant and Machinery	127,099	135,965	8,866
	240,618	289,944	49,326

Company 2013

Land	95,054	135,514	40,460
Plant and Machinery	-	-	-
	95,054	135,514	40,460

2. Investments in joint ventures

Name of company	% Holding 2013	% Holding 2012	Carrying value 2013	Carrying value 2012
Wearne Drilling and Blasting Proprietary Limited	-	50.00	*	*
	-	50.00	*	*

*Amounts less than R1,000

¹ The Company disposed of their investment in Wearne Drilling and Blasting (Proprietary) Limited at its net asset value as at 28 February 2013 during the year under review.

3. Share capital

Authorised

500,000,000 (2012: 500,000,000) ordinary par value shares of 0.1 cent each	500,000	500,000	500,000	500,000
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Reconciliation of number of shares (millions) issued:

Balance at beginning of year	273	246	276	250
Issue of ordinary shares	-	83	-	83
Movement on treasury shares	-	1	-	-
Redemption of shares	-	(57)	-	(57)
	273	273	276	276

Figures in Rand thousand	Group		Company	
	2013	2012	2013	2012
	R `000	R `000	R `000	R `000

At year end the Group had issued 273,037,963 [2012: 273,037,963] ordinary shares of 0.1 cents each. The Group holds treasury shares in the WG Wearne Share Incentive Scheme of 3,355,250 [2012: 3,355,250].

The ordinary shares shall 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 share capital

Ordinary share capital	273	273	276	276
Ordinary share premium	178,084	178,084	181,562	181,562
	178,357	178,357	181,838	181,838

The WG Wearne Share Incentive Scheme was registered on 02 March 2006 and 5 million shares in WG Wearne Limited (the company) were allotted to it on that date. Prior to the listing of the company's shares on the JSE's AltX, an offer was made to its employees. This is not a share option scheme consequently there were no options cancelled or issued during the year.

4. Contingencies

The Group had litigation claims against them pending at year end, these comprise:

- Disputes regarding the repayment of previously claimed diesel rebate from SARS including penalties and interest to the value of R6,700,000.

5. Operating loss

Operating loss for the year is stated after accounting for the following:

Premises lease expense	(1,204)	(2,318)	(933)	(1,255)
Motor vehicle and equipment lease expense	(446)	(1,503)	(233)	(296)
Loss on sale of property, plant and equipment	(216)	(903)	(177)	3,123
Impairment of tangible assets	-	(990)	-	(23)
Loss on scrapping of property, plant and equipment	-	(2,516)	17	-
Profit on sale of Wearne Bricks Proprietary Limited	-	1,212	-	5,064
Profit/Loss on sale of Wearne Drilling and Blasting Proprietary Limited	(667)	-	4,700	-
Impairment of loans	(1,979)	(874)	-	(49,283)
Reversal of impairment of loan	-	-	5,170	-
Depreciation on property, plant and equipment	(34,016)	(38,642)	(13,924)	(15,195)
Employee costs	(81,161)	(84,650)	(31,813)	(21,995)

6. Basic and diluted loss per share

Continuing basic and diluted loss per share	(5.61)	(21.76)
Continuing and discontinued basic and diluted loss per share	(6.49)	(22.86)

Figures in Rand thousand	Group		Company	
	2013	2012	2013	2012
	R '000	R '000	R '000	R '000

The calculation of continuing and discontinuing basic and diluted loss per ordinary shares is based on losses of R 17,710,706 (2012:R54,953,280) and a weighted average number of shares in issue of 273,037,963 (2012: 240,344,175).

The weighted average number of shares is calculated after taking into account the effect of setting off treasury shares of 3,355,250 (2012: 3,355,250).

7. Headline and diluted headline loss per share

Headline and diluted headline loss per share	(6.15)	(19.88)
Reconciliation of the headline loss		
Loss for the period:	(17,711)	(54,953)
Adjusted for:		
Impairments and scrapping loss	-	3,506
Loss (Profit) on the sale of interest in joint venture	667	(1,212)
Loss on the sale of property, plant and equipment, net of taxation	258	735
Fair value of non-current assets held for sale	-	4,139
	(16,786)	(47,785)

The calculation of basic and diluted headline loss per ordinary share is based on losses of R 16,785,706 (2012: R47,785,354) and a weighted average number of shares in issue of 273,037,963 (2012: 240,344,175).

