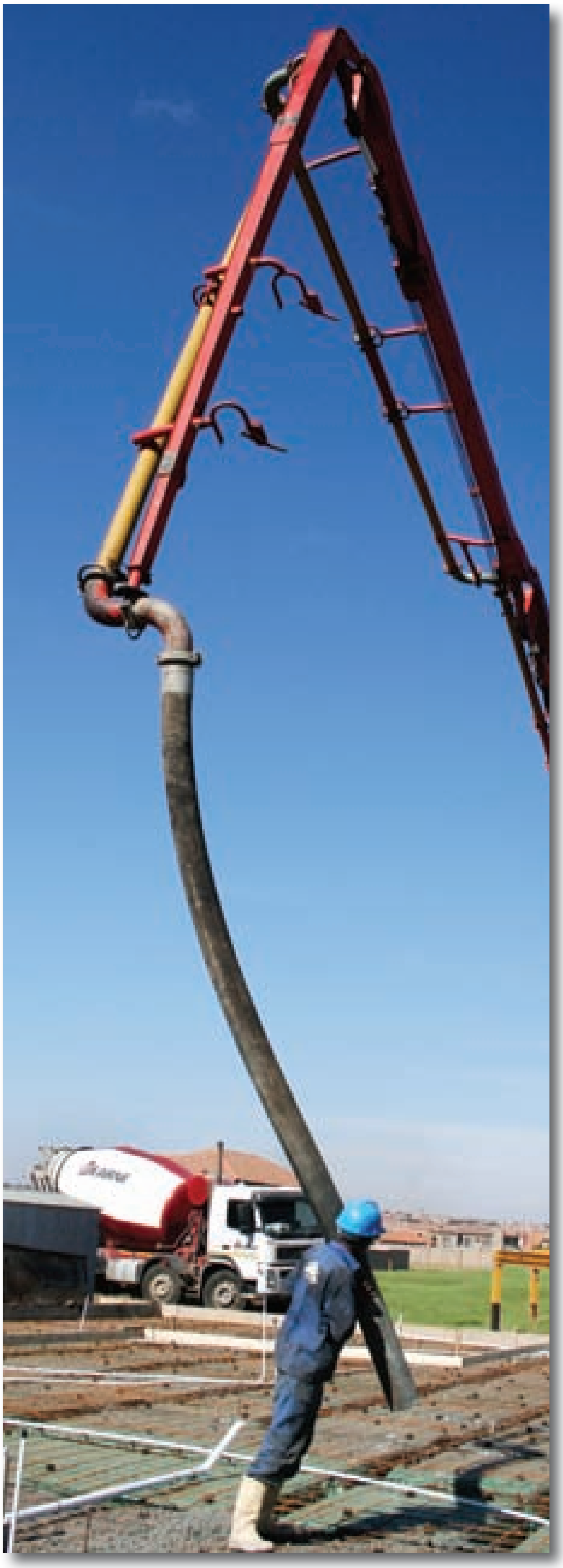
WEARNE

WG WEARNE LTD

ANNUAL REPORT 2012



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WG WEARNE

IS ONE OF SOUTH AFRICA'S OLDEST SUPPLIERS OF MATERIALS TO THE BUILDING AND CONSTRUCTION INDUSTRY.

CORPORATE PROFILE

WG Wearne is 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 town of Carletonville, near Johannesburg. The ready-mixed division was established a lot later in the early 1970's. Since then, the company has grown into what is now known as The Wearne Group, supplying the construction industry with a complete building material solution.

Historically operating in the northern areas of the country, the Group now has operations not only in Gauteng, North West and Limpopo, but also in KwaZulu-Natal, Northern Cape and the Free State. What was once a small family business is today a JSE AltX-listed company operating in many of the major metropolitan areas.

Its products and services include aggregates, ready-mixed concrete, pre-cast concrete products, drilling and blasting services as well as mobile crushing contracting. The Group supplies customers in the construction, housing and mining industries as well as various government-initiated projects.

Wearne's goal is to be one of the leading concrete products and aggregate suppliers in South Africa. It strives to achieve this by providing a professional service and a complete range of products to the building industry, establishing Wearne as the preferred supplier in all areas in which it operates.

OPERATIONAL STRUCTURE

AGGREGATES

The road building materials and concrete aggregates we manufacture all comply with COLTO and SANS specifications. Our crushing operations are all active members of ASPASA (Aggregate and Sand Producers Association of South Africa).

Our contract crushing and drill and blasting services specializes in providing a professional service to all major mining houses and adhere to the strictest quality as well as safety, health and environmental standards.

READYMIX

Wearne Readymix is ISO 9001:2008 certified and an active member of SARMA (South African Ready-Mix Association), and meets the SANS 878 code of practice for the production of ready-mixed concrete, as well as the relevant SANS 1200G and SANS 10100 specifications.

With ten fixed and one mobile plant in almost all of our countries provinces, we are able to efficiently meet our clients' needs by targeting the commercial, industrial, housing and mining sectors.

We produce concrete for all applications - from foundations for RDP houses to structural concrete for major sports stadiums. Our strength levels range from 10 - 70 MPa, and is easily modified to each client's exact specifications. We also have our own in- house laboratory that monitors our quality control and also designs mixes to our client's requirements.

CONCRETE MANUFACTURED PRODUCTS

Our focus is on manufacturing precast concrete products to satisfy all storm water and sewer irrigation needs in the infrastructure environment.

We use imported technology for the manufacturing of high strength quality concrete products. Our Precast business is based in Polokwane but we service the whole of the Limpopo Province. Our ranges of products include concrete pipes, culverts and manhole cover slabs.

GEOGRAPHICAL **FOOTPRINT**

Wearne's head office is based in Gauteng with plants in almost all our country's provinces.

Wearne AGGREGATE QUARRY locations across South Africa:

Wearne READYMIX PLANT locations across South Africa:


VALUE

OVERVIEW

The 2012 financial year was a year of major restructure for the Group. Operating results continued to reflect the effects of the economic downturn and its consequent contracting impact on the construction industry in general. The structural changes that was implemented in the Group was the closure or selling of several loss- making operations as well as the introduction of the Industrial Development Corporation("IDC") as a major shareholder and funder. The positive benefits of these changes will be seen in the 2013 financial year.

REVIEW OF RESULTS

Group revenue decreased by 17% (or R64.5 million) to R306 million (2011: R370 million) for the year ended 29 February 2012. The largest contributor to the decrease in turnover was the ready mixed concrete division where external turnover dropped by 34% (or R61.2 million) to R118 million (2011: R179 million). This was the consequence of the closure of non performing operations in conjunction with continued weaknesses in the residential market. The concrete products division continued its pleasing growth trend yielding a 20% increase in turnover.

In accordance with the Group's turnaround strategy, all loss-making operations were evaluated for economic viability and possible closure. Consequently, four ready mixed concrete plants, a crushing operation and a sand washing operation were closed during the year. These closures together with a greater focus on higher margin contracts allowed the Group to increase its gross profit margin before depreciation charges by 12% to 32% (2011: 20%).

The Group's EBITDA improved to a profit of R20.3 million in the current year from a loss of R34 million in 2011. Current year operating expenditure included the following non-recurring costs totalling R8.4 million: impairments and scrapping of tangible assets of R3.5 million; a bad debt write off R3.2 million relating to Rainbow Construction; losses on sale of property, plant & equipment of R0.9 million as well as legal fees of R0.8 million for the implementation of the Section 311 Scheme of Arrangement.

During the year the Group disposed of unproductive assets resulting in proceeds of R12.6 million. In addition, the Group also improved some of its critical plant by spending R18.4 million on these assets. These improvements were made possible by funding received from the Industrial Development Corporation ("IDC"). This resulted in a decrease of R4.8 million in the current year depreciation charge.

Following its strategy of disposing of non-core assets the Group also sold its interest in the Portland Group and Wearne Bricks (Proprietary) Limited. The Portland Group was sold in the beginning of the year with all losses on the sale being recognised in the prior year in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The Group sold its interest in its brick manufacturing business on 01 October 2011 for R5 million resulting in a profit on sale of business of R1.2 million.

Finance costs remained relatively unchanged at approximately R36 million. Total liabilities reduced by R8 million to R397.8 million (2011: R405.7 million excluding non-current liabilities held for sale). The Group settled R30 million in short-term borrowings utilising the proceeds generated from the Portland Group disposal which were offset by R43 million in long-term borrowing received from the IDC. This borrowing conversion improved the Group's liquidity position.

The current year performance resulted in a headline loss per share of 19.88 cents (2011: 21.12 cents) and a diluted loss per share from continuing operations of 21.76 cents (2011: 45.36 cents).The net asset value per share reduced to 19.33 cents (2011: 24.91) attributable to the decline in earnings in addition to the issue of 82.9 million new ordinary shares to IDC and the Wearne Workers Trust.

LIQUIDITY AND GOING CONCERN

The Group incurred a total comprehensive loss for the 2012 period of R11.7 million. This highlights a going concern issue which is emphasised further by the Group's negative liquidity position, high gearing and depleted net asset value.

The Group is currently technically solvent with net asset value of R52.8 million or 19.33 cents per share. Current liabilities of R119.7 million exceed current assets of R70 million by R49.7 million. Negotiations are currently underway to either sell further properties in the portfolio or extend the repayment terms of the current overdraft of R30 million. In addition, the Group has undrawn loans totalling R20 million from the IDC at 29 February 2012 which further ensures that the going concern statement is still applicable.

CASH FLOW

In addressing its cash flow demands, the holding company WG Wearne Limited, and its subsidiary, Wearne Aggregates (Proprietary) Limited, entered into a scheme of arrangement in terms of section 311 of the Companies Act in February 2011. In terms of the scheme of arrangement, the secured creditors granted the companies a moratorium period from 1 February 2011 to 31 January 2013 under which the companies are only required to service the monthly interest arising from the loans owing to them, and the concurrent creditors granted the companies a moratorium from 1 January 2011 to 31 August 2011 under which the companies were not obliged to make any payment in respect to any claims outstanding. Thereafter, the concurrent creditors' outstanding balance is being repaid over twenty instalments including interest raised at 3% per annum. The companies under the scheme of arrangement made their first payment in September 2011 and are continuing to service those claims on a monthly basis.

Further to the moratorium the companies are required to settle any concurrent creditors' debt, incurred after the moratorium period began, by the seventh working day of the month immediately following the month in which the claim arose.

During the current year the Group entered into a cash management program with its financiers which granted the Group better access to its working capital. The effective application of these cash reserves allowed the Group to meet its obligations under the moratorium state.

PROSPECTS

Although, the current year headline loss of R47.8 million (2011: R52 million) does not reflect a turnaround, the majority of the turnaround initiatives have been completed or otherwise are nearing completion. This has resulted in nearly all of the loss making operations either having been disposed of or closed down.

As part of its continuing turnaround objectives the Group is investigating the outsourcing of non-core activities. These initiatives will aid in the reduction of borrowings, reduce fixed operating costs and allow it to more rapidly react to changes in its operating environment.

In addition the Group is exploring avenues which would see it expand its drilling and blasting operation within the aggregate division. Although this will require further investment in plant and equipment, this investment would see the expansion of one of the Group's best performing operations.

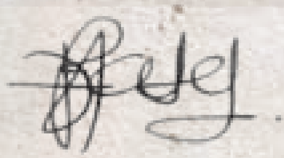
Lastly, general market conditions have begun to improve towards the end of the financial year, indicated by cement sales increasing for the first time in three years. Unfortunately current data is no longer available but general market consensus seems to indicate that the year-on-year monthly increase in volumes is between 5% and 8%. This, together with an improvement in the civil engineering industry should see the Group's fortunes improve significantly.

DIVIDEND POLICY

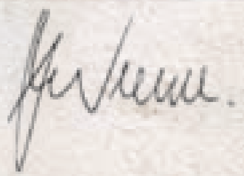
In line with Group policy, no dividend has been declared for the period.

HUMAN CAPITAL

The Board of Directors would once again like to thank all management and staff for their loyalty and commitment during such challenging times. We also thank all stakeholders, including our bankers, creditors, advisers and customers for their on-going support.



M M Patel
Chairman



S J Wearne
Chief Executive Officer

DIRECTORATE

EXECUTIVE DIRECTORS

John Wearne (42)
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.

Marius Bierman (42)
Chief Financial Officer
B Comm (UJ), B Comm Hons, CA (SA), MBA (Potchefstroom)

Marius completed his articles at the now-named PriceWater-houseCoopers Inc and has been employed since then in various financial roles by a number of listed companies.

NON-EXECUTIVE DIRECTORS

Mitesh Patel (38)
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.

Mfanyana Salanje (50)
Independent

B Comm (Transkei), Hons B Compt, MBA (Natal), CA (SA), ACMA (UK), HDip Tax Law

Mfanyana is an independent financial consultant, offering services through Mfanyana Financial Solutions CC. Previously he was Group Financial Director at Thebe Investment Corporation, Chief Financial Officer at the State Information Technology Agency, Audit Partner at Ernst & Young and SizweNtsaluba vsp, and Financial General Manager at Transnet. He is presently an independent non-executive director of Merafe Resources Limited and the Passenger Rail Agency of South Africa, and member of the Audit & Risk Committee of ThebeMed.

Wessel van der Merwe (42)
Non-executive
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 previously headed a corporate advisory business for more than 14 years. His directorships include Alert Steel Ltd, Imbalie Beauty Limited and Taste Holdings Ltd.

CORPORATE GOVERNANCE REPORT

It has been widely recognised that good corporate governance practices and processes hold real benefits for organisations that are serious about being well governed. The Board of Directors of the company fully supports this notion and subscribes to the principles of fairness, accountability, responsibility and transparency in all its dealings. At the same time what is essential for good governance is that directors apply their minds to what is in the best interests of the Group. The King Report on Corporate Governance for South Africa, 2009 ("King III") is based on the principle of "apply or explain", expecting a Board of Directors to apply those recommendations it believes best serve the interests of the company and to explain instances where it does not apply the recommendations.

STATEMENT OF COMPLIANCE

The JSE Listings Requirements stipulate that listed companies should include a statement of compliance in regard to the recommendations contained in the Code of Governance Principles ("the Code") which forms part of King III. Although some of the basic principles have been complied with during the period under review, the directors are aware of a number of principles that have not been complied with and relevant information in this regard is disclosed below. In certain instances, non-compliance is as a result of a conscious decision based on the best interests of the company. As is evident from the various sections of this integrated report, the company has had to face a number of challenges during the period under review, some of which have impacted on the Board's ability to apply a number of the principles contained in the Code. As part of the Board's strategy to turn the business around and to reposition the company on a solid foundation, the application of all corporate governance principles will undergo in depth scrutiny. A gap analysis in respect of the application of the King III principles has been undertaken during the current financial year as part of the objective to ensure that the company and the Group apply all those principles that will make a positive contribution to achieving the turnaround strategy. Although it was found that the company applied the majority of recommendations, areas identified that require specific consideration by the Board included:

- Implementation of an internal audit function, alternatively considering whether current processes and procedures adequately mitigate against potential risk introduced by the absence of such function;
- Formalising current processes and procedures to address the risk of non-compliance to relevant laws and regulations; and
- a renewed focus on the management of stakeholder relationships.

BOARD OF DIRECTORS

As at the date of this report, the unitary Board consisted of two executive and three non-executive directors, chaired by Mr MM Patel. With the re-appointment of Mr SJ Wearne as CEO in February 2012, the roles of the CEO and chairman have now been separated, each with clearly defined roles and responsibilities. The Board has for some time recognised the need for more independent directors and will continue to seek further independent non-executive directors with the aim of obtaining a majority of independent non-executive directors.

The company concluded a number of transactions during the period of review, some of which resulted in several changes to the composition of the Board. The following changes to the Board occurred during the period under review and thereafter:

Appointments:

Mr JJ Bierman
(Chief Financial Officer appointed on 5 December 2011)
Mr WP van der Merwe
(Non-executive director appointed on 7 December 2011)
Mr MM Patel
(Independent non-executive chairman appointed on 29 February 2012)
Mr SJ Wearne
(who assumed the role of Chief Executive Officer since 7 December 2011 was re-appointed as Chief Executive Officer with effect from 29 February 2012)

Resignations and termination of directorships:

Mr N Heyns
(Executive director, resigned on 1 March 2011)
Mr BA Mkhonto
(Non-executive director, resigned on 26 May 2011)
Mr HWP Scholtz
(Non-executive director, resigned on 26 May 2011)
Mr AW Bruens
(Chief Financial Officer, resigned on 22 August 2011)
Mr RC Devereu
(Chief Executive Officer, resigned on 7 December 2011)
Ms RC Ramushu
(Non-executive director, passed away on 23 June 2012)

As at the date of this report, the Board comprised:

Executive Directors

Mr SJ Wearne (CEO)
Mr JJ Bierman (CFO)

Non-Executive Directors

Mr MM Patel
(Independent chairman)
Mr GM Salanje
(Independent, chairman of the Audit Committee, chairman of the Risk Committee and chairman of the remuneration and nominations committee)
Mr WP van der Merwe
(Non-executive director, chairman of the social and ethics committee)

The non-executive directors contribute a wide range of skills, knowledge and experience and are not involved in the day-to-day operations of the Group.

No director has been appointed for a specified period. Non-executive directors are however subject to retirement by rotation and one third of the non-executive directors are expected to retire and, if eligible and willing, make themselves available for re-election by shareholders at the annual general meeting. In addition, all directors appointed following the conclusion of the previous annual general meeting have to offer themselves for election by shareholders. In terms of this policy, the directors retiring by rotation at the forthcoming annual general meeting are Messrs MM Patel, WP van der Merwe and JJ Bierman.

Details of the directors in office appear on page 9 of this report.

The Board meets at least four times a year with additional meetings held when necessary, to review matters material to the sustainable performance of the business including strategy, operations, financial performance, risk, capital expenditure, human resources, safety and environmental management. To avoid conflict of interest, Board members must disclose their interests in material contracts involving the Group. Board members must recuse themselves when participating in deliberations or decision-making processes that could in any way be affected by vested interests.

The Board maintains full and effective control over the Group and is responsible for monitoring executive management. A board charter formally sets out the Board's composition and procedures, and codifies the Board's duties and responsibilities which include determining the Group's overall policy, strategic direction and planning, acquisitions and resource allocation. The charter further includes guidelines on regular self-evaluation protocol as well as the appraisal of directors' performance. There is a balance of power on the Board to ensure that no one director has unfettered powers of decision making.

In line with recommendations contained in King III, a self-assessment of the performance of the Board and its committees was done following the year end and the results thereof were considered in order to identify areas for improvement.

All directors have unrestricted access to the advice and services of the company secretary, and to the company records, information, documents and property. Non-executive directors also have unlimited access to management at any time. Based on an approved policy, all directors are entitled, at the company's expense, to seek independent professional advice on any matters pertaining to the Group as is necessary to discharge their responsibilities.

BOARD PROCESSES

Share dealings

Directors are required to declare their shareholdings, additional directorships and potential conflicts of interest as well as any share dealings to the chairman and company secretary, who together with the Designated Adviser ensure that share dealings are published on the Securities Exchange News Service ("SENS"). No director may trade in the company's shares without first obtaining the necessary consent as required in terms of the JSE Listings Requirements.

