WG Wearne Limited
(Registration number 1994/005983/06)
Separate and Consolidated Annual Financial Statements
for the year ended 28 February 2017

These separate and consolidated annual financial statements were prepared by:
A Goodburn of WG Wearne Limited under the supervision of JJ Bierman, CFO.

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

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

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

This report is provided by the audit committee appointed in respect of the 2017 financial year of WG Wearne Limited.

1. Members of the Audit Committee

The members of the audit committee are all independent non-executive directors of the group and include:

Name	**Qualification**
MM Patel	Bcom (Hons) CA(SA)
TS Chauke	B.Admin, PDM, MBA
WP van der Merwe	Bcom (Hons) CA(SA)

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 and Regulation 42 of the Companies Regulation, 2011.

Mr WP van der Merwe continued in his appointment as Audit Committee chairman.

The Audit Committee comprises a further two independent non-executive directors Mr TS Chauke and Mr MM Patel.

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

2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

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

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

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

In terms of the Companies Act and the JSE Listings Requirements the Audit Committee has considered and satisfied itself of the appropriateness of the expertise and experience of the CFO, Mr JJ Bierman.

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

The members of the Audit Committee received and reviewed the JSE's Reports on proactive monitoring of financial statements issued on 11 February 2016 ("the 2015 report") as well as the latest report issued on 13 February 2017 ("the 2016 report").

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

3. External auditor

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act 71 of 2008 that internal governance processes within the firm support and demonstrate the claim to independence.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

4. Separate and Consolidated Annual Financial Statements

Following the review of the separate and consolidated annual financial statements the audit committee recommend board approval thereof.

5. Internal financial control

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

The Audit Committee recommended the annual financial statements for the year ended 28 February 2017, for approval to the board. The board has subsequently approved the annual financial statements which will be open for discussion at the forthcoming annual general meeting. The Audit Committee is satisfied that appropriate risk management processes are in place and has obtained combined assurance given by the external auditors and management.

On behalf of the audit committee

WP van der Merwe
Chairman Audit Committee

Directors' Responsibilities and Approval

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

The separate and consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards, the Companies Act and JSE requirements 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 of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the separate and consolidated annual 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 31 August 2018 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's separate and consolidated financial statements. The separate and consolidated financial statements have been examined by the group's external auditors and their report is presented on pages 6 - 9 .

The separate and consolidated financial statements set out on pages 18 - 75, which have been prepared on the going concern basis, were approved by the board of directors on 04 October 2017 and were signed on their behalf by:

Approval of financial statements

SJ Wearne	4 October 2017 Date
JJ Bierman	4 October 2017 Date

Certification by Company Secretary

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

Lindsay

Claire Lindsay
On behalf of: iThemba Governance & Statutory Solutions (Pty) Ltd
Company Secretary
28 September 2017

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

Report on the financial statements

Opinion

We have audited the consolidated and separate financial statements of WG Wearne Limited and its subsidiaries (the Group) set out on pages 18 to 74, which comprise the statements of financial position as at 28 February 2017, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 28 February 2017, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 39 in the consolidated and separate financial statements which indicates that the group incurred a loss from continuing operations of R28.8 million during the year ended 28 February 2017. Note 39 furthermore states that the group's ability to fund its short-term liquidity requirements is dependent on the continued financial support of all funders, the successful conclusion of final agreements, and timeous draw downs, on the "Milost" facility obtained from a Private equity firm from the United States of America, the successful implementation of overhead reduction measures implemented by the board, receiving the contractual retention from a major client as expected and return to profitable trading. These conditions, along with other matters as set forth in Note 39, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty related to Going Concern section, we have determined the matters below to be key audit matters to be communicated in our report. The following key audit matters relate to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements.