The weighted average number of shares is calculated after taking into account the effect of setting off treasury shares of 3,355,250 (2012:3,355,250).

8. Asset value per share

Net asset value per share	13.00	19.33
Net tangible asset value per share	13.00	19.33

The calculation of net asset value per ordinary share is based on a net asset value of R35,489,000 (2012: R52,785,509) and an issued number of ordinary shares of 273,037,963 (2012:273,037,963).

The calculation of net tangible per ordinary share is based on net tangible assets of R 35,489,000 (2012: R52,785,509) and an issued number of ordinary shares of 273,037,963 (2012: 273,037,963) .

The number of shares is calculated after taking into account the effect of setting off treasury shares of 3,355,250 (2012: 3,355,250). The treasury shares are held by the WG Wearne Share Incentive Scheme.

9. Discontinued operations

During the current year the Group disposed of its interest in Wearne Drilling and Blasting Proprietary Limited which has been presented as a discontinued operation.

The discontinued operations presented on the face of the consolidated Statement of Comprehensive Income are presented net of inter-company transactions between Wearne Drilling and Blasting Proprietary Limited (2012: Wearne Drilling and Blasting Proprietary Limited) and the holding company and its subsidiaries. The eliminations are presented as follows:

Group – 2013	Disposal group	Inter- company elimination	Disposal group net of eliminations
	R ` 000	R ` 000	R ` 000
Revenue	12,869	(3,831)	9,038
Cost of sales	(7,819)	56	(7,763)
Gross profit	5,050	(3,775)	1,275
Other income	17	-	17
Operating expenses	(168)	(3,106)	(3,273)
Operating profit	4,899	(6,881)	(1,982)
Investment revenue	-	-	-
Finance costs	(411)	-	(411)
Profit before taxation	4,488	(6,881)	(2,393)
Taxation	-	-	-
Profit after taxation	4,488	(6,881)	(2,393)
Profit attributable to:			
Owners of the parent	4,488	(6,881)	(2,393)
Non-controlling interest	-	-	-
	4,488	(6,881)	(2,393)
Profit on discontinued operation	-	-	(2,393)
Cash flow from discontinued operations			
Cash flows from operating activities	-	-	(3,050)
Cash flows from investing activities	-	-	4,700
Cash flows from financing activities	-	-	(1,217)
Net cash flows			433
Discontinued operation:			
Discontinued operation attributable to Wearne Drilling and Blasting Proprietary Limited	-	-	(2,393)
Fair value adjustment	-	-	-
			(2,393)

Group – 2012	Disposal group	Inter- company elimination	Disposal group net of eliminations
	R `000	R `000	R `000
Revenue	24,041	4208	19,833
Cost of sales	(14,089)	(170)	(13,919)
Gross profit	9,952	4,038	5,914
Other income	584	475	109
Operating expenses	(4,780)	-	(4,780)
Operating profit (loss)	5,756	4,513	1,243
Investment revenue	951	-	951
Impairment of Loans to Group Companies	(10,386)	-	(10,386)
Finance costs	(674)	-	(674)
Profit (loss) before taxation	(4,353)	4,513	(8,866)
Taxation	(2,915)	-	(2,915)
Profit (loss) after taxation	(7,268)	4,513	(11,781)
Profit (loss) attributable to:			
Owners of the parent	(3,634)	-	(5,891)
Non-controlling interest	-	-	-
	(3,634)	-	(5,891)
Cash flow from discontinued operations			
Cash flows from operating activities	-	-	1,010
Cash flows from investing activities	-	-	-
Cash flows from financing activities	-	-	921
Net cash flows	-	-	1,931