In addition, all directors and management with access to financial information and any other price sensitive information are prohibited from dealing in the company's shares during closed periods, as defined by the JSE Limited, or while the company is trading under cautionary.

New Appointments

The nominations committee (which forms part of the remuneration and nominations committee) is responsible for new Board appointments. The process for new appointments is conducted in a formal and transparent manner as set out in the Board Charter.

The company secretary is responsible for implementing the company's informal induction program which includes introduction of new Board members to key management and site visits. New appointees are provided with copies of recent interim and annual financial results and an overview of the company's accounting and corporate governance policies and procedures. In addition, all new appointees are required to attend the four-day Altx Directors' Induction Programme run by the Wits Business School and endorsed by the Institute of Directors. The programme covers pertinent aspects of company law, stock exchange regulations, the roles, responsibilities and liabilities of directors, basic techniques of financial analysis and the importance of investor and media relations. All of Wearne's current directors have completed the Altx Directors' Induction Programme.

Remuneration

Details of directors' fees and remuneration are fully disclosed in note 38 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 annual general meeting forming part of this report.

Directors' attendance at Board meetings

During the financial year, the Board met seven times. The detail of directors' attendance of meetings is set out in the table below.

Member	13/04/2011	26/05/2011	29/06/2011	05/08/2011	20/10/2011	07/12/2011	29/02/2012
SJ Wearne	P	P	P	P	P	P	P
AW Bruens	P	P	P	P	RESIGNED	N/A	N/A
BA Mkhonto	P	A	RESIGNED	N/A	N/A	N/A	N/A
MM Patel	P	P	P	P	P	P	P
GM Salanje	P	A	P	P	P	P	P
HWP Scholtz	P	P	RESIGNED	N/A	N/A	N/A	N/A
RC Devereux	N/A	P	P	P	P	P	RESIGNED
RC Ramushu	N/A	N/A	N/A	N/A	P	P	P
JJ Bierman	N/A	N/A	N/A	N/A	N/A	P	P

Key
P - Present
A - Apology
R - Resigned
N/A - Not applicable

In compliance with the JSE Listings Requirements, a representative of the Group's Designated Adviser attends all Board and Audit Committee meetings. Exchange Sponsors (2008) Proprietary Limited has been appointed as the company`s Designated Adviser with effect from 25 May 2012 following the mutual agreement between the company and Vunani Corporate Finance to terminate the Designated Adviser's Services provided by Vunani Corporate Finance.

COMPANY SECRETARY

All directors have access to the advice and services 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 & Statutory Solutions (Pty) Limited, represented by Ms Elize Greeff, acts as company secretary. Contact details of the secretary are disclosed on page 90.

BOARD COMMITTEES

Executive Committee ("EXCO")

The EXCO comprises the Group's executive directors, together with managers of business units. It is responsible for the daily running of the Group and regularly reviews current operations in detail, and develops strategy and policy proposals for submission to the Board.

The CEO liaises on a regular basis with the CFO and other directors, with regard to matters concerning the daily running of the Group to be raised at EXCO meetings.

Audit Committee

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 statutory, regulatory and governance responsibilities as set out in the Companies Act 71 of 2008 ("the Act"), King III and the JSE Listing Requirements.

The Board, with the assistance of the Audit Committee, has established and maintains adequate internal controls and procedures, which are reviewed on a regular basis. These are designed to manage, rather than eliminate, the risk of business failures and to provide reasonable assurance against such failures.

The Audit Committee is critical to ensuring the integrity of integrated reporting and practices, financial reporting and internal controls. The members of the Audit Committee are Messrs GM Salanje (chairman) and Mr WP van der Merwe. Following the appointment of Mr MM Patel as Chairman of the Board, he stepped down from the Audit Committee on 29 February 2012 and attends these meetings by invitation only. Mr WP van der Merwe was appointed as a member to the Audit Committee effective from 30 May 2012. Following the untimely death of Ms RC Ramushu (a former member of the Audit Committee) and in compliance with the provisions of the Act, it is proposed to appoint a third member of the committee. Meetings are attended by invitees, including the CEO, CFO, external auditor and company secretary. The external auditors have unrestricted access to the Audit Committee and its chairman.

The Audit Committee's terms of reference sets out and codifies the role and responsibilities of the committee including monitoring of the:

- integrity of the Group's financial statements and any formal announcements relating to the Group's performance and significant reporting judgements made therein;
- effectiveness of the Group's internal financial controls and systems of internal control and risk management;
- appointment, terms of engagement and remuneration of the external auditor;
- external auditor's independence, objectivity and effectiveness, and the supply of non-audit services by the external auditor; and
- undertaking the prescribed functions (in terms of section 94(7) of the Companies Act 71 of 2008 (Act 71 of 2008)) on behalf of the company and all subsidiary companies.

The Audit Committee reports directly to the Board on these matters. A report to shareholders as required in terms of the Act forms part of the annual financial statements as contained in this report.

The committee has satisfied itself with the appropriateness of the experience and expertise of the executive financial director as required in terms of the JSE Listings Requirements.

Grant Thornton have been appointed as the company`s auditors with effect from 21 October 2011 following the resignation of RSM Betty & Dickson. The Audit Committee is satisfied that the audit partner 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.

The Audit Committee also considered and satisfied itself that the Group's external auditors are registered on the JSE register of auditors as contemplated in paragraph 3.86 of the JSE Listing Requirements. Pre-approved non-audit related services do not exceed 10% of the total Wearne Group audit fee agreed by the Audit Committee for the financial year in question.

The Chairman of the Audit Committee is present at the annual general meeting of the shareholders, to answer questions on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities. The external auditors also attend the annual general meeting of shareholders.

Audit Committee meetings are held at least quarterly, with additional meetings called where circumstances necessitate. The attendance of the Audit Committee members is disclosed below:

Member	26/05/2011	10/10/2011	25/11/2011	21/02/2012
MM Patel	P	P	P	P
GM Salanje	A	P	P	P
RC Ramushu	N/A	A	P	P
HWP Scholtz	P	RESIGNED	N/A	N/A

Key
P - Present
A - Apology
R - Resigned
N/A - Not applicable

The committee's statutory report appears on page 28 of this report.

Risk Committee

The main purpose of the Risk Committee is to assist the Board in ensuring that management has implemented an effective risk management process that identifies and monitors the management of the key risks facing the company in an integrated and timely manner.

The members of the Risk Committee are Messrs GM Salanje (chairman), WP van der Merwe and SJ Wearne. Mr WP van der Merwe was appointed to the committee on 30 May 2012.

The committee's terms of reference include the following responsibilities:

- oversee the development and annual review of a policy and plan for risk management to recommend for approval to the Board;
- review and monitor the processes and procedures for risk identification, analysis and quantification;
- review the processes implemented to monitor the on-going management of risks and ensure that continuous monitoring by management takes place;
- ensure that risk management assessments are performed on a continuous basis;
- submit an annual report to the Board on the effectiveness of the total risk management and assessment process and outcomes, including a register of the company's key risks;
- ensure that reporting on risk management is complete, timely, accurate and accessible;
- make recommendations to the Board concerning the levels of tolerance and appetite, and monitoring that risks are managed within the levels of tolerance and appetite as approved by the Board;
- oversee that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the company;
- ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- ensure that management considers and implements appropriate risk responses;
- review the Group's compliance with legal and regulatory provisions, its memorandum of incorporation, code of ethics and the rules established by the Board and any significant breaches thereof;
- ensure co-ordination with the Audit Committee who will be responsible for the risk management process as far as internal controls, financial reporting and IT risks are concerned; and
- give due consideration to the Listings Requirements of the JSE Limited and the code of governance principles as contained in the King Report on Corporate Governance for South Africa, 2009;

The committee meets three times a year and the committee chairman reports back to the Board on the activities of the committee.

The attendance of the Risk Committee members is disclosed below:

Member	15/09/2011	22/11/2011	21/02/2012
GM Salanje	P	P	P
SJ Wearne	P	P	P
RC Devereux	P	P	RESIGNED

Key
P - Present
A - Apology
R - Resigned
N/A - Not applicable

Remuneration and Nominations Committee

The members of the committee are Messrs GM Salanje (chairman) and MM Patel. Following the re-appointment of Mr SJ Wearne as Chief Executive Officer, he retired from the committee. Based on its approved terms of reference, the committee should comprise a minimum of two non-executive directors of the company, at least one of whom must be independent.

The main purpose of the committee is to provide an independent and objective body that will make recommendations on the:

- remuneration policies and practices for executive directors, senior management and the Group in general; and
- composition of the Board and Board Committees, and ensure that the Board of Directors consists of suitable individuals.

On behalf of the Board, the remuneration and nomination committee:

- reviews remuneration levels of senior executives;
- reviews performance-based incentive schemes, and the related performance criteria and measurements, including share option allocations; and
- reviews fees payable to non-executive directors (as a separate process from executive remuneration reviews) for confirmation of the Board.

Remuneration Philosophy

The committee meets half-yearly and its mandate includes:

- ensuring alignment of the remuneration strategy and policy with Wearne 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.

The attendance of the Remuneration and Nominations Committee members is disclosed below:

Member	25/11/2012	21/02/2012
MM Patel	P	P
RC Ramushu	P	A
SJ Wearne	P	P
GM Salanje	P	P

Key
P - Present
A - Apology
R - Resigned
N/A - Not applicable

The Social and Ethics Committee

It is the responsibility of this committee, which was formed by the Board on 29 February 2012, to ensure, amongst other things, that the company and relevant subsidiaries:

- discharge its statutory duties in line with section 72 of the Companies Act 71 of 2008 dealing with the structure and composition of Board committees;
- uphold the goals of the Organisation of Economic Co-operation and Development (OECD) recommendations regarding corruption;
- comply with the Employment Equity Act (as amended) and the Broad Based Black Economic Empowerment Act (as amended);
- adhere to the Group's Code of Ethics;
- practice labour and employment policies that comply with the terms of the International Labour Organization (ILO) protocol on decent work and working conditions;
- ensure the continued training and skills development of its employees; and
- perform its responsibilities in respect of social and ethics matters based on approved policies and that such policies be reviewed on an annual basis, or as required.

The Social and Ethics Committee is comprised of Messrs WP van der Merwe (chairman), JJ Bierman and SJ Wearne and had its first meeting on 30 May 2012. The terms of reference of the committee has been approved by the Board and the committee will schedule its meetings and operate going forward based on an agreed work plan.

RISK MANAGEMENT REPORT

INTRODUCTION

Risk is inherent in everything Wearne does. Our aim is to achieve best practice in controlling all the risks to which Wearne is exposed. 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 ongoing 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.

All employees are 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 on Wearne as a whole.

Business Unit managers are responsible for overseeing the Business Unit Risk Management Program and endorsing risk mitigation strategies and action plans.

A Risk Management Steering Committee has been established by the Wearne Board of Directors and is responsible for:

- Co-ordinating the regular formal updating of Business Unit and corporate Risk Registers and Risk Treatment Action Plans and compiling a master set;
- Maintaining corporate risk and risk control information;
- Ensuring that all relevant risk areas are considered including those emanating from the services of external providers and contractors;
- Analysis and reporting to Wearne's Executive;
- Ensuring appropriate linkages to Wearne's business and corporate planning processes, and where necessary, to budget processes.

This Steering Committee comprises representatives from Wearne's business units. The Committee will appoint an officer to guide and promote risk management throughout Wearne's activities.

The Risk Management function is one directed by the Wearne Board, facilitated by Wearne'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 company.

RISK CATEGORIES

The Group has exposure to the following risks:

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 company's receivables from customers and investment securities.

TRADE AND OTHER RECEIVABLES

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.

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, when available, and in some cases bank references. Purchase limits are established for each customer, who represents the maximum open amount; these limits are reviewed on an ad hoc. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on cash-on-delivery basis.

As a result of the deteriorating economic circumstances in 2010 and 2011, certain purchase limits have been redefined.

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.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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 objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group incurs financial liabilities in order to manage market risks.

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:

- 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 in the countries in which it operates;
- 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 reputationally.

ENVIRONMENTAL RISK

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.

Environmental risk is governed by the safety, health and environmental risk oversight committee which comprise executive representation from various divisions across the Group. Group sustainability management sets the strategic direction, oversees implementation and reviews and assesses performance and compliance.

Raising awareness and training will be an ongoing element of managing environmental risk and identifying opportunities and business solutions to environmental and social concerns.

OCCUPATIONAL HEALTH AND SAFETY

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 ongoing 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.

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 financial services 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 ongoing training and awareness initiatives. A programme has also been put in place to enhance senior executives' awareness of their roles and responsibilities with regard to regulatory expectations.

BUSINESS RISK

Business risk relates to the potential revenue shortfall compared to the cost base due to strategic and/or reputational reasons.

The Group's ability to generate revenue is impacted by, among others, the external macroeconomic environment, its chosen strategy and its reputation in the markets in which it operates.

Business risk is governed by the Group executive committee which is ultimately responsible for managing the costs and revenues of the Group. In addition, mitigation of business risk is undertaken in a number of ways including:

- comprehensive due diligence during the investment appraisal process (in particular new acquisitions);
- stakeholder engagement to ensure positive outcomes from external factors beyond the Group's control;
- consistently monitoring the profitability of product lines and customer segments;
- maintaining tight control over the cost base of the Group, including the management of its cost-to-income ratio. This allows for early intervention and management action to reduce costs where necessary; and
- being alert and responsive to changes in market forces.

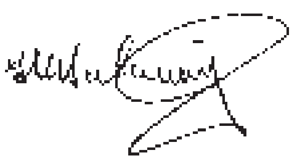
REPUTATIONAL RISK

Reputational risk results from damage to the Group's image which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships. Safeguarding the Group's reputation is of paramount importance to its continued success and is the responsibility of every member of staff. The Group will at all times strive to minimise reputational damage.

The Group's agreed values provide guidance on acceptable behaviours for all staff members, and provide structure and guidance for non-quantifiable decision making, thereby assisting in the management of the Group's reputation. Each business unit, legal entity or support function executive is responsible for identifying, assessing and determining all reputational risks that may arise within their respective areas of business. Risks to reputation can be evaluated by considering the likelihood of the risk occurring and the likely impact. The impact of such risks is considered explicitly alongside financial or other impacts.

CONCLUSION

The global economy continues to be volatile and under stress, and our continued commitment to sound risk management will be key in improving our strong liquidity position. We recognise that maintaining and continually enhancing our risk management capabilities will be critical in the months ahead to ensure that the Group's financial and strategic objectives are achieved within approved levels of risk appetite.



M Salanje
Chairman
Risk Committee
21 June 2012

SUSTAINABILITY REPORT

Sustainability encompasses the balanced integration of social, ethical, economic, environmental, health and safety factors in all planning, implementation and decision making aspects of the business. WG Wearne Group ("the Group") is committed to exercising due diligence in all areas of its business to promote sustainable development of its operations, employees, the environment and the communities within which it operates.

In the next financial year we will be developing our sustainability strategy whereby our aim will be to incorporate aspects of the Global Reporting Initiative ("GRI") G3 guidelines and comply with the requirements of the King Code of Governance Principles for South Africa 2009 ("King III"). We are also aiming to improve our data collection and recording processes to ensure information comparability and accuracy year on year.

Effective stakeholder engagement is crucial to good corporate governance and the importance for companies to take into account concerns and objectives of stakeholders in their decision-making and how the business is managed is emphasized by King III.

We will be engaging with our stakeholders to get a better understanding of their needs and concerns regarding our sustainability. Our main stakeholder group's include the following:

- Our people
- Our business partners
- The Communities adjacent to our operations
- The Investor community
- The Government

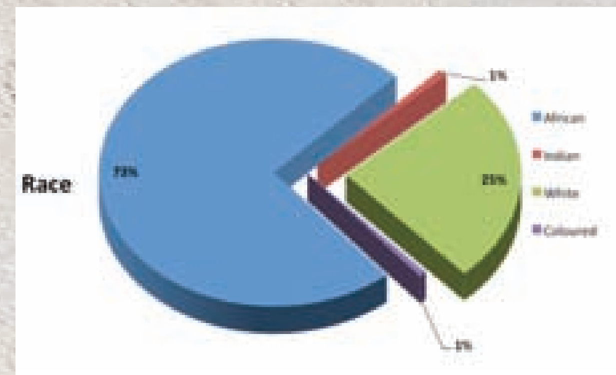
OUR PEOPLE

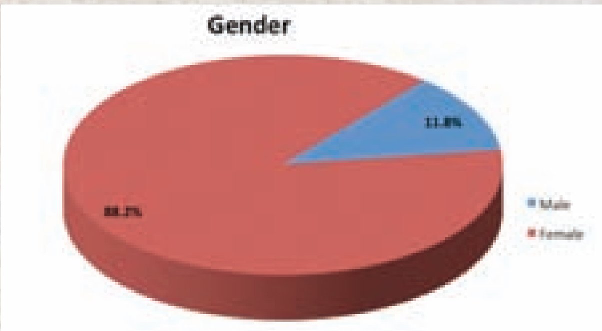
We regard our employees as critical to our success and our most valuable asset. We believe that the role of Human Resources and Human Resource Management is strategic to our success. In this light, Human Resource Planning is an on-going process. This involves the review of our staff and skill requirements in order to achieve our strategic business objectives.

During the period under review, the Group engaged with all employees to ensure that all jobs align with the increased demands of business. These initiatives involved executing defined job roles and job descriptions; Top management communication to all employees through road shows and, an integrated Human Resource process that provides feedback from employees. Lastly, the Group implemented a broad-based performance management system which was conducted with every employee in order to align employee performance and success measures in the business.

As at end February 2012, the Group employed 598 permanent employees. The challenging trading period during the financial year contributed toward the high staff turnover of 21% (64 retrenchments and 61 resignations).

Table 1 reflects the breakdown of all employees per Race and Gender as at 29 February 2012.





SKILLS DEVELOPMENT AND TRAINING

The Skills Development Committee addresses the training requirements of the Group. The committee is made up of members representing the various areas of each division and meets quarterly.

Training that was conducted focused on the Group's immediate business needs:

- Adult Basic Education Training (ABET)
- Health and Safety
- Driver Training

HEALTH AND SAFETY

The Group places a strong emphasis on health and safety in the work environment. It ensures full compliance with the South African Occupational Health and Safety Act as well as with the Mine Health and Safety Act. Health and safety measures are continually scrutinised to ensure that programmes are in line with international standards and guidelines.

The Group has an integrated Safety, Health and Environmental ("SHE") programme which provides for risk assessment and evaluation structures and further encourages employees to highlight areas needing improvements and covers all operations in the six provinces.

The system is based on national legislation including the Mine Health and Safety Act, the Occupational Health and Safety Act, the National Water Act, the National Environmental Management Act and Regulations, the Environmental Conservation Act and Regulations as well as the requirements of ISO 14000 and OSHA 18000 audit requirements. This will pave the way to going for full accreditation in the next financial year.