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Key audit matters (KAM)	How our audit addressed the KAM
Property, plant and equipment (PPE) The carrying value of Plant and Machinery comprising 33% of the total value of PPE (2016: 30%) is determined using the revaluation model. The carrying value of Plant and Machinery comprising 33% of the total value of PPE (2016: 30%) is determined using the revaluation model. During the current year, the group has accounted for a gain of R19 million in the carrying value of Plant and machinery based on an independent, external valuation. Significant judgement is required in determining the value of Plant and Machinery and due to the significance of the balance to the financial statements as a whole, we have determined that this is a Key Audit Matter	**Our procedures included:** Management engaged independent, qualified, evaluators of Plant and Equipment to assess and quantify the value of Plant and Machinery, which we relied on during the course of our audit. We considered the objectivity, independence and expertise of the appraiser. Our procedures included amongst others: • Inspecting the appraiser's valuation report for a statement of independence and compliance with valuation standards such as the RICS Valuation Standards "Sixth Edition "Royal Institute of Chartered Surveyors. • Confirming the appraiser's affiliation with the relevant professional body, being the Royal Institute of Chartered Surveyors. • Assessing the appropriateness of the valuation methodology and assumptions which included: o Physical inspection of all items valued, including inspection that assets were installed and operating on site. o Assuming that all plant will continue to operate at the existing premises for the estimated remaining economic life of the assets o Market value (Going Concern Value) established by obtaining comparable information from local publications, reputable dealers of equipment, taking age, obsolescence, condition as well as past and present maintenance policies into account. o The impact of the lack of maintenance as well as the fact that the assets are operating below production capacity has been considered in determining the value assigned. • We assessed the appropriateness of the accounting treatment relating to the re-valuations and the presentation and disclosure as included in the financial statements, note 3.
Deferred tax assets related to assessed losses The Group has recognised a deferred tax asset of R1.85 million relating to estimated losses within Ready-mix as disclosed in note 8. In order to recognise the deferred tax asset, management has made estimates based on various assumptions in relation to the future taxable income of the entity. This includes appropriate tax planning strategies within the ambit of the current tax legislation, which has resulted in management concluding on the recoverability of the tax asset. Accordingly, the assessments of the recoverability of the deferred tax asset is considered to be a KAM.	**Our procedures included:** • Evaluating the assessments performed by management with regard to future taxable income and the resulting realisation of the deferred tax asset relating to tax losses, by comparing their assessment to evidence obtained, such as approved budgets and cash flow forecasts. • The budgets and cash flow forecasts relate primarily to Wearne Ready Mix Concrete and a contract with a significant customer. The stage of completion and future deliveries of product have been compared to the contractual volumes available for supply in the future.

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Other Information
The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements
The directors are responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Grant Thornton Johannesburg Partnership has been the auditor of the Group for nine years.

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified reportable irregularities in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors.

The matter pertaining to the reportable irregularities has been described in point 13 in the Directors report to the financial statements.

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GRANT THORNTON JOHANNESBURG
Registered Auditors
Practice Number: 903485E

RM Huiskamp
Registered Auditor
Chartered Accountant (SA)

04 October 2017

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

The directors have pleasure in submitting their report on the consolidated annual financial statements of WG Wearne Limited and the group for the year ended 28 February 2017.

1. Nature of business

WG Wearne Limited is an investment entity incorporated in South Africa with interests in the mining, manufacturing, marketing and transport of crushed stone, sand, and ready-mixed concrete in the Gauteng, North West, Limpopo and Kwazulu-Natal Provinces, all of which are in the Republic of South Africa. Contracting services are also offered throughout the country.

There have been no material changes to the nature of the group's business from the prior year.

2. Group Structure

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

3. Share capital

In terms of the resolution passed at the annual general meeting, and valid until the next annual general meeting, the company authorised the directors, subject to the regulations of the JSE, to:

- repurchase shares in the company, by special resolution and
- allot and issue for cash any shares in the company, limited to 50% of the company`s issued capital, by ordinary resolution.

An analysis of the company`s shareholders is provided in Annexure B of the integrated annual report. At 28 February 2017 there were 1250 public shareholders in the company, who held 43.18% of the ordinary shares.

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

As far as the company is aware, at 28 February 2017, the following represent shareholders who hold an interest of 5% or more in the company:

Shareholder	Perentage held
Samant Trust *	17.94%
Industrial Development Corportion (IDC)	15.00%
Richtrau No 329 Proprietary Limited	15.00%
SJ Wearne (Director)	7.66%

* SJ Wearne is a beneficiary of the Samant Trust.
Beneficiaries of the Samant Trust hold 49 588 967 shares in the company.

4. Dividends

No dividends have been declared in the period.