Figures in Rand thousand	Group		Company	
	2013	2012	2013	2012
	R `000	R `000	R `000	R `000
10. Cash generated from operations				
Loss before taxation	(19,683)	(52,728)	524	(61,654)
Add back:				
Interest revenue	(461)	(1,526)	(12,607)	(12,673)
Dividends received	(14)	(20)	-	-
Finance costs	27,318	35,928	17,596	23,610
Profit/(Loss) from operations	7,160	(18,346)	5,513	(50,717)
Operating profit from discontinued operations	-	-	-	-
Non-cash flow adjustments:				
Amortisation of intangible assets	-	-	-	-
Depreciation on property, plant and equipment	34,016	38,642	13,924	15,195
Loss (profit) on sale of property, plant and equipment	307	903	177	385
Loss on scrapping of property, plant and equipment	-	2,516	-	1,556
Impairment of tangible assets	-	990	-	23
Loss (profit) on sale of Wearne Bricks	-	(1,212)	-	(5,064)
Loss (profit) on sale of Wearne Drilling and Blasting	667	-	(4,700)	-
Impairment of intangible assets	-	-	-	-
Impairment of loans receivable	2,245	874	-	49,283
Reversal of impairment of loans receivable	-	-	(5,170)	-
Movement on environmental provision	(737)	876	-	-
Other non-cash adjustments	(32)	-	(53)	-
Write-off of loans to share incentive participants	769	(29)	-	(242)
Working capital adjustments:				
Inventories	(2,543)	(3,367)	358	(412)
Trade and other receivables	(4,108)	(7,014)	146	151
Trade and other payables	(6,029)	6,871	(6,295)	(1,793)
	31,715	21,704	3,900	9,042

Figures in Rand thousand	Group		Company	
	2013 R `000	2012 R `000	2013 R `000	2012 R `000
11. Segmental reporting				
Revenue: External sales				
- Aggregates	197,592	174,361		
- Readymix mixed concrete	191,747	118,262		
- Concrete manufactured products	10,662	13,247		
	400,001	305,870		
Revenue Inter-segment sales				
- Aggregates	58,832	41,793		
- Readymix mixed concrete	317	301		
- Concrete manufactured products	-	-		
	59,149	42,094		
Revenue: Total sales				
- Aggregates	256,424	216,154		
- Readymix mixed concrete	192,064	118,563		
- Concrete manufactured products	10,662	13,247		
	459,150	347,964		
Profit (loss) before taxation (before inter-segment eliminations)				
- Aggregates	6,207	12,548		
- Readymix mixed concrete	364	(28,424)		
- Concrete manufactured products	589	(2,470)		
	7,160	(18,346)		
Property, plant and equipment				
- Aggregates	276,996	289,382		
- Readymix mixed concrete	40,882	58,641		
- Concrete manufactured products	21,848	22,780		
	339,726	370,803		
Total assets				
- Aggregates	338,080	354,175		
- Readymix mixed concrete	70,779	71,917		
- Concrete manufactured products	24,203	24,492		
	433,062	450,584		

The Group's business segments and segmental information presented above represents the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure. The Groups drilling and blasting division is included as part of the aggregates division. 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.

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

SHAREHOLDER ANALYSIS

28 FEBRUARY 2013

Shareholder spread	No of Shareholdings	%	No of Shares	%
1 - 1 000 shares	205	12,82	126 089	0,05
1 001- 10 000 shares	757	47,34	3 564 866	1,29
10 001- 100 000 shares	509	31,83	17 925 031	6,49
100 001- 1 000 000 shares	97	6,07	26 225 480	9,49
1 000 001 shares and over	31	1,94	228 551 747	82,69
Totals	1 599	100,00	276 393 213	100,00

Distribution of shareholders	No of Shareholdings	%	No of Shares	%
Banks/Brokers	3	0,19	554 881	0,20
Close Corporations	36	2,25	4 016 524	1,45
Empowerment	6	0,38	12 500 000	4,52
Endowment Funds	4	0,25	9 530	0,00
Government	1	0,06	41 458 982	15,00
Individuals	1 400	87,55	84 596 906	30,61
Insurance Companies	2	0,13	58 220	0,02
Investment Companies	1	0,06	105 080	0,04
Mutual Funds	1	0,06	509	0,00
Nominees & Trusts	83	5,19	65 028 430	23,53
Other Corporations	10	0,63	314 950	0,11
Private Companies	49	3,06	63 826 151	23,09
Public Companies	1	0,06	500 000	0,18
Retirement Fund	1	0,06	67 800	0,02
Share Trust	1	0,06	3 355 250	1,21
Totals	1 599	100,00	276 393 213	100,00

Public / non - public shareholders	No of Shareholdings	%	No of Shares	%
Non - Public Shareholders	7	0,44	157 089 581	56,84
Directors and Associates of the Company holdings	3	0,19	21 227 400	7,68
Strategic Holdings	3	0,19	132 506 931	47,94
Share Trust	1	0,06	3 355 250	1,21
Public Shareholders	1 592	99,56	119 303 632	43,16
Totals	1 599	100,00	276 393 213	100,00