Our Health and Safety Officer is responsible for implementing the programme's guidelines and conducting regular baseline risk assessments. Each plant has a safety representative who reports directly to the Health and Safety Officer. During the past two years we have increased the complement of the company's SHE department by employing Safety Officers with the required technical competence to assist the Safety, Health and Environmental Officer. More appointments will be made during 2012/13 financial year to increase the department from two to four Safety Officers reporting to the Safety, Health and Environmental Officer. These Safety Officers will be based at various operations within the Group. These changes have been made to ensure that all managers are supported to enable them to keep abreast of ever changing national and provincial legislation.

Regular Safety, Health, Road Transport, Environment and Quality ("SHREQ") Forums are held at all operations; these joint meetings discuss issues and set targets for the rectification of non-compliances. All injuries and vehicle accidents are investigated to facilitate measures to prevent reoccurrences. Health, safety and environmental training are carried out on an on-going basis. Various disciplines are addressed including SHREQ Induction, First Aid, Health and Safety Representatives and Mobile Equipment Operation.

A number of lost time injuries and motor vehicle incidents were reported during the year. We had one fatality during the year in which a driver was sadly killed in a motor vehicle accident in the Tzaneen municipal district.

The Group has obtained the ISO 9001 certification for its ready-mix division with the aggregates division to follow shortly. ISO 9001 is an international process certification, backed by the South African Bureau of Standards, designed to give assurance that consistent quality control measures are implemented and maintained.

Health, Safety and Environmental training are carried out on an on-going basis. Various disciplines are addressed. Mobile Equipment operators are licensed by accredited training providers and these licenses are renewed bi-annually. All quarry managers are currently going through a training programme to enable them to interpret the requirements of national legislation.

Our quarries are audited by an independent auditor from the Aggregates and Sand Producers Association of South Africa (ASPASA) as part of the ISHE Audit Programme and are also audited to gauge environmental compliance by an independent auditor from ASPASA as part of the ABOUT FACE RSA Audit programme. All our quarries achieved the required standards during the financial year.

All our Ready Mix Concrete operations were audited during the year with reference to total SHREQ compliance by an independent auditor retained by the South African Ready Mix Association (SARMA); all our plants achieved the required standard to remain members of the South African Ready Mix Association (SARMA) once again. Some operations received Platinum Plus awards which recognise achievements of over 95% compliance.

OCCUPATIONAL AND PREVENTIVE HEALTHCARE

All employees on all operations are subject to annual medical screening. This screening is carried out by a competent Occupational Health Nurse. The screening is overseen and signed off by two Occupational Health Practitioners who are based in various sections of the Group.

Occupational Hygiene surveys are carried out at all quarries and ready mix concrete operations according to the Department of Mineral Resources ("DMR") regulatory requirements. These surveys cover exposure to Hazardous Substances, Silica Quartz Exposure, Noise, Vibration and Thermal Stress. All surveys are carried out by a competent authority. All items of Mobile Equipment and the operators are included in this audit.

Annual medicals include x-rays, counselling and the full spectrum of physical tests including but not limited to, blood pressure, life style, diabetes etc.

The company identified a training supplier who has enabled us to train a trainer to present training on HIV/AIDS issues. A training programme has been implemented since 2008.

This training will be ramped up during the next financial year with another two internal trainers being accredited by the training supplier. The training qualification will be outcomes based and linked to unit standards. The current trainer will also be re-licensed to train the new outcomes based training modules.

The company provides Anti-Retroviral ("ARV") medication for employees who have disclosed their status to the various Occupational Health Practitioners retained by the company. These disclosures are highly confidential and no employees name appears on any medical report or other documentation. The current infection rate is estimated by our Occupational Health Practitioners to be around ten per cent of the workforce.

SAFETY, HEALTH AND ENVIRONMENTAL INDICATORS

The company continuously reviews and tracks Safety, Health and Environmental performance against national and international industry standards. A monthly report regarding SHE performance is published and management is tasked to brief all employees on these monthly statistics.

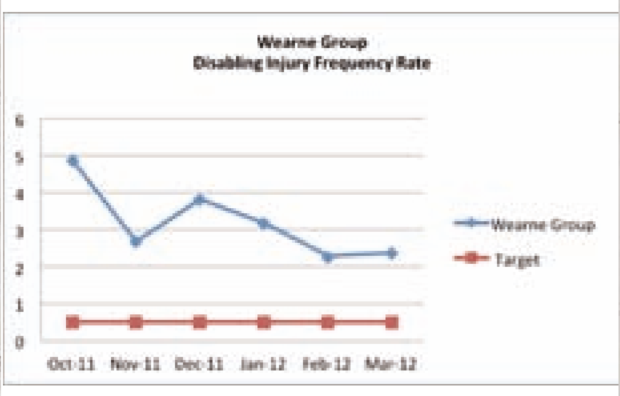
The risk in the various operations of the company can vary but a cross pollination of experiences is used to sensitize management and employees in the hazards and risks involved in our industry. An in-house risk assessment workshop has been designed and is being presented at least bi-monthly.

The following indicators are considered by management and the Safety, Health and Environmental department:

- Total hours worked including sub-contractors.
- Disabling Injury Frequency Rate, (DIFR) target, ← 0.5.
- Disabling Injury Severity Rate. (DISR) target, ← 1.0.
- Number of Lost Time incidents.
- Number of Near Miss Incidents.
- Number of Environmental Incidents which result in Air, ground or Ground Water Pollution.

Areas which are being addressed are:

- System audits and inspections.
- Training of staff in Incident reporting, analysis and close out.
- Publication of all findings from incident investigations.
- Planned site audits.



The trend is indicative of a period in which all incidents are decreasing. The target is to have a Group Disabling Frequency Rate of below 0.5 % by the next reporting period.

ENVIRONMENT

Group's environmental policy recognises concern for the environment as fundamental to operations. The Group's formal policy not only requires legislative compliance but extends to best practice. Periodic audits of environmental policies against international standards and guidelines are undertaken to meet the policy's requirements. Managers are obliged to identify environmental risks and take preventative action to minimise the potential and actual environmental impact of Wearne's activities, products and services. Quarry operations are subjected to bi-annual About Face Environmental Audits accredited by ASPASA, and bi-annual SHREQ audits are conducted at the concrete plants. Environmental risks are also addressed at the monthly SHE forums in which deadlines and targets to minimise environmental risks are set. All operations have an alien vegetation removal programme in which unwanted vegetation is removed according to government legislation.

All operations are engaged in recycling of waste and by-products from our production processes. Water recycling has been introduced at a number of the Group's quarries and ready mix concrete operations and will be phased in as new operations are developed. Where water is present on our operations we endeavour to maintain these areas free from pollution. Many of our operations have introduced fish into their clear water pool areas. Our employees are also trained in environmental issues related to the recycling of waste during the annual induction training programme. This training will be an on-going exercise to enable us to adhere to national and international standards.

TRANSFORMATION

Employment Equity

Within the Group, we consider employment equity to be supportive of our strategic objectives. It becomes the vehicle to access a broader base of skills. By supporting Employment Equity, we feel we are contributing to fundamental social change. While we recognize that the Employment Equity Act sets out fundamental principles which need to be complied with, it is equally imperative for the growth and future of the Group. Employment equity initiatives are viewed by all employees as being necessary and socially responsible.

The Group has established an Employment Equity ("EE") Forum constituted by employees nominated by each plant. The Forum meets once every quarter to consult on the implementation of the EE Plan and associated Affirmative Action measures.

The Group's EE policy is to recruit, hire, train, and promote individuals, as well as administer any and all personnel actions, without regard to the employee's race, gender, ethnic or social origin, sexual orientation, age, disability, religion, conscience, belief, political opinion, culture, language, marital status or family responsibility.

The following table reflects the consolidated summary of the Group's Employment Equity Profile:

	Male				Female				
Occupational Levels	**African**	**Coloured**	**Indian**	**White**	**African**	**Coloured**	**Indian**	**White**	**Grand Total**
Top Management	0	0	0	2	0	0	0	0	2
Senior Management	3	0	1	18	0	0	0	1	23
Professionally qualified and experienced specialists and mid-management	6	0	0	17	0	1	0	1	25
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	93	1	3	55	4	1	1	41	199
Semi-skilled and discretionary decision making	228	1	0	11	5	0	0	1	246
Unskilled and defined decision making	84	0	0	1	18	0	0	0	103
Grand Total	414	2	4	104	27	2	1	44	598

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

In the financial year under review, the Group obtained a BEE recognition Level 5 (80% BEE compliant), and will continue to work towards improving its performance.

The Group has 27.49% Black Ownership as audited in the BEE assessment where black female ownership totals 5.59%

The Group's BEE strategy for the 2012/2013 financial year is to achieve a Level 4 BEE Certificate. The next rating is scheduled for November 2012. This strategy will address key areas of improvements in elements of Employment Equity; Skills Development and Procurement.

The following table reflects the performance against each element.

GENERIC ENTERPRISES SCORECARD

Element	Target	Company
Ownership	25 Points	16.65
Management Control	10 Points	10.00
Employment Equity	10 Points	2.70
Skills Development	15 Points	0.00
Preferential Procurement	20 Points	9.36
Enterprise Development	15 Points	14.22
Socio- Economic Development	5 Points	5.00
Total	100 Points	57.93
BEE RECOGNITION LEVEL		LEVEL 5

SOCIO ECONOMIC DEVELOPMENT ("SED")

The Group acknowledges its responsibility towards the communities in which it operates as well as broader development projects. Its contribution to the socio economic development of the communities in which it operates will be aligned in the coming financial year to our Local Economic Development ("LED") projects submitted to the DMR.

INDEPENDENT AUDITOR'S REPORT

We have audited the consolidated and separate financial statements of WG Wearne Limited, set out on pages 37 to 79, which comprise the consolidated and separate statements of financial position as at 29 February 2012, and the consolidated and separate statements of comprehensive income, consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate financial position of WG Wearne Limited at 29 February 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated financial statements for the year ended 29 February 2012, we have read the Directors' Report, the Audit Committee's Report and the 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 on these reports.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 41 in the consolidated financial statements which indicates that the Group incurred a net loss of R11.7 million during the year ended 29 February 2012 and, as of that date; the Group's current liabilities exceeded its current assets by R49.7 million. These conditions, along with other matters as set forth in Note 41, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Grant Thornton

GRANT THORNTON
Chartered Accountants (SA)
Registered Auditors

M Z Sadek
Partner
Chartered Accountant (SA)
Registered Auditor
21 June 2012

Grant Thornton Office Park
137 Daisy Street
Sandown
Johannesburg
2196

AUDIT COMMITTEE REPORT

The Wearne Audit Committee (the Audit Committee) was established in line with the requirements of the Companies Act of South Africa ('the Act'). The Audit Committee reports that it has adopted its terms of reference as its Audit Committee Charter, and that it has discharged all its responsibilities during the financial year under review, in compliance with its Charter.

The purpose of the Audit Committee is to assist the Board of Directors in discharging its duties relating to safeguarding of assets, the operation of adequate systems, control and reporting processes and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards, to provide a forum for discussing business risk and control issues for developing recommendations for consideration by the Board of Directors, oversee the activities of external audits and to perform duties that are attributed to it by the Act.

The Audit Committee has evaluated the Group and company Annual Financial Statements for the year ended 29 February 2012 and based on the information provided to the Audit Committee, considers that it complies, in all material respects with the requirements of various Acts governing disclosure and reporting in the Annual Financial Statements.

The Audit Committee is satisfied that an adequate system of internal control is in place to reduce significant risks faced by the Group to an acceptable level, and that these controls have been effective throughout the period under review. The system is designed to manage, rather than eliminate, the risk of failure and to maximise the opportunities to achieve business objectives. This can provide only reasonable, but not absolute assurance.

MEMBERSHIP

The committee comprises Mr G M Salanje as chairman and Mr W P van der Merwe. These independent non-executive directors all have specific financial expertise.

EXTERNAL AUDIT

The Audit Committee has evaluated the independence of the external auditors and external auditors have remained independent.

The committee, in consultation with executive management, agreed to a provisional audit fee for the 2012 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. The final adjusted fee will be agreed on completion of the audit. Audit fees are disclosed in note 25 to the financial statements. There is a formal procedure that governs the process whereby the auditor is considered for non-audit services, and each engagement letter for such work is reviewed by the committee.

Meetings were held with the auditor and no matters of concern, other than the ability of the business to continue as a going concern, were raised.

CHIEF FINANCIAL OFFICER

As required in terms of the JSE Listings Requirements, the committee has satisfied itself that the company's chief financial officer, Mr J J Bierman, has the appropriate expertise andexperience to meet the responsibilities of his position.

ANNUAL FINANCIAL STATEMENTS

The committee has recommended the financial statements for approval to the Board. The Board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

Mr G M Salanje
Chairman of the Audit Committee
Johannesburg
21 June 2012

DECLARATION BY COMPANY SECRETARY

In terms of Section 88(2)e of the Companies Act 71 of 2008, as amended, ("the Act") I certify that, to the best of my knowledge and belief, WG Wearne Limited has, in respect of the financial year ended 29 February 2012, lodged with the Companies and Intellectual Property Commission all returns required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Elize Greeff
iThemba Governance and Statutory Solutions (Pty) Ltd
Company Secretary
Cresta
21 June 2012


EARNE
(011) 412-3000
340

STATEMENT OF RESPONSIBILITY BY THE DIRECTORS

The directors are required in terms of the Companies Act (2008) of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group 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 ("IFRS") and the AC500 standards as issued by the Accounting Practices Board and its successor. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS 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 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 Group's cash flow forecast for the year to 28 February 2013 and, in the light of this review and the current financial position, are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Group's financial statements. The financial statements have been examined by the Group's external auditors and their report is presented on page 27.

The financial statements set out on pages 37 to 79, which have been prepared on the going concern basis, were approved by the Board of Directors and signed on its behalf by:

SJ Wearne
Chief Executive Office

JJ Bierman
Chief Financial Officer
Johannesburg
31 July 2012

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These annual financial statements have been prepared under the supervision of JJ Bierman CA(SA), designation CFO.

Level of assurance is audited.

DIRECTORS' REPORT

The directors of WG Wearne Limited present their report for the Group for the year ended 29 February 2012.

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.

GROUP STRUCTURE

Details of the company's subsidiary companies are contained in Annexure A of the annual financial statements.

FINANCIAL RESULTS

The Group's business and operations, and the results thereof, are reflected in the attached annual 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 headline loss per share of 19.82 cents (2011: 21.12 cents) and a diluted loss per share of 22.86 cents (2011:60.28 cents).The net asset value per share reduced to 19.33 cents (2011: 24.91). The reduction in net asset value can be attributed to the decline in earnings as well as the issue of 82 917 964 new shares to the Industrial Development Corporation ("IDC") and Richtrau No 329 (Pty) Ltd.

OPERATIONAL REVIEW

The operations are reviewed in detail in the Chief Executive Officer's Report (pages 7 to 8), which form part of this integrated annual report.

ACCOUNTING POLICIES

Detailed accounting policies are set out on pages 41to 51 of the annual financial statements. During the current financial year the directors decided to change the Group accounting policy regarding the measurement of specific classes of property, plant and equipment. The measurement of plant and machinery and land and buildings was changed from the cost method to the revaluation method in order to more accurately represent the net asset value of the Group. For more details on the change in accounting policy refer to note 3.

DIVIDEND

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

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.

An analysis of the company's shareholders is provided in Annexure B of the integrated annual report.

At 29 February 2012 there were 1,758 public shareholders in the company, who held 43.7% of the ordinary shares.

As far as the company is aware, at 29 February 2012, 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 3, 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. As mentioned earlier in the report (refer to ACCOUNTING POLICIES) the directors' changed the accounting policy regarding land and plant and machinery from the cost model to the revaluation model. This adjustment resulted in a revaluation surplus of R44.5 million on land and R9.8 million on plant and machinery.

The fair values of land, plant and equipment were determined by an independent appraiser based on the current market values.

DIRECTORS

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

Executive directors	Nationality	Changes
SJ Wearne	South African	Re-appointed 29 February 2012
JJ Bierman	South African	Appointed 5 December 2011
AW Bruens	South African	Resigned 22 August 2011
N Heyns	South African	Resigned 1 March 2011
RC Devereux	South African	Appointed 13 April 2011 to 7 December 2011

Non-executive directors	Nationality	Changes
WP van der Merwe	South African	Appointed 7 December 2011
MM Patel	South African	
GM Salanje	South African	
B Mkhonto	South African	Resigned 27 May 2011
HWP Scholtz	South African	Resigned 27 May 2011
RC Ramushu	South African	Appointed 17 August 2011, passed away 23 June 2012

DIRECTORS' AND OFFICERS' INTERESTS IN CONTRACTS

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

REMUNERATION OF DIRECTORS

The directors' remuneration is reflected in full in note 38 to the annual financial statements.

SHAREHOLDING OF DIRECTORS

Details of the number of shares in the company beneficially held by the directors and their associates at 29 February 2012 are as follows:

		2012		2011
	Direct	**Indirect**	**Direct**	**Indirect**
Executive directors				
SJ Wearne [1]	19,741,867	-	19,741,867	-
N Heyns	-	-	-	26,651,720
	19,741,867	**-**	**19,741,867**	**26,651,720**
Non-executive directors				
B Mkhonto	-	-	-	6,250,000
HWP Scholtz	-	-	-	26,651,720
WP Van Der Merwe	-	3,400,000	-	
	-	3,400,000	-	32,901,720
	19,741,867	**3,400,000**	**19,741,867**	**59,553,440**

[1] Beneficiaries of the Samant Trust hold 49,588,967 shares in the company.

The shares listed above were all beneficially held. There has been no movement in directors' interest from year end date to the date of this report.

COMPANY SECRETARY

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

ACQUISITIONS AND DISPOSALS

The Group made no acquisitions in the financial year under review. During the current financial year the Group concluded its sale of the Portland Group, which was acquired in September 2008, to the former owners. The Portland Group was held as a Non-current Asset Held for Sale and Discontinued Operation at the end the previous financial year because not all of the sale conditions had been fulfilled at the year then ended. In addition, the Group sold its interest in Wearne Bricks (Proprietary) Limited for R5 million effective 30 September 2011. In terms of the sale agreement the Group received R3 million in cash on conclusion of the agreement and the balance will be received in six monthly instalments beginning end of April 2012, at an interest rate of 5%.

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.

EVENTS SUBSEQUENT TO YEAR END

No material events have occurred since the financial yearend to the date of this report.

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 of Wearne implemented a turnaround strategy from March 2011. The most significant features of the strategy included:

- Entering into a Scheme of Arrangement with its concurrent creditors granting the WG Wearne Limited Company and its subsidiary Wearne Aggregates (Proprietary) Limited an eight month repayment moratorium and a twenty month repayment plan for outstanding amounts owing,
- The sale of non-critical assets and business segments, which includes, the sale of the Portland Group in exchange for 56,616,370 ordinary shares, the sale of the Group's interest in Wearne Bricks (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,
- The sale of 41,458,982 ordinary shares to the IDC and 41 458 982 ordinary shares to Richtrau (Proprietary) Limited as part of the BEE transaction with the Wearne Workers Trust.
- Receipt of R43 million in funding from the IDC, granting the Group time and the ability to conduct an organisational restructuring and an asset revitalisation program aimed at enhancing productivity, 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 R50 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.