Beneficial shareholders holding 3% 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
Wearne, JC	12 107 867	4,38
Totals	165 795 198	59,99

2013

NOTICE OF AGM

Notice is hereby given that the AGM of the shareholders of WG Wearne Limited ("the Company") will be held at **STONEMILL OFFICE PARK, 3 KIEPERSOL HOUSE, 300 ACACIA ROAD, CRESTA, RANDBURG, on WEDNESDAY, 2 OCTOBER 2013 at 10H00** to deal with the business as set out below and to consider and, if deemed appropriate, pass the ordinary and special resolutions set out hereunder in the manner required by the Companies Act No. 71 of 2008 ("the Act"), as read with the listings requirements of the JSE Limited ("JSE Listings Requirements").

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

FINANCIAL STATEMENTS

The consolidated audited annual financial statements of the Company and its subsidiaries, incorporating the reports of the auditors, the Audit Committee and the Directors for the year ended 28 February 2013 have been distributed as required and will be presented to shareholders as required in terms of section 30(3)(d) of the Act.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

In accordance with Companies Regulation 43(5)(c), issued in terms of the Act, the Chairman of the Social and Ethics Committee will present a verbal report to shareholders at the AGM.

RESOLUTIONS FOR CONSIDERATION AND APPROVAL

Ordinary Resolutions 1.1 to 1.2: Re-election of Directors

To elect by way of separate resolutions, Directors in the place of those retiring in accordance with the Company's Memorandum of Incorporation ("MOI"). The Directors retiring, all of whom being eligible offer themselves for re-election, are:

- Mr MC Khwinana
- Mr GM Salanje

Ordinary Resolutions 2.1 to 2.3: Appointment of Audit Committee

To confirm, by way of separate resolutions, the appointment of the following independent Non-Executive Directors as members of the Audit Committee with effect from the end of this AGM in terms of section 94(2) of the Act:

- Mr GM Salanje
- Mr MC Khwinana
- Mr WP van der Merwe

Ordinary Resolution 3: Re-Appointment of Auditors

To re-appoint, on recommendation of the current Audit Committee, Grant Thornton and the independently registered auditor, Mr MZ Sadek, as independent auditors of the Company, the designated auditor meeting the requirements of section 90(2) of the Act, until conclusion of the next AGM.

Ordinary Resolution 4: Control of authorised but unissued share capital

“RESOLVED that the authorised but unissued shares in the capital of the Company be and hereby placed under the control of the Directors of the Company until the next AGM, to enable them to allot and issue such ordinary shares at their discretion subject to the provisions of the Companies Act, 2008, the Company’s MOI and the listings requirements of the JSE Limited.”

Ordinary Resolution 5: General authority to issue shares for cash

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

“RESOLVED that, in terms of the Listings Requirements of the JSE Limited (“JSE”), the mandate given to the Directors of the Company in terms of a general authority to issue securities for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

- that this authority shall only be valid until the next AGM of the Company but shall not extend beyond 15 months from the date of this meeting;
- the allotment and issue of the shares must be made to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE;
- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- that an announcement giving full details, including the impact of the issue on net asset value, net tangible asset value, earnings and headline cumulative basis within one financial year, 5% of the number of shares in issue prior to the issue concerned;
- that the issues in aggregate in any one financial year (including the number of any shares that may be issue in future arising out of the issue of

options) shall not exceed 50% (fifty percent) of the number of shares of the Company’s issued ordinary share capital; and

- that in determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares on the JSE, measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities.”

Ordinary Resolution 6: Remuneration philosophy

To endorse through a non-binding, advisory vote, the remuneration philosophy of the Company as set out in the annual report of which this notice forms part.

Special Resolution 1: General authority to repurchase shares

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

“RESOLVED by way of a special resolution that the mandate given to the Company in terms of its MOI (or one of its wholly-owned subsidiaries) providing authorisation, by way of a general approval, to acquire the Company’s own securities, upon such terms and conditions and in such amounts as the Directors may from time to time decide, subject to the Listings Requirements of the JSE Limited (“the JSE”), be extended, subject to the following:

- This general authority be valid until the Company’s next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this resolution (whichever period is shorter);

- the repurchase being effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the company and the counterparty;
- repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- an announcement being published as soon as the Company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
- the number of shares which may be acquired pursuant to this authority in any one financial year may not in the aggregate exceed 20% (twenty percent) of the Company's issued share capital as at the date of passing of this special resolution or 10% of the Company's issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company;
- the Company's Designated Adviser confirming the adequacy of the Company's working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE prior to the Company entering the market to proceed with the repurchase;
- the Company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period;
- at any point in time the Company only appointing one agent to effect any repurchases on its behalf; and
- the Board of Directors passing a resolution that they authorised the repurchase and that the Company passed the solvency and liquidity test set out in section 4 of the Companies Act of 2008 and that since the test was done there have been no material changes to the financial position of the Group.
- The Directors, having considered the effects of the maximum repurchase permitted, are of the opinion that for a period of 12 (twelve) months after the date of the notice of the AGM and at the actual date of the repurchase;
- The Company and the Group will be able, in the ordinary course of business, to pay its debts;
- The working capital of the Company and the Group will be adequate for ordinary business purposes;
- The assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the Group; and
- The Company's and the Group's ordinary share capital and reserves will be adequate for ordinary business purposes."

Special Resolution 2: Non-Executive Directors' remuneration for their services as Directors

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"**RESOLVED**, as a special resolution:

- that the Company be and is hereby authorised to pay remuneration to its Directors for their services as Non-Executive Directors, as contemplated in section 66(8) and 66(9) of the Companies Act of 2008 for the period 1 March 2013 to 28 February 2014; 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:

Type of fee (per month)	Existing fee in R 2012	Proposed fee in R 2013
Board		
Chairman	20 000	20 000
Board member	10 000	10 000
Audit Committee		
Chairman	15 000	15 000

A general hourly consultation fee ranging between R700 and R2,000 for any ad-hoc services rendered to the Company, which fall outside the above-mentioned fees, would be paid to the Directors for such services rendered in their capacities as Directors or expert consultants."

Special Resolution 3: Financial assistance to related and inter-related companies

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"**RESOLVED**, by way of a special resolution, that the Directors of the Company be and are hereby authorised as required in terms of sections 44 and/or 45(2) of the Companies Act of 2008 and the Company's MOI to provide financial assistance to all related and inter-related companies within the Wearne group of companies, at such times and on such terms and conditions as the Directors in their sole discretion deem fit and subject to all relevant statutory and regulatory requirements being met, such authority to remain in place until rescinded by way of special resolution passed at a duly constituted AGM of the Company."

Ordinary Resolution 7: Signing authority

To authorise any one director or the secretary of the Company to do all such things and sign all such documents as are deemed necessary to implement the resolutions set out in the

notice convening the AGM at which this ordinary resolution will be considered and approved at such meeting.

LITIGATION STATEMENT

The Directors are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have had, in the recent past, being at least the previous 12 (twelve) months from the date of the annual report, a material effect on the Group's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no acts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the JSE Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of signature of the annual report.

DIRECTORS' INTENTION REGARDING THE GENERAL AUTHORITY TO REPURCHASE THE COMPANY'S SHARES

The Directors have no specific intention, at present, for the Company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the Company and its shareholders.

ELECTRONIC PARTICIPATION

Should any shareholder of the Company wish to participate in the AGM by way of electronic participation, that shareholder shall be obliged to 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 applicable address set out below at least 5 (five) business days prior to the AGM. Shareholders who wish to participate in the meeting by dialling in must note that they will not be able to vote electronically. Should such shareholders wish to have their votes counted at the meeting, they are welcome to cast their votes via representation at the meeting either by proxy or by letter of representation, as provided for in this notice of AGM. The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation. The Company cannot be held liable for any loss, damage, penalty or claim arising in any way from the use of the telecommunication facility whether or not as a result of any act or omission on the part of the Company or anyone else.

RECORD DATES, PROXIES AND VOTING

In terms of section 59(1)(a) and (b) of the Act, the Board of the Company has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the AGM (being the date on which a shareholder must be registered in the Company's securities register in order to receive notice of the AGM) as **Friday, 30 August 2013**; and

- participate in and vote at the AGM (being the date on which a shareholder must be registered in the Company's securities register in order to participate in and vote at the AGM) as **Friday, 27 September 2013**.