With regards to the Group's liquidity, the current liabilities include two significant items, the bank overdraft and the current portion of concurrent creditors under scheme of arrangement. The current portion of the concurrent creditors amounting to R23.7 million will be settled over the next twelve months in terms of the scheme of arrangement. Excluding these items from current liabilities results in the Group being in a liquid position and indicates 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.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements were approved by the Board of Directors at Johannesburg on 21 June 2012, and are signed on its behalf by:

SJ Wearne
Chief Executive Office

JJ Bierman
Chief Financial Officer

Johannesburg
21 June 2012

STATEMENT OF FINANCIAL POSITION

		Group		Company	
	Note(s)	**2012**	**2011**	**2012**	**2011**
Assets					
Non-current assets					
Property, plant and equipment	3	370,803	365,466	213,247	190 032
Investments in subsidiaries	4	-	-	2	2
Investments in joint ventures	5	-	-	*	*
Other financial assets	6	5,223	3,968	907	11
Deferred taxation	7	-	1,617	-	-
		376,026	**371 051**	**214,156**	**190 ,045**
Current assets					
Inventories	8	17,305	14,281	1,616	1,204
Loans to Group companies and joint ventures	9	-	-	3,359	22,512
Other financial assets	6	4,014	2,953	1,000	-
Taxation receivable		-	270	-	-
Trade and other receivables	10	42,371	36,394	9,731	9,882
Cash and cash equivalents	11	6,368	3,535	3,186	109
		70,058	**57,433**	**18,892**	**33,707**
Non-current assets held for sale	12	4,500	76 ,402	4,500	37,928
Total Assets		**450,584**	**504,886**	**237,548**	**261,680**
Equity and Liabilities					
Equity					
Equity attributable to the equity holders of the parent					
Share capital	13	178,357	174,637	181,838	178,126
Reserves	14	345	374	-	242
Revaluation reserves	14	43,299	-	36,205	-
Accumulated loss		(169,215)	(114,344)	(221,463)	(159,813)
Non-controlling interest		-	784	-	-
		52,786	61,451	(3,420)	18 555
Non-Current Liabilities					
Borrowings	15	252,281	220,377	165,259	123,976
Deferred taxation	7	8,921	1,369	4,157	-
Trade and other payables	17	2,023	19,620	917	8,029
Provisions	16	14,866	13,990	-	-
		278,091	255,356	170,333	132,005
Current Liabilities					
Loans from Group companies and joint ventures	9	5,193	5,678	10,409	11,355
Borrowings	15	10,751	2,838	6,418	-
Taxation payable		1,821	1,795	-	-
Trade and other payables	17	71,437	64,940	23,303	25,096
Bank overdraft	11	30,505	75,137	30,505	74,669
		119,707	150,388	70,635	111,120
Liabilities classified as held for sale	12	-	37,691	-	-
Total liabilities		**397,798**	**443,435**	**240,968**	**243,125**
Total Equity and Liabilities		450,584	504,886	237,548	261,680

**Amounts less than R1,000*

STATEMENT OF COMPREHENSIVE INCOME

		Group		Company	
	Note(s)	**2012**	**2011**	**2012**	**2011**
Continuing operations					
Revenue	22	305,870	370,461	86,542	120,368
Cost of sales	23	(247,798)	(343,760)	(53,064)	(74,114)
Gross profit		**58,072**	**26,701**	**33,478**	**46,254**
Other income		3,397	11,394	4,112	6,138
Operating expenses		(79,815)	(115,594)	(88,307)	(132,578)
Operating loss	**24**	**(18,346)**	**(77,499)**	**(50,717)**	**(80,186)**
Investment revenue	28	1,546	-	12,673	11,758
Finance costs	29	(35,928)	(36,313)	(23,610)	(24,860)
Loss before taxation		**(52,728)**	**(113,812)**	**(61,654)**	**(93,288)**
Taxation	30	425	2,007	4,143	9,542
Loss from continuing operations		**(52,303)**	**(111,805)**	**(57,511)**	**(83,746)**
Discontinued operations					
Loss from discontinued operations	**34**	**(2,650)**	**(36,795)**	**(4,139)**	**(84,170)**
		(54,953)	(148,600)	(61,650)	(167,916)
Other comprehensive income					
Fair value adjustments: Available-for-sale		213	98	-	-
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		**(11,683)**	**(148,502)**	**(25,417)**	**(167,916)**
Total comprehensive loss attributable to:					
Owners of the parent		(11,683)	(148,583)	(25,417)	(167,916)
Non-controlling interest		-	81	-	-
		(11,683)	**(148,502)**	**(25,417)**	**(167,916)**
Continuing operations					
Basic and diluted loss per share (cents)	31	(21.76)	(45.36)		
Continuing and discontinued operations					
Basic and diluted loss per share (cents)	31	(22.86)	(60.28)		

STATEMENT OF CHANGES IN EQUITY

Figures in Rand thousand	Share capital	Share premium	Total share capital	Revaluation reserves	Reserves	Accumulated (loss) income	Total attributable to equity holders of the Group	Non-controlling Interest	Total equity
Group									
Balance at 01 March 2010	**246**	**174,782**	**175,028**	**-**	**276**	**34,239**	**209,543**	**703**	**210,246**
Loss for the year	-	-	-	-	-	(148,583)	(148,583)	81	(148,502)
Other comprehensive income	-	-	-	-	98	-	98	-	98
Issue of shares		1,500	1,500	-	-	-	1,500	-	1,500
Share issue expenses	-	(5)	(5)	-	-	-	(5)	-	(5)
Movement on treasury shares	*	(1,886)	(1,886)	-	-	-	(1,886)	-	(1,886)
Total changes	*****	**(391)**	**(391)**	**-**	**98**	**(148,583)**	**(148,876)**	**81**	**(148,795)**
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	**26**	**3,693**	**3,720**	**43,299**	**(29)**	**(54,871)**	**(7,881)**	**(784)**	**(8,665)**
Balance at 29 February 2012	**273**	**178,084**	**178,357**	**43,299**	**345**	**(169,215)**	**52,786**	**-**	**52,786**
Notes	13	13	13	14	14				

Amounts less than R1,000

Figures in Rand thousand	Share capital	Share premium	Total share capital	Revaluation reserves	Reserves	Accumulated (loss) income	Total attributable to equity holders of the company	Non-controlling Interest	Total equity
Company									
Balance at 01 March 2010	**250**	**176,381**	**176,631**	**-**	**342**	**8,103**	**185,076**	**-**	**185,076**
Loss for the year	-	-	-	-	-	(167,916)	(167,916)	-	(167,916)
Issue of shares	*	1,500	1,500	-	-	-	1,500	-	1,500
Share issue expenses	-	(5)	(5)	-	-	-	(5)	-	(5)
Release of fair value on disposal of available for sale investments	-	-	-	-	-	-		-	
Shareholders equity contribution	-	-	-	-	(100)	-	(100)	-	(100)
Total changes	*****	**1,495**	**1,495**	**-**	**(100)**	**(167,916)**	**(166,521)**	**-**	**(166,521)**
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	**26**	**3,686**	**3,712**	**36,205**	**(242)**	**(61,650)**	**(21,975)**	**-**	**(21,975)**
Balance at 28 February 2012	**276**	**181,562**	**181,838**	**36,205**	**-**	**(221,463)**	**(3,420)**	**-**	**(3,420)**
Notes	13	13	13	14	14				

Amounts less than R1,000

STATEMENT OF CASH FLOWS

		Group		Company	
	Note(s)	2012	2011	2012	2011
Cash flows from operating activities					
Cash generated from operations	35	24,516	75,102	9,042	52,165
Interest income		1,526	96	12,673	11,758
Dividends received		20	19	-	-
Finance costs		(28,812)	(38,094)	(16,494)	(24,860)
Tax (paid) refunded	36	(961)	(1,176)	-	1,459
Net cash from operating activities		**(3,711)**	**35,947**	**5,221**	**(40,522)**
Cash flows from investing activities					
Replacement of property, plant and equipment		(16,485)	(8,195)	(6,549)	(2,025)
Expansion of property, plant and equipment		(1,912)	(295)	-	-
Proceeds on the disposal of property, plant and equipment		12,663	16,189	2,042	6,067
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	-
Purchase of other financial assets		-	(10)	-	(9)
Loans received from group companies		-	2,934	-	1,800
Loans paid to group companies		(484)	-	(30,202)	(46,734)
Proceeds on sale of other financial assets		(1,734)	-	(714)	-
Net cash from investing activities		**25,048**	**10,623**	**(2,423)**	**(40,901)**
Cash flows from financing activities					
Net proceeds from the issue of shares		11,647	(391)	11,647	1,495
Proceeds from term loans		10,000	-	10,000	-
Proceeds from IDC funding		43,000	-	43,000	-
Repayment of borrowings		(21,912)	(50,858)	(13,092)	(11,891)
Trade and other payables		(17,598)	-	(7,112)	-
Net cash from financing activities		**25,137**	**(51,249)**	**44,443**	**(10,396)**
Net cash flows from continuing operations		46,474	-	47,241	-
Net cash flows from discontinued operations		991	-	-	-
Net change in cash and cash equivalents		**47,465**	**(4,679)**	**47,241**	**(10,775)**
Cash and cash equivalents, beginning of the year		(71,602)	(66,923)	(74,560)	(63,785)
Cash and cash equivalents, end of the year	**11**	**(24,137)**	**(71,602)**	**(27,319)**	**(74,560)**

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

Statement of compliance:

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's), the AC500 accounting standards as issued by the Accounting Practices Board and its successor, the Companies Act 71 of 2008 and the regulations of the Johannesburg Stock Exchange.

Basis of measurement:

The annual financial statements have been prepared on the historical cost basis except for the following items:

- Available-for-sale financial assets are measured at fair value
- Revaluation of certain classes of property, plant and equipment

Functional and presentation currency:

These annual financial statements are presented in South African Rand (ZAR), which is the Group's functional currency. All financial information presented in ZAR has been rounded to the nearest thousand.

These accounting policies are consistent with the previous financial period except for the measurement of certain asset classes of property, plant and equipment.

1.1 Consolidation

Basis of consolidation
The consolidated financial statements incorporate the consolidated annual financial statements of the Group and its subsidiaries, including special purpose entities, which are controlled by the Group.

Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries:
Subsidiaries are entities controlled by the Group. The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non- controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Investments in jointly controlled entities:

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions.

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated annual financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

Special purpose entities:
The Group has established special purpose entities ("SPE's") for investment and incentive purposes. The Group does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPEs controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the Group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

Transactions eliminated on consolidation:
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated annual financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of the annual financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the annual financial statements is disclosed below:

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 1.4.

Items of property, plant and equipment may consist of separately identifiable components with a cost that is significant in relation to the total cost of the item. The determination of what constitutes a significant separately identifiable component requires judgement. Where management has determined that components of particular items of property, plant and equipment are significant, having different useful lives and residual values, these components are depreciated separately.

Significant judgement is required in the valuation classes of property, plant and equipment measured according to 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 stock requires judgement. When stock 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.

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Fair value estimation:
A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables:
The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

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.

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 assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors.

Provisions:
Provisions were raised and management determined an estimate based on the information available.

Taxation:
Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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.

Decommissioning and quarry rehabilitation:
The Group is required to restore quarry and processing sites at the end of their productive lives to a condition acceptable to the relevant authorities.

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 cost of any decommissioning and rehabilitation program, discounted to its net present value, has been capitalised at current date and amortised over the estimated remaining useful life of the asset. The increase or decrease in the net present value of the provision for the expected costs is included with finance costs.

1.3 Impairment

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 can 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, 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.

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, inventories and deferred tax assets 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. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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.

An impairment loss in respect of goodwill is not reversed. 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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.4 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 property, plant and equipment are measured at their revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment. On initial recognition application of the revaluation model to a particular class of property, plant and equipment any revaluation surplus is credited directly to equity via the statement of other comprehensive income under the heading revaluation reserve. A decrease is recognised in profit and loss debited directly to equity under the heading revaluation reserve.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

Subsequent costs:
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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 estimated useful lives for the current and comparative periods are 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	*

** The 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 and adjusted if appropriate. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The Group is required to restore quarry sites at the end of their productive 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 are 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 the site. These contributions are capitalised to the investment in the rehabilitation trust.

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 less cost to sell whereas quarrying land has been revalued using the value in use based on the life of quarry.

1.5 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 selling expenses.

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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.6 Share capital and equity

Ordinary shares:
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares):
When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to / from retained earnings.

1.7 Provisions and contingencies

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Decommissioning and quarry rehabilitation:
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.

The expected costs of any decommissioning and rehabilitation program, 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 increase or decrease in the net present value of the provision for the expected cost is included with finance costs.

1.8 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 and volume rebates.

Revenue recognition criteria for Sale of goods:
When persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the agreement of sale.

Services:
Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. Measurement of Revenue from the rendering of services is at fair value of the consideration received or receivable. The stage of completion is assessed by reference to surveys of work performed.

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. The outcome of the transaction can be estimated reliably when all the following conditions are satisfied:

The amount of revenue can be measured reliably;

It is probable that the economic benefits associated with the transaction will flow to the entity;

The stage of completion of the transaction at the reporting date can be measured reliably; and

The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

1.9 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.10 Employee benefits

Defined contribution plans:
Payments to defined contribution retirement 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.

1.11 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. Lease incentives received are recognised as an integral part of the total lease expense, 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.

1.12 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, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

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 3/2009.

1.13 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, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in 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, dividends on preference shares classified as liabilities, 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.

1.14 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 not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. 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.

1.15 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 derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity 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.

Cash and cash equivalents:
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets:
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. 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 or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

1.16 Financial risk management

Overview
The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated annual financial statements.

Risk management framework
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.

The Group Risk and 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.

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.

Trade and other receivables:
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.

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, when available, and in some cases 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 cash-on-delivery basis.

As a result of the deteriorating economic circumstances in 2010, 2011and 2012, certain purchase limits have been redefined.

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.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

During the current year the Wearne Limited Group and its subsidiary Wearne Aggregates (Proprietary) Limited entered into a scheme of arrangement with both its secured and concurrent creditors. In terms of the scheme of arrangement the companies have been granted payment moratoriums and extended repayment terms which has improved the Groups liquidity position.

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 objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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:

- 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.

Compliance with Group standards is supported by a programme of periodic reviews. The results of reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Risk and Audit Committee and senior management of the Group.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-redeemable preference shares and non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year except for a change in accounting policy regarding specific classes of property, plant and equipment. In terms of the change in accounting policy the Group moved from the Cost model to the Revaluation model.

1.17 Segmental reporting

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.

1.18 Comparative figures

The comparative figures are consistent with the prior except as disclosed in note 42.

NOTES TO THE 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:

2010 Annual Improvements Project: Amendments to IFRS 3 Business Combinations

The amendment clarifies the initial measurement of non-controlling interests. Only those interests which represent a present ownership interest shall be measured at either fair value or the present ownership's proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of minority interest shall be measured at their acquisition date fair values, unless otherwise required by IFRS.

It further provides transitional provisions for dealing with contingent consideration arrangements in a business combination that occurred before the effective date of the revised IFRS 3.

For equity settled share based payment transactions of the acquiree that the acquirer does not exchange for its share based payment transactions, vested transactions shall be measured as part of minority interest at market based measure. Unvested transactions shall be measured at market based measure as if acquisition date were grant date. This measure is then allocated to minority interest based on the ratio of vesting period completed to greater of total vesting period or original vesting period.

The effective date of the amendment is for years beginning on or after 01 July 2010.

The Group has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

2010 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements

The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The Group has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and Interpretations early adopted

IFRIC 20 Stripping Cost in the Production Phase of a Surface Mine

The effective date of the standard is for years beginning on or after 01 January 2013.

The Group has chosen not to early adopt any other new 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 2012 or later periods:

IFRS 9 Financial Instruments

The effective date of the standard is for years beginning on or after 01 January 2015.
The Group expects to adopt the standard for the first time in the 2015 annual financial statements.
It is unlikely that the standard will have a material impact on the Group's annual financial statements.

IFRS 10 Consolidated Financial Statements

The effective date of the standard is for years beginning on or after 01 January 2013.
The Group expects to adopt the standard for the first time in the 2014 annual financial statements.
It is unlikely that the standard will have a material impact on the Group's annual financial statements.

IFRS 11 Joint Arrangements

The effective date of the standard is for years beginning on or after 01 January 2013.
The Group expects to adopt the standard for the first time in the 2014 annual financial statements.
It is unlikely that the standard will have a material impact on the Group's annual financial statements.

IAS 27 Separate Financial Statements

The effective date of the amendment is for years beginning on or after 01 January 2013.
The Group expects to adopt the amendment for the first time in the 2014 annual financial statements.
It is unlikely that the amendment will have a material impact on the Group's annual financial statements.

IFRS 12 Disclosure of Interests in Other Entities

The effective date of the standard is for years beginning on or after 01 January 2013.
The Group expects to adopt the standard for the first time in the 2014 annual financial statements.
It is unlikely that the standard will have a material impact on the Group's annual financial statements.

IFRS 13 Fair Value Measurement

The effective date of the standard is for years beginning on or after 01 January 2013.
The Group expects to adopt the standard for the first time in the 2014 annual financial statements.
It is unlikely that the standard will have a material impact on the Group's annual financial statements.

IFRS 7 Financial Instruments: Disclosures

The effective date of the amendment is for years beginning on or after 01 January 2013.
The Group expects to adopt the standard for the first time in the 2014 annual financial statements.
It is unlikely that the standard will have a material impact on the Group's annual financial statements.

2.4 Standards and interpretations not yet effective or relevant

All other standards and interpretations that have been published and are mandatory for the Group's accounting periods beginning on or after 01 March 2012 or later periods are not relevant to its operations.

3. PROPERTY, PLANT AND EQUIPMENT

Group	2012			2011		
	Cost / Revalued amount	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Land and buildings	188,173	(33,754)	154,419	151,748	(33,754)	117,994
Plant and machinery	261,854	(100,224)	161,630	251,665	(84,324)	167,341
Motor vehicles	77,700	(24,383)	53,317	113,437	(35,737)	77,700
Office equipment	1,566	(615)	951	1,590	(440)	1,150
IT equipment	4,202	(3,732)	470	3,889	(2,807)	1,082
Plant-under-construction	16	-	16	199	-	199
Total	**533,511**	**(162,708)**	**370,803**	**522,528**	**(157,062)**	**365,466**

Company	2012			2011		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Land and buildings	168,393	(32,854)	135,539	132,526	(32,833)	99,693
Plant and machinery	145,165	(69,372)	75,793	148,473	(61,064)	87,409
Motor vehicles	3,012	(1,676)	1,336	3,663	(1,656)	2,007
Office equipment	259	(91)	168	253	(60)	193
IT equipment	2,643	(2,232)	411	2,358	(1,628)	730
Total	**319,472**	**(106,225)**	**213,247**	**287,273**	**(97,241)**	**190,032**

In the prior year there was an impairment of land amounting to R32,800,000 which was charged in the Statement of Comprehensive Income. In the note, the impairment was netted off against the cost of the land instead of accumulated depreciation and impairment. This has been amended in the current year.