The last day to trade in order to participate and vote at the AGM is **Friday, 20 September 2013**.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend, participate in and vote at the AGM, are entitled to appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. It is requested that proxy forms be forwarded so as to reach the transfer secretaries, Computershare Investor Services Proprietary Limited (70 Marshall Street, Corner Sauer Street, Johannesburg; P O Box 61051, Marshalltown, 2107), by no later than 48 (forty eight) hours before the commencement of the AGM. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend, participate in and vote at the AGM do not deliver proxy forms to the transfer secretaries by the relevant time, such shareholders will nevertheless be entitled to lodge the form of proxy in respect of the AGM immediately prior to the AGM, in accordance with the instructions therein, with the Chair of the AGM.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, should contact their CSDP or broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or broker:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the AGM, to obtain the necessary letter of representation to do so.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote, shall

be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company.

Shareholders and proxies of shareholders are advised that they will be required to present reasonably satisfactory identification in order to attend or participate in the AGM as required in terms of section 63(1) of the Act. Forms of identification that will be accepted include original and valid identity documents, drivers' licences and passports.

VOTING

For the purpose of resolutions proposed in terms of the JSE Listings Requirements wherein any votes are to be excluded from that resolution, any proxy given by a holder of securities to the holder of such an excluded vote shall be excluded from voting for the purposes of that resolution.

By order of the Board

AGM – EXPLANATORY NOTES

Presentation of annual financial statements

At the AGM, the Directors must present the annual financial statements for the year ended 28 February 2013 to shareholders together with the reports of the Directors, the Audit Committee and the auditors. These are contained within the annual report.

Ordinary Resolutions 1.1 to 1.2 – Rotation of Directors

In accordance with the Company's MOI, one third of the Directors is required to retire at each AGM and may offer themselves for re-election. In addition, any person appointed to the Board of Directors following the previous AGM is similarly required to retire and is eligible for re-election at the next AGM.

The following Directors are eligible for re-election:

- Mr MC Khwinana
- Mr GM Salanje

Ordinary Resolution 2.1 to 2.3 – Appointment of Audit Committee

In terms of section 94(2) of the Act, a public Company must at each AGM elect an Audit Committee comprising at least three members who are Directors and who meet the criteria of section 94(4) of the Act. Regulation 42 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 requirements.

Ordinary Resolution 3 – Re-appointment of Auditors

Grant Thornton, and the individually registered auditor, Mr MZ Sadek, have indicated their willingness to continue in office and ordinary resolution 3 proposes the re-appointment of that firm as the Company's auditors with effect from 1 March 2013. Section 90(3) of the 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 and the designated auditor meet the relevant requirements.

Ordinary Resolution 4 and 5 – Placement and issue of shares for cash

In terms of the Act, Directors are authorised to allot and issue the unissued shares of the Company, unless otherwise provided in the Company's MOI or in instances as listed in section 41 of the Act. The JSE requires that the MOI should provide that shareholders in a general meeting may authorise the Directors to issue unissued securities and/or grant options to subscribe for unissued securities as the Directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE and are subject to the JSE Listings Requirements. Directors confirm that there is no specific intention to issue any shares, other than as part of and in terms of the rules of the Company's share incentive scheme, as at the date of this notice. For this reason, the maximum number of unissued shares that may be issued by the Directors in terms of this authority is limited to 10% of the number of issued shares as at 28 February 2013.

Also, in terms of the JSE Listings requirements, the authority to issue shares for cash as set out in ordinary resolution 5 requires the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the AGM for ordinary resolution number 5 to become effective.

Ordinary resolution 6 – Remuneration philosophy

The King report on Corporate Governance for South Africa, 2009 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.

Special resolution 1 – General authority to repurchase shares

Section 48 of the 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 JSE Listings Requirements require the shareholders of the Company to approve the authority to repurchase shares and the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the AGM for special resolution number 1 to become effective.

Special resolution 2 – Non-Executive Directors' remuneration

In terms of section 66(8) and section 66(9) of the Act, companies may pay remuneration to Directors for their services as Directors unless otherwise provided by the MOI 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. Proposed fees for the 2013 financial year have been included in the resolution for approval by shareholders.