Reconciliation of property, plant and equipment – Group 2012

	Opening balance	Additions	Disposals	Reclassifications	Transfer to non-current asset held for sale	Revaluation	Depreciation	Impairment	Closing balance
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**

Reconciliation of property, plant and equipment – Group 2011

	Opening balance	Additions	Disposals	Reclassifications	Transfer to non-current asset held for sale	Revaluation	Depreciation	Impairment	Closing balance
Land and buildings	193,947	106	(1,172)	-	(41,184)	-	(903)	(32,800)	117,994
Plant and machinery	240,601	1,972	(5,108)	894	(34,002)	-	(28,986)	(8,030)	167,341
Motor vehicles	106,894	5,162	(6,892)	(354)	(9,060)	-	(17,127)	(923)	77,700
Office equipment	1,517	586	-	(544)	(121)	-	(288)	-	1,150
IT equipment	2,220	354	(11)	-	(119)	-	(1,362)	-	1,082
Plant-under construction	262	310	(200)	4	(155)		(14)	(8)	199
Total	**545,441**	**8,490**	**(13,383)**	**-**	**(84,641)**		**(48,680)**	**(41,761)**	**365,466**

Reconciliation of property, plant and equipment – Company 2012

	Opening balance	Additions	Disposals	Reclassifications	Transfer to non-current asset held for sale	Revaluations	Depreciation	Impairment	Total
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**

Reconciliation of property, plant and equipment – Company 2011

	Opening balance	Additions	Disposals	Reclassifi -cations	Transfer to non-current asset held for sale	Revaluations	Depreciation	Impairment	Total
Land and buildings	174,312	214	(1,168)	-	(40,844)	-	(21)	(32,800)	99,693
Plant and machinery	103,491	890	(2,084)	-	-	-	(14,625)	(263)	87,409
Motor vehicles	1,890	521	-	-	-	-	(404)	-	2,007
Office equipment	168	56	-	-	-	-	(31)	-	193
IT equipment	1,082	344	-	-	-	-	(696)	-	730
Total	**280,943**	**2,025**	**(3,252)**	**-**	**(40,844)**	**-**	**(15,777)**	**(33,063)**	**190,032**

For the detail for property, plant and equipment pledged as security refer to note 17. The fair value of the land and buildings of R168 393 000 (2011: R132 526 000) has been valued by an independent appraiser with the relevant qualification to value the land and buildings.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

During the current year the Group changed its accounting policy from the cost model to the revaluation model for the following classes of property, plant and equipment:

- Land
- Plant and Machinery

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 been carried according to the cost model the carrying values would be as follows:

Group 2012	Cost Model	Revaluation Model	Surplus
Land	109,913	154,419	44,506
Plant and Machinery	151,778	161,630	9,852
	261,961	**316,049**	**54,358**
Company 2012			
Land	91,033	135,539	44,506
Plant and Machinery	-	-	-
	91,033	**135,539**	**44,506**

4 INVESTMENTS IN SUBSIDIARIES

Name of company	% Holding 2012	% Holding 2011	Carrying value 2012	Carrying value 2011
Noordvaal Crushers (Proprietary) Limited	100.00	100.00	*	*
Wearne Platkop Quarry (Proprietary) Limited	100.00	100.00	*	*
Wearne Aggregates (Proprietary) Limited	100.00	100.00	*	*
Wearne Precast (Proprietary) Limited	77.00	77.00	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	*	*
			2	**2**

**Amounts less than R1,000*

The carrying amounts of subsidiaries are shown net of impairment losses.

Where applicable the carrying value and fair value of investments in subsidiaries is less than a thousand rand and therefore rounded to R Nil. Refer to annexure A for carrying value denominated in South African Rand.

All subsidiaries are incorporated in the Republic of South Africa.

5 INVESTMENTS IN JOINT VENTURES

Name of company	% Holding 2012	% Holding 2011	Carrying value 2012	Carrying value 2011
Wearne Bricks (Proprietary) Limited [1]	-	50.00	*	*
Wearne Drilling and Blasting (Proprietary) Limited	50.00	50.00	*	*
			*	*

**Amounts less than R1,000*

[1] The Company disposed of their investment in this joint venture at its net asset value during the year under review.

The carrying amounts of joint ventures are shown net of impairment losses. Carrying values approximate fair values.

The carrying value and fair value of investments in joint ventures are less than a thousand rand and therefore rounded to R Nil. Refer to annexure A for carrying value denominated in South African Rand.

All joint ventures are incorporated in the Republic of South Africa.

The interest of the holding company in the aggregate after tax profits/ (losses) of the joint ventures amounts to R2,573,317 (2011: R2,002,000).

Summary of the Group's interest in its joint ventures	2012	2011
Non-current assets	4,135	7,706
Current assets	3,411	8,195
Long-term liabilities – Interest bearing	(2,404)	(3,109)

Summary of the Group's interest in its joint ventures	2012	2011
Long-term liabilities – Non-interest bearing	(1,036)	(1,368)
Current liabilities – Interest bearing	(349)	(1,793)
Current liabilities – Non-interest bearing	(2,676)	(2,753)
Revenue	20,685	24,827
Expenses	(16,258)	(14,236)
Investment revenue	5	18
Finance costs	(402)	(954)
Taxation	(1,457)	(779)
Profit after tax	2,573	2,002
Cash flows from operating activities	1,692	2,775
Cash flows from investing activities	(19)	(322)
Cash flows from financing activities	312	(2,968)

Amounts less than R1,000

6 OTHER FINANCIAL ASSETS

		Group		Company
	2012	2011	2012	2011
Available for sale				
Held by the Wearne Rehabilitation Trust: Stanlib Wealth Management Limited	4,316	3,957	-	-
Held by WG Wearne Limited: Stanlib Wealth Management Limited	13	11	13	11
	4,329	**3,968**	**13**	**11**
Loans and receivables				
Balance of purchase price of Wearne Bricks (Proprietary) Limited	1,894	-	1,894	-
Loans to share scheme participants	3,215	3,154	-	-
Impairment losses	(201)	(201)	-	-
	4,908	**2,953**	**1,894**	**-**
Non-current assets				
Available for sale	4,329	3,968	13	11
Purchase price of Wearne Bricks (Proprietary) Limited	894	-	894	-
	5,223	**3,968**	**907**	**11**
Current assets				
Loans and receivables	3,014	2,953	-	-
Purchase price of Wearne Bricks (Proprietary) Limited	1,000	-	1,000	-
	4,014	**2,953**	**1,000**	**-**
	9,237	**6,921**	**1,907**	**11**
Reconciliation of impairment losses				
Opening balance	(201)	-	-	-
Raised during the year	-	(201)	-	-
	(201)	**(201)**	**-**	**-**

During the current financial year the Group sold its investment in Wearne Bricks (Proprietary) Limited for R5 million. The purchase price was settled through an initial payment of R3 million and the balance is settled in four biannual instalments beginning April 2012 at an interest rate of 5%.

The Stanlib Wealth Management Limited fair values of quoted investments are based on the quoted market prices. These financial assets are therefore classified as Level 1 in the IFRS 7 fair value hierarchy. The fair values are determined annually at the Statement of Financial Position 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.

Loans to the WG Wearne Share Scheme participants bear interest at 6.5%, are unsecured and have no fixed terms of repayment.

7 DEFERRED TAXATION

	Group		Company	
	2012	2011	2012	2011
Deferred taxation (liability) asset				
Accelerated capital allowances for tax purposes	(59,656)	(27,112)	(26,641)	(34,274)
Provisions	679	333	228	30,355
Debtors payments in advance	1,128	197	-	-
Estimated losses	48,928	14,143	22,256	3,919
Deferred taxation transferred to non-current asset held for sale	-	12,687	-	-
	(8,921)	**248**	**(4,157)**	**-**

	Group		Company	
	2012	2011	2012	2011
Reconciliation of deferred taxation (liability) asset				
At beginning of year	248	(15,847)	-	(9,542)
Accelerated capital allowances for tax purposes	**(32,546)**	26,732	7,633	(16,713)
Provisions	347	(833)	(30,127)	30,020
Debtors payments in advance	931	116	-	-
Estimated losses	34,786	(22,607)	18,337	(3,765)
Deferred taxation transferred to non-current asset held for sale	(12,687)	12,687	-	-
	(8,921)	**248**	**(4,157)**	**-**
Non-current assets	-	1,617	-	-
Non-current liabilities	(8,921)	(1,369)	(4,157)	-
	(8,921)	**248**	**(4,157)**	**-**

8 INVENTORIES

	Group		Company	
	2012	2011	2012	2011
Finished goods	9,916	12,742	-	-
Raw materials	5,094	166	-	-
Consumables	-	169	-	-
Diesel	1,616	1,204	1,616	1,204
Tyres	679	-	-	-
	17,305	**14,281**	**1,616**	**1,204**

9 LOANS TO (FROM) GROUP COMPANIES AND JOINT VENTURES

	Group		Company	
	2012	2011	2012	2011
Loans to (from) subsidiaries				
Noordvaal Crushers (Proprietary) Limited	-	-	(22)	(22)
Portland Holdings (Proprietary) Limited	-	-	-	45,689
Shabaz Investments (Proprietary) Limited	-	-	-	-
Wearne Aggregates (Proprietary) Limited	-	-	85,708	51,434
Wearne Platkop Quarry (Proprietary) Limited	-	-	*	*
Wearne Precast (Proprietary) Limited	-	-	11,895	9,416
Wearne Quarries Free State (Proprietary) Limited	-	-	-	-
Wearne Quarries Gauteng (Proprietary) Limited	-	-	-	-
Wearne Quarries Limpopo (Proprietary) Limited	-	-	-	-
Wearne Quarries Natal (Proprietary) Limited	-	-	1,081	1,081
Wearne Ready Mixed Concrete (Proprietary) Limited	-	-	60,168	67,788
Total loans payable	-	-	158,830	175,386
Allowance for impairment of loans	-	-	(158,852)	(156,132)
	-	**-**	**(22)**	**19,254**

	Group		Company	
	2012	**2011**	**2012**	**2011**

These loans bear interest at prime, are unsecured and have no fixed terms of repayment.

For detail on the cession of the above loans as security for overdraft facilities provided to the Group, refer to note 11.

Loans from joint ventures				
Wearne Drilling and Blasting (Proprietary) Limited	(5,193)	(5,678)	(10,409)	(11,355)

The loans from joint ventures are interest-free, unsecured and have no fixed terms of repayment.

Loans to special purpose entity				
WG Wearne Share Incentive Trust	-	-	4,365	4,264
Allowance for impairment of loan	-	-	(1,006)	(1,006)
	-	**-**	**3,359**	**3,258**

The loan bears interest at a rate of 6.5% per annum (the official interest rate in terms of the Seventh Schedule of the Income Tax Act of South Africa), is unsecured and has no fixed terms of repayment.

Reconciliation of the allowance for impairment of loan				
Opening balance	-	-	(1,006)	-
Raised during the year	-	-	-	(1,006)
Closing balance	**-**	**-**	**(1,006)**	**(1,006)**

Current assets	-	-	3,359	22,512
Current liabilities	(5,193)	(5,678)	(10,409)	(11,355)
	(5,193)	**(5,678)**	**(7,050)**	**11,157**

Credit quality of loans to and from Group companies and joint ventures

No credit ratings for loans to and from subsidiaries, from joint ventures and to special purpose entities have been performed.

Fair value of loans to and from Group companies

Loans to subsidiaries are of a short-term nature and arise from trade. Carrying amounts of these loans approximate fair values.The loan to the special purpose entity is stated at its cost less impairment. Carrying amounts of these loans approximate fair values.

Loans to Group companies past due but not impaired

The loan to the special purpose entity is not past due. As the loan does not have any terms of repayment, the loans are not past its due date. A portion of the loan is considered recoverable and the remaining balance was impaired.

Loans to Group companies impaired

As of 29 February 2012, loans to Group companies of R158,852,000 (2011: R156,132,000) were impaired and an impairment provision made.

The ageing of these loans is as follows:

		Group		Company
	2012	2011	2012	2011
Current		-	89	13,148
30 days		-	2,121	(3,854)
60 days		-	323	2,307
90 days		-	(646)	(3,686)
Over 90 days		-	(160,739)	(164,047)
			(158,852)	**(156,132)**

Reconciliation of allowance for impairment of loans to Group companies

		Group		Company
	2012	2011	2012	2011
Opening balance	-	-	156,132	97,696
Reversed during the year	-	-	(45,689)	(34,115)
Raised during the year	-	-	48,409	92,551
Closing balance	**-**	**-**	**158,852**	**156,132**

Loans to various subsidiaries have been subordinated in favour of the other creditors of those companies. The loans were subordinated in respect of the following amounts:

Wearne Share Incentive Trust	1,006	1,006
Wearne Aggregates (Proprietary) Limited	85,708	51,434
Wearne Precast (Proprietary) Limited	11,895	4,501
Wearne Quarries Natal (Proprietary) Limited	1,081	1,081
Wearne Ready Mixed Concrete (Proprietary) Limited	60,168	53,378
	159,858	**111,400**

10 TRADE AND OTHER RECEIVABLES

		Group		Company
	2012	2011	2012	2011
Trade receivables	40,815	35,898	9,731	9,872
Prepayments	675	239	-	-
Value Added Taxation	-	96	-	-
Other receivables	881	161	-	10
	42,371	**36,394**	**9,731**	**9,882**

Fair value of trade and other receivables				
Trade and other receivables	42,371	36,394	9,731	9,882

Carrying values of trade and other receivables approximate fair values.

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 11.

Credit quality of trade receivables

Trade receivables comprise a widespread customer base. The table below shows the balances of the five major trade receivables at the Statement of Financial Position date. Credit ratings were obtained for all external trade receivables.

		Group		Company
	Credit limit	Balance	Credit limit	Balance
As at 28 February 2012				
Debtor A	3,500	2,540	3 500	2 269
Debtor B	3,500	2,269	50	13
Debtor C	4,500	1,756	-	-
Debtor D	2,000	1,608	-	-
Debtor E	1,500	1,500	-	-
As at 28 February 2011				
Debtor A	1,000	1,339	-	2,952
Debtor B	3,750	1,335	-	1,865
Debtor C	1,500	1,158	-	1,189
Debtor D	2,000	838	-	899
Debtor E	250	250	4000	691

Trade receivables

The table below shows the ageing of trade receivables:

		Group		Company
	Credit limit	Balance	Credit limit	Balance
Less than 30 days	23,749	24,449	9,553	8,474
31 to 60 days	7,215	3,350	39	-
61 to 90 days	1,943	2,821	-	693
91 to 120 days	3,142	1,088	37	-
Over 120 days	4,766	4,190	102	705
	40,815	**35,898**	**9,731**	**9,872**

Trade and other receivables past due but not impaired

Trade receivables which are past due are not considered to be impaired, except as detailed below. The ageing of amounts past due but not impaired are as follows:

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

		Group		Company
	2012	2011	2012	2011
Less than 3 months	1,563	-	-	-
3 to 6 months	2,432	529	37	-
Over 6 months	4,611	990	102	-
	8,606	**1,519**	**139**	**-**

Trade and other receivables impaired

Group

As of 29 February 2012, trade and other receivables of R1,245,295 (2011: R 10,266,000) were impaired and provided for.

Company

As of 29 February 2012, trade and other receivables of R Nil (2011: R 1,398,000) were impaired and provided for.

The ageing of the impairment provision is as follows:

		Group		Company
	2012	2011	2012	2011
Less than 3 months	380	6,507	-	705
3 to 6 months	710	559	-	693
Over 6 months	155	3,200	-	-
	1,245	**10,266**	**-**	**1,398**

	Group		Company	
	2012	2011	2012	2011
Reconciliation of provision for impairment of trade receivables:				
Opening balance	10,266	5,312	1,398	776
Utilised during year	(9,021)	(2,734)	-	(340)
Transferred to non-current asset held for sale	-	(466)	-	-
Unused amounts reversed during year	-	-	(1,398)	-
Raised during year	-	8,154	-	962
	1,245	**10,266**	**-**	**1,398**

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2012	2011	2012	2011
Cash on hand	302	105	31	30
Bank balances	12,692	3,430	4,018	79
Invoice discounting facility utilised	(6,626)	-	(863)	-
Current assets	**6,368**	**3,535**	**3,186**	**109**
Bank overdraft	(30,505)	(75,137)	(30,505)	(74,669)
Current liabilities	(30,505)	(75,137)	(30,505)	(74,669)
	(24,137)	**(71,602)**	**(27,319)**	**(74,560)**

There is no material difference between the fair value of cash and cash equivalents and their 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, factoring agreement with Nedbank Debtor Management (for R10,000,000) or 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 R1,300,000 over the remaining extent of Portion 31 (a portion of Portion1) of the farm Middelvlei No. 225;
- Continuing covering mortgage bond for R13,000,000 over the remaining extent of Portion 31 (a portion of Portion1) of the farm Middelvlei No. 225 Randfontein;
- Second covering mortgage bond for R10,000,000 over Portion 226, 227, 266, 267, 285, 286 and 287 of the farm Rietfontein 1891Q and Portion 57, 58 and 185 of the farm Rietvallei 1881Q and Portion 7 of the farm Groenplaats 1571Q (Vissershok).
- Continued covering mortgage bond for R90,000 of portion 56 of erf 247 Pothindustria
- Continued covering mortgage bond for erf 4038 Bethlehem township of R1,000,000
- Undertaking to pay sale proceeds of the following properties: erf 52 Wemmer Township, erf 40 Wemmer Township, erf 89 Village Main and erf 90 Village Main.
-

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

- First continuous covering mortgage bond in the amount of R119,600,000 over portion 7 Groenplaas, Portion 226 Rietfontein, Portion 266 Reitfontein, Portion 185 Rietfontein, Portion 286 Rietfontein, Portion 267 Rietfontein, Portion 285 Rietfontein, Portion 227 Rietfontein, Portion 58 Rietvallei, Portion 57 Rietvallei, Portion 287 Rietfontein, Portion 171, 180, and 183 of the farm Rietvallei and farm 1098 Cape RD portion 8 Vissershok Quarry;
- Second continuous covering mortgage bond in the amount of R10,000,000 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 R17,645,000 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

Wearne Aggregates (Proprietary) Limited has a facility with First National Bank of R1 500 000 the collateral held therefore is a Cession of Debtors.

Wearne Aggregates (Proprietary) Limited has a commercial asset finance facility with ABSA of R4,200,000. As security for the facility, the bank holds:

- Unlimited Cross Securities by all WG Wearne Limited subsidiaries (including cession of loan accounts);
  - WG Wearne Limited
  - Wearne Aggregates (Proprietary) Limited; and
  - Noordvaal Crushers (Proprietary) Limited
- Cession of loan account dated 17 November 2006 in Wearne Aggregates (Proprietary) Limited
- Cession of loan account dated 17 November 2006 in Noordvaal Crushers (Proprietary) Limited
- Cession of loan account dated 17 November in WG Wearne Limited
- Special Notarial Bonds over moveable assets purchased from De Bruyn Sandwerke Group registered in favour of Wearne Aggregates (Proprietary) Limited in the amount of R9 355 000 dated 08 January 2007
- 1st charge over assets financed.

12 NON CURRENT ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

During the year WG Wearne Limited (the company) entered into an agreement to sell its land situated in Marshalltown (Wemmer Pan), the selling price of which was R4.5million. At the 29 February 2012 a number of the conditions required for the conclusion of the agreement had not been fulfilled and consequently, the land was reclassified as a non-current asset held for sale.

The land reclassified as a non-current asset held for sale and measured in accordance with the requirements of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations:

2012 –Group and Company	Carrying value at reclassification date	Fair value adjustment	Carrying value under IFRS 5
Land	8,639	(4,139)	4,500

2011 - Group

The prior year non-current assets held for disposal by the Group consists of the net asset value of the Portland Group, the land on which Portland is situated and the related intangible assets. The Group's interest in Portland has been reclassified as a non-current asset held for sale and measured in accordance with the requirements of IFRS 5:

Group	Carrying value at reclassification date	Fair value impairment	Carrying value under IFRS 5
Assets			
Property, plant and equipment	84,177	(40,263)	43,914
Intangible assets	33,585	(16,726)	16,859
Inventories	2,091	-	2,091
Other financial assets (current)	812	-	812
Trade and other receivables	11,054	-	11,054
Cash and cash equivalents	1,672	-	1,672
	133,391	**(56,989)**	**76,402**
Liabilities			
Deferred tax liability	(12,687)	131	(12,556)
Borrowings (non-current)	(10,276)	-	(10,276)
Provisions	(1,616)	-	(1,616)
Trade and other payables	(7,242)	-	(7,242)
Borrowings (current)	(5,553)	-	(5,553)
Current tax payable	(421)	-	(421)
Bank overdraft	(27)	-	(27)
	(37,822)	**131**	**(37,691)**

Company

The prior year non-current assets held for disposal by the company consists of its investment in the Portland Group which in turn holds the investments in the other Portland Group companies and the land on which the Portland Group is situated and the related intangible assets. The company's investments in the Portland Group was reclassified as a non-current asset held for sale and measured in accordance with the requirements of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.

Company	Carrying value at reclassification date	Fair value impairment	Carrying value under IFRS 5
Assets			
Property, plant and equipment	40,844	(10,844)	30,000
Investments in subsidiaries	35,564	(27,636)	7,928
	76,408	**38,480**	**37,928**

13 SHARE CAPITAL

		Group		Company
	2012	**2011**	**2012**	**2011**
Authorised				
500,000,000 (2011: 500,000,000) ordinary par value shares of 0.1 cent each	500,000	500,000	500,000	500,000
Reconciliation of number of shares (millions) issued:				
Balance at beginning of year	246	246	250	250
Issue of ordinary shares	83	-	83	-
Movement on treasury shares	1	*	-	-
Redemption of shares	(57)		(57)	
	273	**246**	**276**	**250**

At year end the Group had issued 273,037,963 (2011: 246,715,369) ordinary shares of 0.1 cents each. The Group held treasury shares in the WG Wearne Share Incentive Scheme of 3,355,250 (2011: 3,376,250). The Group cancelled 56,616,350 shares in the current year in relation to the disposal of the Portland Group companies.

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

		Group		Company
	2012	**2011**	**2012**	**2011**
Ordinary share capital	273	246	276	250
Ordinary share premium	178,084	174,391	181,562	177,876
	178,357	**174,637**	**181,838**	**178,126**

The WG Wearne Share Incentive Scheme was registered on 02 March 2006 and 5 million shares in the 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.

14 RESERVES

Non-distributable reserves

Non-distributable reserves consist of share-based payments expenses and fair-value adjustments to available-for-sale investments.

Share-based payment expenses relate to expenses incurred during the settlement of the outstanding purchase price of business combinations and paid in by the issue of shares.

For details regarding the fair value adjustments to available-for-sale investments refer to note 6.

Reserves consist of:

	Group		Company	
	2012	2011	2012	2011
Share based payment reserve	-	242	-	242
Fair value adjustment to available-for-sale investments	345	132	-	-
	345	**374**	**-**	**242**

Revaluation reserves

Revaluation reserves consist of non-distributable revaluation surpluses raised on classes of property, plant and equipment carried according to the revaluation mode.

Reserves consist of:

	Group		Company	
	2012	2011	2012	2011
Land	44,506	-	44,506	-
Plant and Machinery	9,852	-	-	-
Deferred tax	(11,059)	-	(8,301)	-
	43,299	**-**	**36,205**	**-**

15 BORROWINGS

Secured loans held at amortised cost:

	Group		Company	
	2012	2011	2012	2011
Revolving loan - ABSA Bank Limited	44,314	40,700	44,314	40,700
Term loan - ABSA Bank Limited	1,733	13,168	1,733	13,168
	46,047	**53,868**	**46,047**	**53,868**
Less: current portion at amortised cost	-	-	-	-
	46,047	**53,868**	**46,047**	**53,868**

Unsecured loans held at amortised cost:

IDC Borrowing – A loan	41,717	-	41,717	-
IDC Borrowing – B loan	4,361	-	4,361	-
Term loan - ABSA Bank Limited	3,264	-	3,264	-
Term loan – Nedbank Limited	3,908	-	3,908	-
Term loan - Wesbank	2,342	-	2,342	-
	55,592	**-**	**55,592**	**-**
Less: current portion at amortised cost	(5,741)	-	(5,741)	-
	49,851	**-**	**49,851**	**-**

Instalment sale agreements held at amortised cost:				
ABSA Bank	10,517	11,542	6,902	6,885
Capital Acceptances	305	744	-	-
Wesbank	60,591	37,535	27,256	28,082
Imperial Bank	316	340	-	-
Mecedes Benz Finance Services	8,619	7,947	113	102
Nedbank	81,045	111,239	35,767	35,039
Total instalment sale agreements	161,393	169,347	70,038	70,108
Less: current portion at amortised cost	(5,010)	(2,838)	(677)	-
	156,383	**166,509**	**69,361**	**70,108**

Non-current liabilities				
Secured loans	46,047	53,868	46,047	53,868
Unsecured loans	49,851	-	49,851	-
Instalment sale agreements	156,383	166,509	69,361	70,108

	252,281	**220,377**	**165,259**	**123,976**
Current liabilities				
Unsecured loans	5,741	-	5,741	-
Instalment sale agreements	5,010	2,838	677	-
	10,751	**2,838**	**6,418**	**-**
Total borrowings	**263,032**	**223,215**	**171,677**	**123,976**

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 11 for further details.

The ABSA Bank Limited term loan bears interest at prime plus 0.5% (9.5% at year end) per annum and is repayable at an average monthly instalment of R414,220 for 5 years beginning April 2013.

The ABSA Bank Limited revolving loan bears interest at prime plus 1.5% (10.5% at year end) and is repayable at an average monthly instalment of R1,335,099 for 5 years beginning April 2013.

The Nedbank Limited term loan bears interest at 12% per annum and is repayable at an average monthly instalment of R279,137 for 2 years which began November 2011.

The Wesbank term loan bears interest at prime (9% at year end) per annum and is repayable at an average monthly instalment of R76,526 for 3 years beginning April 2013.

For details regarding the secured creditors' moratorium refer to the directors' report.

Unsecured loans held at amortised cost:

The IDC A loan is repayable beginning February 2015.

The IDC B loan bears interest at 9.5% per annum and is repayable at an average monthly instalment of R250,000 for 20 months beginning May 2012.

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 R136,387,171 (2011: R160,082,023). The instalment sale agreements bear interest between prime less 1% to prime plus 4.25% (prime 9% at year end) and are repayable at an average monthly instalment of R1,259,314 beginning April 2013.

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 carried at cost

		Group		**Company**
	2012	**2011**	**2012**	**2011**
Secured loans	55,561	53,868	55,561	53,868
Unsecured loans	46,078	-	46,078	-
Instalment sale agreements	161,393	169,347	70,038	70,108
	263,032	223,215	171,677	123,976

Provisions

The Group is obliged to restore quarry sites at the end of their useful lives to a condition acceptable to the regulatory authorities. These liabilities are provision for estimated restoration costs.

Reconciliation of environmental provisions – Group 2012

	Opening balance	**Transfer to non-current asset held for sale**	**Provision raised during the year**	**Closing balance**
Environmental rehabilitation	13,990	-	876	14,866

Reconciliation of environmental provisions – Group 2011

Environmental rehabilitation	14,833	(1,616)	773	13,990

17 TRADE AND OTHER PAYABLES

WG Wearne Limited and Wearne Aggregates (Proprietary) Limited reached a compromise with their trade creditors in respect of the balances owing as at 31 December 2010. These balances accrue interest at a rate of 3% per annum and are subject to a payment moratorium until August 2011 after which they will be fully repaid in monthly instalments by January 2013.

Non-Current trade and other payables

		Group		Company
	2012	**2011**	**2012**	**2011**
Trade payables	2,023	19,620	917	8,029

Current trade and other payables

Trade payables	50,257	48,044	20,124	18,029
Amounts received in advance	3,950	115	-	-
Value Added Taxation	3,031	992	167	673
Trade accruals	2,057	4,367	73	2,050
Payroll accruals	9,076	7,688	2,186	1,582
Provision straight-lining of operating leases	-	(33)	-	(60)
Other payables	3,066	3,767	753	2,822
	71,437	**64,940**	**23,303**	**25,096**
Total trade and other payables	**73,460**	**84,560**	**24,220**	**33,125**

Fair value of trade and other payables

Non-current trade and other payables	2,023	5,318	917	3,133
Current trade payables and other payables	71,437	64,940	23,303	25,096
	73,460	**70,258**	**24,220**	**28,229**

18 CONTINGENCIES

WG Wearne Limited and its subsidiaries have a multi-optional facility from Nedbank Limited in the amount of R30,504,990 by way of overdraft, short-term loan or letter of guarantee facility. This facility is repayable on demand and bears interest at the prime overdraft rate. For further details regarding contingencies refer to note 11.

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

- Claims regarding the dismissal of employees due to participation in an unprotected strike. Management's estimate of the total financial exposure is R1,930,000
- Dispute regarding goods and/or services rendered. Management's estimate of the total financial exposure is R39,522

19 FINANCIAL ASSETS PER CATEGORY

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

Group – 2012	**Loans and receivables**	**Available-for-sale**	**Total**
Other financial assets	4,908	4,329	9,237
Trade and other receivables	41,696	-	41,696
Cash and cash equivalents	6,368	-	6,368
	52,972	**4,329**	**57,301**

Group – 2011	**Loans and receivables**	**Available-for-sale**	**Total**
Other financial assets	2,953	3,968	6,921
Trade and other receivables	36,298	-	36,298
Cash and cash equivalents	3,535	-	3,535
	42,786	**3,968**	**46,754**

Company – 2012	**Loans and receivables**	**Available-for-sale**	**Total**
Other financial assets	1,894	13	1,907
Trade and other receivables	9,731	-	9,731

Company – 2012	Loans and receivables	Available-for-sale	Total
Cash and cash equivalents	3,186	-	3,186
Loans to Group companies	3,359	-	3,359
	18,170	**13**	**18,183**

Company – 2011	Loans and receivables	Available-for-sale	Total
Other financial assets	-	11	11
Trade and other receivables	9,882	-	9,882
Cash and cash equivalents	109	-	109
Loans to Group companies	22,512	-	22,512
	32,503	**11**	**32,514**

20 FINANCIAL LIABILITIES PER CATEGORY

Financial liabilities held at amortised cost

		Group		Company
	2012	**2011**	**2012**	**2011**
Borrowings	263,032	223,215	171,677	123,976
Trade and other payables	70,429	83,568	24,053	32,452
Bank overdraft	30,505	75,137	30,505	74,669
Loans from Group companies	5,193	5,678	10,409	11,355
	369,159	**387,598**	**236,644**	**242,452**

21 RISK MANAGEMENT

Capital risk management

The Board of Directors have 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.

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 and 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.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the period end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying value as the impact of discounting is not significant.

Group – 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	10,751	21,898	230,383
Trade and other payables	71,437	2,023	-
Bank overdraft	30,505	-	-
Loans from Group companies	5,193	-	-
	117,886	**23,921**	**230,383**

Group – 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	2,838	2,838	217,539
Trade and other payables	63,948	5,886	13,734
Bank overdraft	75,137	-	-
Loans from Group companies	5,678	-	-
	147,601	**8,724**	**231,273**

Company – 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	6,418	20,289	144,970
Trade and other payables	23,303	917	-
Bank overdraft	30,505	-	-
Loans from Group companies	10,409	-	-
	70,635	**21,206**	**144,970**

Company – 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	-	-	123,976
Trade and other payables	24,423	2,409	5,620
Bank overdraft	74,669	-	-
Loans from Group companies	11,355	-	-
	110,447	**2,409**	**129,596**

The carrying amount of the financial liabilities is considered to be in line with the fair value at period end date.

At present the Group expects to pay all liabilities at their contractual maturity date. In order to meet such commitments the Group expects the operating activity to generate sufficient funds. In addition, the Group holds financial assets for which there is a liquid market and they are readily available to meet liquidity needs.

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

At present the Group does not hold loans and receivables that are long-term in nature except the balance of the purchase price of Wearne Bricks (Proprietary) Limited.

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

Group– Assets 2012	Non-interest bearing	Fixed rate	Floating rate
Other financial assets	-	4,908	4,329
Trade and other receivables	42,371	-	-
Cash and cash equivalents	-	-	6,368
	42,371	**4,908**	**10,697**

Group– Assets 2011	Non-interest bearing	Fixed rate	Floating rate
Other financial assets	-	2,953	3,698
Trade and other receivables	36,298	-	-
Cash and cash equivalents	-	-	3,535
	36,298	**2,953**	**7,233**

Group– Liabilities 2012	Non-interest bearing	Fixed rate	Floating rate
Borrowings	-	8,269	254,763
Loans from Group companies	5,193	-	-
Trade and other payables	71,437	2,023	-
Bank overdraft	-	-	30,505
	76,630	**10,292**	**285,268**

Group– Liabilities 2011	Non-interest bearing	Fixed rate	Floating rate
Borrowings	-	-	223,215
Loans from Group companies	5,678	-	-
Trade and other payables	63,948	19,620	-
Bank overdraft	-	-	75,137
	69,626	**19,620**	**298,352**

Company– Assets 2012	Non-interest bearing	Fixed rate	Floating rate
Other financial assets	-	-	1,907
Loans to Group companies	-	4,365	158,830
Trade and other receivables	9,731	-	-
Cash and cash equivalents	-	-	3,186
	9,731	**4,365**	**163,923**

Company– Assets 2011	Non-interest bearing	Fixed rate	Floating rate
Other financial assets	-	-	11
Loans to Group companies	-	4,264	175,386
Trade and other receivables	9,882	-	-
Cash and cash equivalents	-	-	109
	9,882	**4,264**	**175,506**

Company– Liabilities 2012	Non-interest bearing	Fixed rate	Floating rate
Borrowings	-	8,269	163,408
Loans from Group companies	10,409	-	-
Trade and other payables	23,303	917	-
Bank overdraft	-	-	30,505
	33,712	**9,186**	**193,913**

Company– Liabilities 2011	Non-interest bearing	Fixed rate	Floating rate
Borrowings	-	-	123,976
Loans from Group companies	11,355	-	-
Trade and other payables	24,423	8,029	-
Bank overdraft	-	-	74,669
	35,778	**8,029**	**198,645**

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 profits after tax of R1,026,965 (2011: R1,048,000).

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 profits after tax of R2,053,930 (2011: R2,096,000).

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 profits after tax of R698,087 (2011: R833,000).

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 profits after tax of R1,396,173 (2011: R1,666,000).

Credit risk
Credit risk is managed on a Group basis.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Group 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. Management evaluates credit risk relating to customers on an ongoing basis. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash. Refer to note 10 for details on the quality and allowance for impairment of trade receivables.

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

		Group		Company
Financial instrument	**2012**	**2011**	**2012**	**2011**
Other financial assets	9,237	6,921	1,907	11
Loans to group companies	-	-	3,359	22,512
Trade and other receivables	42,371	36,298	9,731	9,882
Cash and cash equivalents	6,368	3,535	3,186	109
	57,976	**46,754**	**18,183**	**32,514**

The Group is exposed to a number of guarantees for its overdraft facilities. Refer to note 11 for additional details.

Foreign exchange risk
The Group is not exposed to any foreign exchange risk.

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 as available-for-sale. 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.

The Group is not exposed to commodity price risk.

The table below summarises the impact of increases/decreases of the indexes on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes has increased/decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

		Group		Company
	2012	**2011**	**2012**	**2011**
Financial instrument	**Impact on other components of equity**			
Unit trusts	300	142	*	*

** Amounts less than R1,000*

22 REVENUE

	Group		Company	
	2012	2011	2012	2011
Sale of goods	296,926	356,004	64,906	95,527
Services	7,812	5,647	-	-
Rental revenue	-	-	10,697	19,378
Other revenue	-	4,560	10,939	4,560
Interest on discounting of revenue	1,132	4,250	-	903
	305,870	**370,461**	**86,542**	**120,368**

23 COST OF SALES

	Group		Company	
	2012	2011	2012	2011
Sale of goods	(237,129)	(334,994)	(53,064)	(74,114)
Services	(6,875)	(6,401)	-	-
Interest on discounting of cost of sales	(3,794)	(2,365)	-	-
	(247,798)	**(343,760)**	**(53,064)**	**(74,114)**

24 OPERATING LOSS

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

	Group		Company	
	2012	2011	2012	2011
Operating lease charges				
Premises lease expense	(2,318)	(2,257)	(1,255)	(1,116)
Motor vehicle and equipment lease expense	(1,503)	(2,534)	(296)	(395)
	(3,821)	**(4,791)**	**(1,551)**	**(1,511)**

	Group		Company	
	2012	2011	2012	2011
Loss on sale of property, plant and equipment	(903)	2,807	3,123	2,813
Impairment of tangible assets	(990)	(41,760)	(23)	(33,063)
Loss on scrapping of property, plant and equipment	(2,516)	-	-	-
Impairment of intangible assets	-	-	-	(3,000)
Profit on sale of Wearne Bricks (Proprietary) Limited	1,212	-	5,064	-
Impairment of loans	(874)	(201)	(49,283)	(58,226)
Depreciation on property, plant and equipment	(38,642)	(43,493)	(15,195)	(15,777)
Employee costs	(84,650)	(103,024)	(21,995)	(32,366)

25 AUDITORS REMUNERATION

	Group		Company	
	2012	2011	2012	2011
Current year (actual and provided for)	(717)	(1,382)	(477)	(1,271)
Other services	-	(165)	-	(165)
	(717)	**(1,547)**	**(477)**	**(1,436)**

26 RETIREMENT BENEFITS

It is the policy of the Group to provide retirement benefits to all its employees, all of which are subject to the Pension Funds Act. The Group is under no obligation to cover any undefined benefits.