Special resolution 3 – Financial assistance to related and inter-related companies

Section 45(2) of the Act authorises the Board to provide direct or indirect financial assistance to a related or inter-related Company, subject to subsections (3) and (4) of section 45 of the Act and unless otherwise provided in the Company's MOI. In terms of section 45(3) of the Act, a special resolution of shareholders is required in these instances. The main purpose of the special resolution as set out in the notice of the meeting is to approve the granting of inter-company loans, a recognised and well known practice, details of which are also set out in the notes to the annual financial statements.

Ordinary Resolution 7 – Signing authority

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 AGM. It is proposed that the Company secretary and/or director be authorised accordingly.

GENERAL

Shareholders and proxies attending the AGM on behalf of shareholders are reminded that section 63(1) of the Act requires that reasonably satisfactory identification be presented in order for such shareholder or proxy to be allowed to attend or participate in the meeting.

FORM OF PROXY

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN NAME" REGISTRATION ONLY

For completion by registered members of Wearne unable to attend the AGM of the Company to be held Wednesday, 2 October 2013 at 10h00, at the Stonemill Office Park, 3 Kiepersol House, 300 Acacia Road, Cresta, Randburg, or at any adjournment thereof.

I/We _____

of _____ (address)

being the holder/s of _____ shares in the Company, do hereby appoint:

1. _____ or failing him/her

2. _____ or failing him/her

the Chairman of the AGM, as my/our proxy to attend, speak and, on a poll, vote on my/our behalf at the abovementioned AGM of members or at any adjournment thereof, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

	For	Against	Abstain
1. Ordinary Resolution 1: To re-elect the Directors required to retire in terms of the MOI			
1.1 Mr MC Khwinana			
1.2 Mr GM Salanje			
Ordinary Resolution 2: To elect the members of the Audit Committee			
2.1 Mr GM Salanje			
2.2 Mr MC Khwinana			
2.3 Mr WP van der Merwe			
2. Ordinary Resolution 3: To re-appoint auditors			
3. Ordinary Resolution 4: To authorise Directors to allot and issue unissued ordinary shares			
4. Ordinary Resolution 5: To authorise Directors to allot and issue ordinary shares for cash			
5. Ordinary Resolution 6: To approve remuneration philosophy by way of a non-binding, advisory vote			
6. Special Resolution 1: To authorise Directors to repurchase Company shares			
7. Special Resolution 2: To approve Directors' remuneration			
8. Special Resolution 3: To approve financial assistance to related and inter-related companies			
9. Ordinary Resolution 7: To provide signing authority			

A proxy need not be a shareholder.

A shareholder who has dematerialised his/her shares, other than a shareholder which has dematerialised his/her shares with "own name" registration, should contact his/her CSDP or broker in the manner and time stipulated in his/her agreement with the CSDP or broker, in order to furnish his/her CSDP or broker with his/her voting instructions or to obtain the necessary letter of authority to attend the AGM, in the event that he/she wishes to attend the AGM.

On show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company.

A proxy may not delegate his/her authority to act on his/her behalf to another person. (See note 11).

This proxy form will lapse and cease to be of force and effect immediately after the AGM of the Company and any adjournment(s) thereof, unless it is revoked earlier (as to which see notes 15 and 16).

Signed at _____ this day of _____ 2013

Signature _____

Assisted by me, where applicable (name and signature) _____

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 may vote or abstain as he/she sees fit.

NOTES TO PROXY FORM

Summary of holders' rights in respect of proxy appointments as set out in sections 56 and 58 of the Act and notes to the form of proxy:

1. Each person entitled to exercise any voting rights at the AGM may appoint a proxy or proxies to attend, speak, vote or abstain from voting in place of that holder.
2. A proxy need not be a shareholder.
3. A proxy appointment must be in writing, dated and signed by the person appointing a proxy.
4. A proxy may not delegate his/her authority to act on his/her behalf to another person.
5. This proxy form will lapse and cease to be of force and effect immediately after the AGM of the Company and any adjournment(s) thereof, unless it is revoked earlier.
6. A shareholder who has dematerialised his/her shares, other than a shareholder which has dematerialised his/her shares with "own name" registration, should contact his/her CSDP or broker in the manner and time stipulated in his/her agreement with the CSDP or broker, in order to furnish his/her CSDP or broker with his/her voting instructions or to obtain the necessary letter of authority to attend the AGM, in the event that he/she wishes to attend the AGM.
7. On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company.
8. Section 56 grants voting rights to holders of beneficial interests in certain circumstances, namely if the beneficial interest includes the right to vote on the matter, and the person's name is on the Company's register of disclosures as the holder of a beneficial interest. A person who has a beneficial interest in any securities that are entitled to be voted on by him/her, may demand a proxy appointment from the registered holder of those securities, to the extent of that person's beneficial interest, by delivering such a demand to the registered holder, in writing, or as required by the applicable requirements of a central securities depository.
9. Forms of proxy must be delivered to the Company before a proxy may exercise any voting rights at the AGM either by returning them to Computershare Investor Services (Pty) Limited at the following address Ground Floor, 70 Marshall Street, Johannesburg, to be received on or before 09h00 on Friday, 13 September 2013 by presenting it to a representative of Computershare Investor Services (Pty) Limited at the premises of the Company, immediately before the commencement of the AGM. Forms can be posted or hand delivered.
10. A person entitled to vote may insert the name of a proxy or the name of an alternative proxy of the holder's choice in the space provided, with or without deleting the Chair of the AGM. Any such deletion must be initialled. The person whose name stands first on the form of proxy and who is present at the AGM shall be entitled to act as proxy to the exclusion of the person whose name follows as an alternative. In the event that no names are indicated, the proxy shall be exercised by the Chair of the AGM.
11. An "X" in the appropriate box indicates that all your voting rights are exercisable by that holder. If no instructions are provided in the form of proxy, in accordance with the above, then the proxy

shall be entitled to vote or abstain from voting at the AGM, as the proxy deems fit in respect of all your voting rights exercisable thereat, but if the proxy is the Chair, failure to provide instructions to the proxy in accordance with the above will be deemed to authorise the proxy to vote only in favour of the resolution.

12. You or your proxy are not obliged to exercise all your voting rights exercisable, but the total of the voting rights cast may not exceed the total of the voting rights exercisable by you.
13. Your authorisation to the proxy, including the Chairman of the AGM, to vote on your behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.
14. The completion and lodging of this form of proxy will not preclude you from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, in which case the appointment of any proxy will be suspended to the extent that you choose to act in person in the exercise of your voting rights at the AGM.
15. Documentary evidence establishing the authority of a person attending the AGM on your behalf in a representative capacity or signing this form of proxy in a representative capacity must be attached to this form.
16. The Company will accept an original and valid identity document, driver's license or passport as satisfactory identification.
17. Any insertions, deletions or alteration to this form must be initialled by the signatory(ies).
18. The appointment of a proxy is revocable unless you expressly state otherwise in the form of proxy.
19. You 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 at its premises or at Ground Floor, 70 Marshall Street, Johannesburg for the attention of Computershare Investor Services (Pty) Limited, to be received before the replacement proxy exercises any of your rights at the AGM.
20. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on your behalf at the later of (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument is delivered as required in note 19 above.
21. If this form of proxy has been delivered to the Company in accordance with note 9 then, as long as that appointment remains in effect, any notice that is required by the Act or the Company's MOI to be delivered by the Company to the holder of the voting rights must be delivered by the Company to:
 - a. the holder; or
 - b. the proxy, if the holder has:
 - i. directed the Company to do so, in writing; and
 - ii. has paid any reasonable fee charged by the Company for doing so.
22. In terms of section 56 of the Act, the registered holder of any shares in which any person has a beneficial interest, must deliver to each such person a notice of any meeting of the Company at which those shares may be voted on, within two business days after receiving such a notice from the Company.

2013

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 5488
email:info@wearne.co.za

TRANSFER SECRETARY

Computershare Investor Services
Proprietary Limited
(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
2196, Sandton
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
137 Daisy Street corner Grayston Drive
Sandown, 2196
Private Bag X28
Benmore, 2010
Telephone: (011) 322 4500
Facsimile: (011) 322 4545

COMPANY SECRETARY

iThemba Governance and Statutory
Solutions Proprietary Limited
(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

NOTES

WG

WEARNE

LIMITED IS ONE OF

SOUTH AFRICA'S

OLDEST SUPPLIERS
OF MATERIALS TO THE

BUILDING AND CONSTRUCTION INDUSTRY