	Group		Company	
	2012	2011	2012	2011
Total Group contributions to such schemes	(4,100)	(4,613)	(1,941)	(1,806)

27 COMMITMENTS

	Group		Company	
	2012	2011	2012	2011
Operating leases as a lessee (expense)				
Minimum lease payment due				
Within one year	(1,191)	(4,935)	(500)	(4,536)
In second to fifth year inclusive	(3,918)	(1,593)	(544)	(379)
Later than five years	-	(50)	-	-
	(5,109)	**(6,578)**	**(1,044)**	**(4,915)**

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 6 years in length.

28 INVESTMENT REVENUE

	Group		Company	
	2012	2011	2012	2011
Dividend income				
Stanlib Management – Unit trusts	20	-	-	-
Interest income				
WG Wearne Share Incentive Scheme	-	-	58	240
Interest from Bank	968	-	129	-
Interest on loans to subsidiaries	-	-	12,449	11,517
Other interest received	558	-	37	1
	1,526	**-**	**12,673**	**11,758**
	1,546	**-**	**12,673**	**11,758**

29 FINANCE COSTS

	Group		Company	
	2012	2011	2012	2011
Bank overdraft and loans	(14,207)	(13,399)	(14,081)	(12,823)
Instalment sales agreements	(14,638)	(20,062)	(6,943)	(10,671)
Interest paid on loans from Group companies	(475)	(487)	(950)	(975)
Other interest paid	(749)	-	-	(391)
Interest on discounting	(3,794)	(2,365)	(969)	
Trade payables	(2,065)	-	(667)	-
	(35,928)	**(36,313)**	**(23,610)**	**(24,860)**

30 TAXATION

	Group		Company	
	2012	2011	2012	2011
Current taxation				
Income taxation	(616)	(314)	-	-
Mineral taxation	(370)	-	-	-
	(986)	**(314)**	**-**	**-**
Deferred taxation				
Originating and reversing temporary difference	(2,116)	2,815	-	9,542
Utilisation estimated losses	5,144	(494)	4,143	-
Reversal of deferred taxation asset	(1,617)	-	-	-
	1,411	**2,321**	**4,143**	**9,542**
Total taxation	**425**	**2,007**	**4,143**	**9,542**

	Group		Company	
	2012	2011	2012	2011
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate				
	%	%	%	%
Applicable tax rate	(28.00)	(28.00)	(28.00)	(28.00)
Exempt income	-	-	-	11.73
Disallowable charges	2.59	36.98	79.64	-
Deferred tax not raised on estimated losses	(27.42)	(10.35)	-	8.65
Deferred tax not utilised (raised) in prior year	53.63	-	(58.36)	(2.61)
	(0.80)	**1.37**	**(6.72)**	**(10.23)**

31 BASIC AND DILUTED LOSS PER SHARE

	2012	2011
Continuing basic and diluted loss per share	(21.76)	(45.36)
Continuing and discontinued basic and diluted loss per share	(22.86)	(60.28)

The calculation of continuing basic and diluted loss per ordinary share is based on losses of R52,303,364 (2011: R111,805,00) and a weighted average number of shares in issue of 240,344,175 (2011: 246,491,986).

The calculation of continuing and discontinuing basic and diluted loss per ordinary shares is based on losses of R54,953,280 (2011: R148,583,955) and a weighted average number of shares in issue of 240,344,175 (2011: 246,491,986).

The weighted average number of shares is calculated after taking into account the effect of setting off treasury shares of 3,355,250 (2011: 3,479,085).

32 HEADLINE AND DILUTED HEADLINE LOSS PER SHARE

	2012	2011
Headline and diluted headline loss per share	(19.88)	(21.12)
Reconciliation of the headline loss		
Loss for the period:	(54,953)	(148,600)
Adjusted for:		
Impairments and scrapping loss	3,506	42,468
(Profit) on the sale of interest in joint venture	(1,212)	-
Loss (profit) on the sale of property, plant and equipment, net of taxation	735	(2,804)
Fair value of non-current assets held for sale	4,139	56,859
	(47,785)	**(52,077)**

The calculation of basic and diluted headline loss per ordinary share is based on losses of R47,785,354 (2011: R52,077,396) and a weighted average number of shares in issue of 240,344,175 (2011: 246,491,986).

The weighted average number of shares is calculated after taking into account the effect of setting off treasury shares of 3,355,250 (2011: 3,479,085).

33 ASSET VALUE PER SHARE

	2012	2011
Net asset value per share	19.33	24.91
Net tangible asset value per share	19.33	24.91

The calculation of net asset value per ordinary share is based on a net asset value of R52,785,509 (2011: R61,451,000) and an issued number of ordinary shares of 273,037,963 (2011: 246,715,369).

The calculation of net tangible per ordinary share is based on net tangible assets of R52,785,509 (2011: R61,451,000) and an issued number of ordinary shares of 273,037,963 (2011: 246,715,369).

The number of shares is calculated after taking into account the effect of setting off treasury shares of 3,355,250 (2011: 3,376,250). The treasury shares are held by the WG Wearne Share Incentive Scheme.

34 DISCONTINUED OPERATIONS

During the current year the Group disposed of its interest in Wearne Bricks (Proprietary) Limited which has been presented as a discontinued operation. In addition the Wearne Limited Company entered into an agreement to sell its Wemmer Pan property.

The discontinued operations presented on the face of the consolidated Statement of Comprehensive Income are presented net of inter-company transactions between Wearne Bricks (2011: Portland Group and Wearne Bricks) and the holding company and its subsidiaries. The eliminations are presented as follows:

Group – 2012	**Disposal group**	**Inter- company elimination**	**Disposal group net of eliminations**
Revenue	8,665	-	8,665
Cost of sales	(5,277)	-	(5,277)
Gross profit	**3.388**	**-**	**3,388**
Other income	-	-	-
Operating expenses	(1,837)	-	(1,837)
Operating profit	1,551	-	1,551
Investment revenue	4	-	4
Finance costs	(66)	-	(66)
Profit before taxation	**1,489**	**-**	**1,489**
Taxation	-	-	-
Profit after taxation	**1,489**	**-**	**1,489**
Profit attributable to:			
Owners of the parent	1,489	-	1,489
Non-controlling interest	-	-	-
	1,489	**-**	**1,489**
Profit attributable to the owners			**1,489**
Profit on discontinued operation			**1,489**
Cash flow from discontinued operations			
Cash flows from operating activities			713
Cash flows from investing activities			(19)
Cash flows from financing activities			297
Net cash flows			**991**
Discontinued operation:			
Discontinued operation attributable to Wearne Bricks (Proprietary) Limited			1,489
Fair value adjustment on Wemmer Pan property	-	-	(4,139)
			(2,650)

Company – 2012	**Disposal group**	**Inter- company elimination**	**Disposal group net of eliminations**
Fair value adjustment on Wemmer Pan property	-	-	(4,139)

Group – 2011	**Disposal group**	**Inter- company elimination**	**Disposal group net of eliminations**
Revenue	71,099	-	71,099
Cost of sales	(38,499)	8,648	(29,852)
Gross profit	**32,600**	**8,648**	**41,247**
Other income	3,290	-	3,290
Operating expenses	(27,382)	4,675	(22,706)
Operating profit (loss)	**8,508**	**13,323**	**21,831**
Investment revenue	115	-	115
Finance costs	(3,872)	2,500	(1,372)
Profit (loss) before taxation	**4,751**	**15,823**	**20,574**
Taxation	(737)	307	(430)

Group – 2011	Disposal group	Inter- company elimination	Disposal group net of eliminations
Profit (loss) after taxation	**4,014**	**16,130**	**20,144**
Profit (loss) attributable to:			
Owners of the parent	4,342	16,130	20,063
Non-controlling interest	81	-	81
	4,423	**16,130**	**20,144**
Profit attributable to the owners			20,063
Fair value adjustment on land			(10,844)
Fair value adjustment in sale of business			(46,014)
			(36,795)
Cash flow from discontinued operations			
Cash flows from operating activities			1,696
Cash flows from investing activities			44
Cash flows from financing activities			1,825
Net cash flows			**3,565**

	2011
Company 2011	
Fair value adjustment on land	(10,844)
Fair value adjustment on disposal Group	(27,637)
Impairment on loan to Portland Holdings (Proprietary) Limited	(45,689)
Loss on discontinued operation	**(84,170)**

35 CASH GENERATED FROM OPERATIONS

			Group		Company
	Note(s)	2012	2011	2012	2011
Loss before taxation		**(52,728)**	**(113,812)**	**(61,654)**	**(93,288)**
Add back:					
Interest revenue		(1,526)	-	(12,673)	(11,758)
Dividends received		(20)	(19)	-	-
Finance costs		35,928	36,517	23,610	24,860
Loss from operations		(18,346)	(77,314)	(50,717)	(80,186)
Operating profit from discontinued operations		-	14,874	-	-
Non-cash flow adjustments:					
Amortisation of intangible assets		-	1,032	-	-
Depreciation on property, plant and equipment		38,642	48,680	15,195	15,777
Loss (profit) on sale of property, plant and equipment		903	(2,807)	385	(2,810)
Loss on scrapping of property, plant and equipment		2,516	-	1,556	-
Impairment of tangible assets		990	41,760	23	33,064
Loss (profit) on sale of Wearne Bricks		(1,212)	-	(5,064)	-
Impairment of intangible assets		-	-	-	3,000
Impairment of loans receivable		874	201	49,283	58,224
Write-down of finished goods		-	7,180	-	-
Movement on environmental provision		876	772	-	-
Other non-cash flow adjustments		(29)	(1,743)	(242)	99
Working capital adjustments:					
Inventories		(3,367)	12,286	(412)	(362)
Trade and other receivables		(7,014)	29,375	151	22,297
Trade and other payables		6,871	805	(1,793)	3,062
Current portion of borrowings		2,812	-	677	-
		24,516	**75,101**	**9,042**	**52,165**

36 TAXATION PAID

	Group		Company	
	2012	**2011**	**2012**	**2011**
Balance at beginning of year	(1,524)	(1,290)	-	1,459
Charge through the statement of comprehensive income	(986)	(314)	-	-
Attributable to the discontinued operation	(272)	(1,256)	-	-
Balance at end of the year	1,821	1,524	-	-
	(961)	**(1,176)**	**-**	**1459**

37 SEGMENTAL REPORTING

	2012	**2011**
Revenue: External sales		
Aggregates	174,361	180,023
Readymix mixed concrete	118,262	179,433
Concrete manufactured products	13,247	11,005
	305,870	**370,461**
Revenue Inter-segment sales		
Aggregates	41,793	52,183
Readymix mixed concrete	301	5,696
Concrete manufactured products	-	-
	42,094	**57,879**
Revenue: Total sales		
Aggregates	216,154	232,206
Readymix mixed concrete	118,563	185,129
Concrete manufactured products	13,247	11,005
	347,964	**428,340**
Profit (loss) before taxation (before inter-segment eliminations)		
Aggregates	12,548	(45,571)
Readymix mixed concrete	(28,424)	(30,702)
Concrete manufactured products	(2,470)	(1,226)
	(18,346)	**(77,499)**
Property, plant and equipment		
Aggregates	289,382	277,692
Readymix mixed concrete	58,641	61,820
Concrete manufactured products	22,780	25,954
	370,803	**365,466**
Total assets		
Aggregates	354,175	349,037
Readymix mixed concrete	71,917	106,016
Concrete manufactured products	24,492	49,833
	450,584	**504,886**

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.

38 DIRECTORS EMOLUMENTS

Executive directors: 2012

	Basic	Compensation for loss of office	Insurance	Retirement funding	Medical Aid	Total
SJ Wearne(1)	277	657	-	-	-	934
JJ Bierman(2)	220	-	-	-	-	220
RC Devereux(3)	1,309	-	-	-	-	1,309
AW Bruens(4)	1,600	-	-	-	-	1,600
N Heyns(5)	-		-	-	-	-
Total	**3,405**	**657**	**-**	**-**	**-**	**4,062**

Executive directors: 2011

	Basic	Compensation for loss of office	Insurance	Retirement funding	Medical Aid	Total
SJ Wearne	1,313	-	13	99	6	1,431
AW Bruens	1,370	-	-	-	-	1,370
N Heyns	1,398	-	-	18	-	1,416
JC Wearne(1)	923	-	7	57	6	993
Total	**5,004**		**20**	**174**	**12**	**5,210**
Less: Amounts paid by subsidiaries	(1,398)		-	(18)	-	(1,416)
	3,606		**20**	**156**	**12**	**3,794**

Non-executive directors

	Type of earnings	Total earnings 2012	Total earnings 2011
B Mkhonto[6]	Consulting	-	640
HWP Scholtz[7]	Consulting	-	210
MM Patel	Consulting	180	127
GM Salanje	Consulting	121	-
RC Ramushu[8]		-	-
WP Van der Merwe[9]		-	-
SJ Wearne[1]	Consulting	200	-
		501	**977**

Appointments and resignations of directors

1. SJ Wearne was re-appointed as an executive director on 29 February 2012
2. JJ Bierman was appointed as a director on 05 December 2011
3. AW Bruens resigned as a director on 22 August 2011
4. N Heyns resigned as a director on 01 March 2011
5. RC Devereux was appointed as a director on 13 April 2011 and resigned on 07 December 2011
6. B Mkhonto resigned as a director on 27 May 2011
7. HWP Scholtz resigned as a director on 27 May 2011
8. RC Ramashu was appointed as a director on 17 August 2011 and passed away on 23 June 2012
9. WP Van der Merwe was appointed as a director on 07 December 2011

39 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There were no events subsequent to year end.

40 RELATED PARTIES

Relationships

The company has the following related party relationships:

Controlling entities	**Shareholders**
Controlled entities (and related transactions)	Subsidiaries as set out in Annexure A
Executive directors	SJ Wearne, JJ Bierman
Joint ventures	Wearne Drilling and Blasting (Proprietary) Limited
Entities controlled by the directors	Senatla Structures (Proprietary) Limited
Special purpose entities	WG Wearne Rehabilitation Trust
	WG Wearne Share Incentive Scheme
Key management	SJ Wearne, JJ Bierman

41 GOING CONCERN

The Group incurred a total comprehensive loss for the 2012 financial period of R11.7 million. This highlights a material uncertainty regarding the going concern issue which is emphasised further by the Group's negative liquidity position, high gearing and depleted net asset value.

The Group is currently solvent with net asset value of R52.7 million or 19.33 cents per share. Current liabilities (R119.7 million) exceed current assets (R 70 million) by R49.7 million. Negotiations are currently underway to either sell further properties in the portfolio or extend the repayment terms of the current overdraft of R 30 million. This, together with undrawn loans totalling R20 million from the IDC at 29 February 2012 further ensures that the going concern assumption is still appropriate.

42 COMPARATIVE FIGURES

Certain prior year comparative figures have been restated. In terms of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, the results of the Groups interest in Wearne Bricks (Proprietary) Limited have been reclassified to discontinued operations in the prior year. Furthermore, certain items of direct salaries, direct overheads and direct depreciation have been reclassified from operating expenses to cost of sales in terms of IAS 1: Presentation of Financial Statements. The reclassifications had no net impact on the results of the Group. The items, reclassified and the quantum thereof, were as follows:

Group – 2011	**Previously stated**	**Restated**	**Net change**
Continuing operations			
Revenue	384,548	370,461	(14,087)
Cost of sales	(264,993)	(343,760)	(78,767)
Gross profit	**119,555**	**26,701**	**(92,854)**
Other income	11,394	11,394	-
Operating expenses	(206,601)	(115,594)	91,007
Operating loss	**(75,652)**	**(77,499)**	**(1,847)**
Investment revenue	19	-	(19)
Finance costs	(36,517)	(36,313)	204
Loss before taxation	**(112,150)**	**(113,812)**	**(1,662)**
Taxation	1,542	2,007	465
Loss from continuing operations	**(110,608)**	**(111,805)**	**1,197**
Loss from discontinued operations	(37,992)	(36,795)	(1,197)
Loss for the year	**(148,600)**	**(148,600)**	**-**

Company – 2011	**Previously stated**	**Restated**	**Net change**
Cost of sales	(47,511)	(74,114)	(26,603)
Operating expenses	(159,181)	(132,578)	26,603

ANNEXURE A

SCHEDULE OF INVESTMENTS IN AND RELATED PARTY TRANSACTIONS WITH SUBSIDIARIES

	Issued capital	Interest		Cost of Shares		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 to subsidiaries		Services rendered by subsidiaries		Interest received from / (paid to) subsidiaries		Sale of assets to subsidiaries	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	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	(21 899)	(21 899)	-	-	-	-	(21 899)	-	-	-	-	-	-	-	-	-
Wearne Aggregates (Proprietary) Limited *	3	100	100	3 000 000	3 000 000	85 707 901	51 433 726	5 937 894	7 292 962	-	220 487	(36 996 598)	(38 157 169)	43 201 489	16 657 313	2 072 567	-	6 113 000	3 863 156	(1,196,140)	378 241
Wearne Platkop Quarry (Proprietary) Limited	100	100	100	100	100	(100)	(100)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wearne Precast (Proprietary) Limited	100	77	77	1 770	1 770	11 894 676	9 415 639	30 419	33 428	-	-	(4 086 803)	(883 304)	370 165	120 000	-	-	904 952	-	-	-
Wearne Quarries Free State (Proprietary) Limited	100	100	100	100	100	-	-	-	-	-	-	(122 937)	6 386 025	-	-	-	-	-	-	-	-
Wearne Quarries Gauteng (Proprietary) Limited	100	100	100	100	100	-	-	-	-	-	-	(1 604 222)	(25 431 785)	-	-	-	-	-	-	-	-
Wearne Quarries Limpopo (Proprietary) Limited	100	100	100	100	100	-	-	-	-	-	-	695 829	-	-	-	-	-	-	-	-	-
Wearne Quarries Natal (Proprietary) Limited	100	100	100	100	100	1 081 519	1 081 519	-	-	-	-	-	4 425 989	-	-	-	-	-	-	-	-
Wearne Ready Mixed Concrete (Proprietary) Limited	100	100	100	100	100	60 168 122	67 787 837	1 370 240	476 979	-	-	(28 424 367)	(28 516 322)	15 568 337	10 665 313	1 546	-	5 431 059	5 025 362	120,506	201 736
Joint Ventures																					
Wearne Bricks (Proprietary) Limited	100	50	50	50	50	-	-	-	-	-	-	2 977 631	2 394 146	-	-	-	-	-	-	-	50 000
Wearne Drilling and Blasing (Proprietary) Limited	100	50	50	50	50	(10 386 472)	(11 355 173)	34 200	603 411	269 065	409 769	(7 268 267)	1 611 133	360 000	360 000	1 473 167	-	(950 197)	(975 736)	-	-
Special purpose entities																					
WG Wearne Share Incentive Scheme	-	-	-	-	-	4 364 748	4 264 496	-	-	-	-	373 750	(31 287)	-	-	-	-	-		-	-
WG Wearne Rehabilitation Trust	-	-	-	-	-	-	-	-	-	-	-	145 510	156 631	-	-	-	-	-	-	-	-
TOTALS				**3 002 471**	**3 002 471**	**152 808 495**	**122 606 045**	**7 372 753**	**8 406 780**	**269 065**	**630 256**	**(74 332 373)**	**(39 926 931)**	**59 499 991**	**27 802 626**	**3 547 280**	**-**	**11 498 814**	**7 912 782**	**-**	**629 977**
Reclassification of non-current asset held for sale																					
Portland Holdings (Proprietary) Limited	1540 100	100	100	-	35 562 562	-	45 689 107	-	-	-	-	-	99 413 296	-	-	-	-	-	2 500 422	-	-
Portland Aggregate Sales (Proprietary) Limited	200	100	100	-	-	-	-	-	-	-	-	-	(6 919)	-	-	-	-	-	-	-	-
Portland Concrete Pumps (Proprietary) Limited	100	100	100	-	-	-	-	-	-	-	-	-	(15 065)	-	-	-	-	-	-	-	-
Portland Hollowcore Slabs (Proprietary) Limited	100	100	100	-	-	-	-	-	-	-	-	-	(1 965 501)	-	480 000	-	-	-	-	-	-
Wearne Contracts (Proprietary) Limited	100	85	85	-	-	-	-	-	-	-	-	-	539 698	-	4 884 000	-	-	-	-	-	-
Portland Readymix (Proprietary) Limited **	600	100	100	-	-	-	-	-	-	-	-	-	4 367 232	-	272 769	-	-	-	-	-	-
Cape Town Ostrich Sand Mines (Proprietary) Limited	100	70	70	-	-	-	-	-	-	-	-	-	127 245	-	-	-	-	-	-	-	-
				-	**35 562 562**	**-**	**45 689 107**	**-**	**-**	**-**	**-**	**-**	**102 459 986**	**-**	**5 636 769**	**-**	**-**	**-**	**2 500 422**	**-**	**-**

** 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

ANNUAL REPORT SHAREHOLDER ANALYSIS

Company: WG Wearne Limited
Register date: 29 February 2012
Issued Share Capital: 276,393,213

SHAREHOLDER SPREAD	No of Shareholdings	%	No of Shares	%
1 - 1 000 shares	223	12.64	141,507	0.05
1 001- 10 000 shares	846	47.96	3,927,956	1.42
10 001- 100 000 shares	564	31.97	19,445,172	7.04
100 001- 1 000 000 shares	103	5.84	28,659,943	10.37
1 000 001 shares and over	28	1.59	224,218,635	81.12
Totals	**1,764**	**100.00**	**276,393,213**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
Banks	1	0.06	542,340	0.20
Close Corporations	43	2.44	3,178,113	1.15
Empowerment	6	0.34	12,500,000	4.52
Endowment Funds	11	0.62	18,216	0.01
Individuals	1,538	87.19	84,759,757	30.67
Insurance Companies	2	0.11	58,220	0.02
Investment Companies	2	0.11	153,541	0.06
Mutual Funds	1	0.06	509	0.00
Nominees & Trusts	93	5.27	65,173,933	23.58
Other Corporations	11	0.62	347,070	0.13
Private Companies	52	2.95	64,279,482	23.26
Public Companies	1	0.06	500,000	0.18
Retirement Funds	1	0.06	67,800	0.02
Share Trust	1	0.06	3,355,250	1.21
Government	1	0.06	41,458,982	15.00
Totals	**1,764**	**100.00**	**276,393,213**	**100.00**

PUBLIC / NON - PUBLIC SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
Non - Public Shareholders	6	0.34	155,651,048	56.32
Directors and Associates of the Company holdings	2	0.11	19,788,867	7.16
Strategic Holdings	3	0.17	132,506,931	47.94
Share Trust	1	0.06	3,355,250	1.21
Public Shareholders	1,758	99.66	120,742,165	43.68
Totals	**1,764**	**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	19,741,867	7.14
Wearne, JC	12,107,867	4.38
Totals	**164,356,665**	**59.46**

NOTICE OF ANNUAL GENERAL MEETING

WG WEARNE LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1994/005983/06)
JSE code: WEA
ISIN: ZA000078002
("Wearne" or "the Company")

Notice is hereby given that the annual general meeting of the shareholders WG Wearne Limited ("the company") will be held at **STONEMILL OFFICE PARK, 3 KIEPERSOL HOUSE, 300 ACACIA ROAD, CRESTA, RANDBURG, on WEDNESDAY, 19 SEPTEMBER 2012 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 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.

PRESENTATION OF ANNUAL 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 29 February 2012 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 1.3: 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. The directors retiring, all of whom being eligible offer themselves for re-election, are:

- Mr MM Patel
- Mr WP van der Merwe
- Mr JJ Bierman

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 WP van der Merwe
- Mr MM Patel

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 Zak 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 annual general meeting, 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 Memorandum of Incorporation 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 annual general meeting 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 earnings per share and if applicable, diluted earnings and diluted headline earnings per share, be published after any issue representing, on a 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 issued 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 on page 15 of the integrated 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 Memorandum of Incorporation (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 annual general meeting, 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) of the initial number of ordinary shares, and for each 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 s4 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 annual general meeting 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 2012 to 28 February 2013; 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 meeting)	Existing fee in R 2011	Proposed fee in R 2012
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 Memorandum of Incorporation 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 annual general meeting of the company."

Special Resolution 4: Approval of the new Memorandum of Incorporation

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 existing Memorandum of Incorporation (formerly the company's memorandum and articles of association) be and is hereby abrogated in its entirety and replaced with a new Memorandum of Incorporation, a draft of which has been tabled at the annual general meeting at which this resolution was tabled for approval and initialled by the Chairman of the said meeting for purposes of identification, with effect from the date of filing thereof at the Companies and Intellectual Property Commission."

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 annual general meeting at which this ordinary resolution will be considered and approved at such meeting.

ADDITIONAL INFORMATION

The following additional information, some of which may appear elsewhere in the integrated annual report, is provided in terms of the JSE Listings Requirements for purposes of the general authority to repurchase the company's shares set out in special resolution number 1 above :

- directors and management – page 9;
- major shareholders – page 80;
- directors' interests in ordinary shares – page 35;
- share capital of the company – page 63;
- Material change – there were no material changes in the Annual Financial Report; and
- Responsibility statement – page 31.

LITIGATION STATEMENT

The directors in office whose names appear on page 9 of the integrated annual report, are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have, or have had, in the recent past, being at least the previous 12 (twelve) months from the date of this integrated annual report, a material effect on the Group's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors in office, whose names appear on page 9 of the integrated annual report, 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 facts 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 integrated 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 integrated 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 annual general meeting by way of electronic participation, such shareholder shall 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 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 Act 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 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.

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, 10 August 2012**; 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, 14 September 2012**.

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 Annual General Meeting as required in terms of section 63(1) of the Act of 2008. Forms of identification that will be accepted include original and valid identity documents, driver's 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

ELIZE GREEFF
For: iThemba Governance and Statutory Solutions (Pty) Limited
Company Secretary
Cresta
31 July 2012

ANNUAL GENERAL MEETING – EXPLANATORY NOTES

Presentation of annual financial statements

At the Annual General Meeting, the directors must present the annual financial statements for the year ended 29 February 2012 to shareholders, together with the reports of the directors, the audit and Risk Committee and the auditors. These are contained within the integrated annual report.

Ordinary Resolutions 1.1 to 1.3 – Rotation of directors

In accordance with the company's Memorandum of Incorporation, one third of the 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 similarly required to retire and is eligible for re-election at the next Annual General Meeting.

The following Directors are eligible for re-election:

- Mr MM Patel
- Mr WP van der Merwe
- Mr JJ Bierman

Brief biographical details of each of the above directors and the remaining members of the Board are contained on page 9 of the integrated report of which this notice forms part.

Ordinary Resolutions 2.1 to 2.3 – Appointment of Audit Committee

In terms of section 94(2) of the Act, a public company must at each annual general meeting 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 to the 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 and Risk Committee meet all relevant requirements.

Ordinary Resolution 3 – Re-appointment of Auditors

Grant Thornton, and the individually registered auditor, Mr Zak Sadek, have indicated there 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 2012. S90(3) of the Act requires the designated auditor to meet the criteria as set out in s90(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 Resolutions 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 memorandum of incorporation or in instances as listed in section 41 of the Act. The JSE requires that the memorandum of incorporation 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 29 February 2012.

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 Annual General Meeting 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 Annual General Meeting 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 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. Proposed fees for the 2012 financial years 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 memorandum of incorporation. 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.

Special resolution 4 - Approval of a new Memorandum of Incorporation

The notice of the annual general meeting as contained in this integrated report includes a special resolution for the approval of a new Memorandum of Incorporation for the company by shareholders.

A copy of the complete Memorandum of Incorporation is available for inspection at the company's registered office, at Stonemill Office Park, 3 Kiepersol House, 300 Acacia Road, Cresta, Randburg from the date of the notice of the annual general meeting (i.e. Friday, 10 August, 2012) until Wednesday, 19 September 2012, the date of the annual general meeting.

The Act abolishes the distinction between the memorandum of association and the articles of association and provides that there will only be one constitutional document for a company, namely the memorandum of incorporation ("MOI"). The company proposes to adopt a new MOI, in substitution for its memorandum of association and the articles of association which in the course of law became its MOI, upon the advent of the Companies Act, 71 of 2008, but is required to be brought in harmony with the Act and changes to the JSE Listings Requirements.

Salient features of the Memorandum of Incorporation

The salient features of the Memorandum of Incorporation are set out below. Any reference to "the Act" means the Companies Act, 71 of 2008.

Unissued securities

Unissued equity securities shall be offered to existing shareholders, pro rata to their shareholdings, unless such securities are to be issued for an acquisition of assets. However, the shareholders in 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 deem fit, provided that such corporate action(s) has/have been approved by the JSE and are subject to the JSE Listings Requirements.

Transferability of securities and transfer of securities

(a) Securities for which listing is sought must be fully paid up and freely transferable, unless otherwise required by statute.
(b) All authorities to sign transfer deeds granted by holders of securities for the purpose of transferring securities that may be lodged, produced or exhibited with or to the company at any of its transfer offices shall, as between the company and the grantor of such authorities, be taken and deemed to continue and remain in full force and effect, and the company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the company's transfer offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notices, the company shall be entitled to give effect to any instruments signed under the authority to sign, and certified by any officer of the company, as being in order before the giving and lodging of such notice.

Ratification of ultra vires acts

The proposal of any resolution to shareholders in terms of Sections 20(2) and 20(6) of the Act is prohibited in the event that such a resolution would lead to the ratification of an Act that is contrary to the JSE Listings Requirements; unless otherwise agreed with the JSE.

Rules

The directors' power to make, amend or appeal rules as contemplated in Section 15(3) of the Act is prohibited.

Preferences, rights, limitations and other share terms

(a) Securities in each class for which listing is applied rank pari passu in respect of all rights.
(b) In the event of voting by poll, every holder of an ordinary share has one vote in respect of each share that he holds.
(c) The holders of securities, other than ordinary shares and any special shares created for the purposes of black economic empowerment in terms of the BEE Act and BEE Codes, are not entitled to vote on any resolution taken by the company, save for as permitted by the JSE Listings Requirements. In instances that such shareholders are permitted to vote at general/annual general meetings, their votes do not carry any special rights or privileges and they are entitled to one vote for each share that they hold, provided that their total voting right at such a general/annual general meeting may not exceed 24,99% of the total voting rights of all shareholders at such meeting.
(d) Any amendment to the MOI must be approved by a special resolution of ordinary shareholders, save where such an amendment is ordered by a court in terms of Sections 16(1)(a) and 16(4) of the Act.
(e) If any amendment relates to the variation of any preferences, rights, limitations and other terms attaching to any other class of shares already in issue, that amendment will not be implemented without a special resolution, taken by the holders of shares in that class at a separate meeting. In such instances, the holders of such shares will be allowed to vote at the meeting of ordinary shareholders subject to the JSE Listings Requirements. No resolution of shareholders of the company shall be proposed or passed, unless a special resolution, of the holders of the shares in that class, have approved the amendment.
(f) Preferences, rights, limitations or other terms of any class of shares of a listed company must not be varied and no resolution may be proposed to shareholders for rights to include such variation in response to any objectively ascertainable external fact or facts as provided for in Sections 37(6) and 37(7) of the Act.

Capitalisation issues

Any capitalisation issue by the company shall at least be subject to the fulfilment of the requirements set out in Section 47 of the Act.

Scrip dividend and cash dividend elections

The grant of the right of election is not prohibited.

Payments to securities holders

Payments to securities holders are provided for in accordance with the JSE Listings Requirements and capital shall not be repaid upon the basis that it may be called up again.

Other corporate actions

The following corporate actions are provided for, in accordance with the JSE Listings Requirements:

(a) Issue of shares for cash and options and convertible securities granted/issued for cash;
(b) Repurchase of securities;
(c) Alteration of share capital, authorised shares and rights attaching to a class/es of shares.

Debt instruments

The granting of special privileges to holders of debt instruments, such as attending and voting at general meetings and the appointment of directors, are prohibited.

Resolutions and meetings

(a) Notice periods are as provided for in section 62(1) of the Act. The passing of a special resolution is subject to the approval of at least 75 % of the votes cast by all equity securities holders present in person, or represented by proxy, at the general meeting/annual general meeting convened to approve such resolution.
(b) All shareholder meetings convened in terms of the JSE Listings Requirements shall be held "in person" and not by means of a written resolution as is contemplated in section 60 of the Act.
(c) There is no prohibition or restriction on the company from calling any meeting for the purposes of adhering to the JSE Listings Requirements.
(d) Notices of general/annual general meetings are to be delivered to each shareholder entitled to vote at such meeting and who has elected to receive such documents.
(e) Provision is made for delivering notices of meetings to the JSE at the same time as notices are sent to shareholders and must also be announced through SENS.
(f) The quorum at a general meeting is at least three shareholders entitled to attend and vote thereat. In addition, the quorum requirements provided for in Section 64(1) of the Act will be 25% in respect of the meeting. Once a quorum has been established, all the shareholders of the quorum must be present at the meeting to hear any matter that must be considered at the meeting.

Lien upon securities

The company has no power to claim a lien on securities.

Commission

The company may not pay commission exceeding 10% to any person in consideration for their subscribing or agreeing to subscribe, whether absolutely or conditionally, for any securities of the company.

Record date

The record date for all transactions is as set out in the JSE Listings Requirements.

Directors

(a) The minimum number of directors is four.
(b) The Board may appoint directors as an addition to the Board or to fill a casual vacancy.
(c) The appointment of all directors is subject to shareholder approval at any general/annual general meeting. Provision is made for the appointment of alternate directors.

(d) Should the number of directors fall below the minimum provided in the MOI, the remaining directors must, as soon as possible, and, in any event, not later than three months from the date that the number of directors falls below the minimum, fill the vacancies or call a general meeting for the purpose of filling the vacancies. A failure by the company to have the minimum number of directors during the three-month period does not limit or negate the authority of the Board of Directors or invalidate anything done by the Board of Directors or the company. After the expiry of the three-month period, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.
(e) A director may be employed in any other capacity in the company or as a director or employee of a company controlled by, or itself a major subsidiary of, the company and, in such event, his appointment and remuneration in respect of such other office shall be determined by a disinterested quorum of directors.
(f) The directors may be paid all their travelling and other expenses, properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the directors or of committees thereof; and, if any director is required to perform extra services, to reside abroad or be specifically occupied about the company's business, he may be entitled to receive such remuneration as is determined by a disinterested quorum of directors, which may be either in addition to or in substitution for any other remuneration payable.
(g) At least one third of non-executive directors must retire at the company's annual general meeting (or other general meeting held on an annual basis), provided the meeting is not conducted in terms of section 60 of the Act. These retiring members of the Board of Directors may be re-elected, provided they are eligible. The Board of Directors, through the nomination committee, should recommend eligibility, taking into account past performance and contribution made.
(h) The notice period to be allowed before the date of a general meeting/ annual general meeting convened for the nomination of a new director must be such as to give sufficient time, after the receipt of the notice, for nominations to reach the company's office from any part of the Republic of South Africa. Directors may be elected at a general meeting, provided the meeting is not conducted in terms of section 60 of the Act.
(i) The directors shall be entitled to elect a chairman, deputy chairman and/or any vice chairman and to determine the period for which they, respectively, shall hold office. Where the quorum of directors is two, the chairman shall not be permitted to have a casting vote if only two directors are present at a meeting of directors.
(j) A decision that could be voted on at a meeting of the Board of Directors of a company may, instead, be adopted by written consent of a majority of the directors, given in person or by electronic communication, provided that each director has received notice of the matter to be decided. Such resolution, inserted in the minute book, shall be as valid and effective as if it had been passed at a meeting of directors. Any such resolution may consist of several documents and shall be deemed to have been passed on the date on which it was signed by the last director who signed it (unless a statement to the contrary is made in that resolution).
(k) Life directorships and directorships for an indefinite period are not permissible.

Dividends

(a) The directors may declare dividends.
(b) Dividends are to be payable to shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is the later.
(c) The company must hold all monies due to shareholders in trust indefinitely, but subject to the laws of prescription. Notwithstanding the afore-going, unclaimed dividends may be forfeited for the benefit of the company after a period of three years if so resolved by the Board.

Annual financial statements

A copy of the annual financial statements must be distributed to shareholders at least 15 business days before the date of the annual general meeting at which they will be considered.

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 annual general meeting 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.

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 (Pty) 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
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 (Pty) 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

FORM OF PROXY

WG WEARNE LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1994/005983/06)
JSE code: WEA
ISIN: ZA000078002
("Wearne" or "the Company")

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 annual general meeting of the company to be held Wednesday, 19 September 2012 at 10h00, at the at 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 annual general meeting, as my/our proxy to attend, speak and, on a poll, vote on my/our behalf at the abovementioned annual general meeting 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 memorandum of incorporation			
1.1 Mr MM Patel			
1.2 Mr WP van der Merwe			
1.3 Mr JJ Bierman			
2. Ordinary Resolution 2: To elect the members of the Audit Committee			
2.1 Mr GM Salanje			
2.2 Mr WP van der Merwe			
2.3 Mr MM Patel			
3. Ordinary Resolution 3: To re-appoint auditors			
4. Ordinary Resolution 4: To authorise directors to allot and issue unissued ordinary shares			
5. Ordinary Resolution 5: To authorise directors to allot and issue ordinary shares for cash			
6. Ordinary Resolution 6: To approve remuneration philosophy by way of a non-binding, advisory vote			
7. Special Resolution 1: To authorise directors to repurchase company shares			
8. Special Resolution 2: To approve directors' remuneration			
9. Special Resolution 3: To approve financial assistance to related and inter-related companies			
10. Special resolution 4: To approve the new Memorandum of Incorporation			
11. Ordinary Resolution 7: To provide signing authority			

Signed at ______________ this ______________ day of ______________ 2012

Name ______________________________

Signature ______________________________

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

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 Wednesday, 12 September 2012 or if not so received by Monday, 17 September 2012, 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 initialed. 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 initialed 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 memorandum of incorporation 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.

Transfer Secretaries
Computershare Investor Services (Pty) Limited
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