5. Directorate

The directors in office at the date of this report are as follows:

Directors	Designation	Changes
JJ Bierman	Executive	Appointed 24 January 2017
MC Milazi	Executive	Resigned 31 December 2016
MM Patel	Non-executive Independent	
SJ Wearne	Executive	
TS Chauke	Non-executive Independent	Appointed 22 March 2017
WP van der Merwe	Non-executive Independent	
MC Khwinana	Non-executive	Passed Away December 2016

6. Directors' interests in shares

As at 28 February 2017, the directors of the company held direct and indirect beneficial interests in its issued ordinary shares, as set out below.

Interests in shares

Directors	2017 Indirect	2016 Indirect
SJ Wearne * - Executive	21,180,400	21,180,400
WP van der Merwe - Non-executive	3,400,000	3,400,000
	24,580,400	**24,580,400**

The shares listed above were all beneficially held.

* SJ Wearne is also a beneficiary of the Samant Trust.
Beneficiaries of the Samant Trust hold 49 588 967 shares in the company

Since year end SJ Wearne has acquired an additional 1,000,000 shares on 7 August 2017, no other changes have occurred in director shareholding since year end up until the date of this report.

7. Directors' and officers' interests in contracts

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

8. Property, plant and equipment

The directors have critically reviewed the fixed asset requirements of the Group as well as the carrying values. As a result of this, non-essential and surplus-to-requirement fixed assets have been sold. Where carrying values were higher than the recoverable amount, these assets have been appropriately impaired. The revaluation for the year ended on 28 February 2017 relating to the Ready-Mix Batch Plants, Aggregate Crushing and Screening Plants and Mobile Equipment was concluded by an independent appraiser on 30 April 2017 and is considered appropriate for the year ended 28 February 2017. The valuators derived their opinion based on the Market Value (Going Concern) of the relevant assets by contacting dealers of equipment, where possible, in order to obtain comparable prices. These values were then adjusted according to age, obsolescence and condition, with past and present maintenance policies all taken into consideration when the valuation was prepared. The general consensus was that the Aggregate and Ready Mix market appears to be affected by the current volatile economy. All plants appeared to be operating well under their production capacity. There is evidence of continuous breakdowns which affects the overall production. There was little evidence of continued maintenance which is a critical factor to be considered when reviewing the continued use and economic life of the plants. The method of valuation was the going concern method. The valuator`s report showed a going concern value amount of R 80,9 million which was considered reasonable for the productive assets and equipment.

9. Remuneration of directors

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

10. Going concern

The Group incurred a loss from continuing operations for the 2017 financial period of R28.8 million (2016: R18.5 million). At year end the Group's Current liabilities of R270 million (2016: R196 million) exceed current assets of R70 million (2016: R76 million) by R200 million (2016: R120 million). This highlights a material uncertainty casting significant doubt regarding the Group's ability to continue as a going concern.

The Group is currently technically solvent with a net asset value of R10 million (2016: R42 million). At year end the IDC loans in the amount of R68.75 million as well as Nedbank loans of R9.2 million were reclassified as Current. These long term liabilities were reclassified from Non-Current to Current in compliance with the International Financial Reporting Standards (IAS 1) which requires an entity to classify a liability as current when the entity is in breach of a provision of a loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach.

Despite these breaches the Group still enjoys the support of both the IDC and Nedbank. Neither has condoned the breaches and have reserved their rights. Also included in Current Liabilities is an amount of R40 million due to SARS. The group has entered into a repayment agreement with SARS but the agreement was only finalized and signed subsequent to year end. This resulted in the majority portion (R36.4 million) only becoming long term after the financial year end, subject to current and deferred payments remaining up to date.

The Group still generated cash flows from operating activities of R24 million (2016: 62 million) and R5,6 million (2016: R6.5 million) from discontinued operations. The Group continued to maintain its strict cash flow management policy, however due to cash flow pressures delays were encountered in meeting working capital obligations. Cash flow management still remains key in this challenging period.

Although the Group experienced a positive first quarter of the new financial year the slowdown in the economy in the second quarter resulted in a significant decrease in revenue compared to the first quarter. This had a negative impact on the Group's cash flow resulting in the Group not being able to meet some of its obligations as it became due. Repayments on the ABSA term loan were 3 months in arrears and ABSA issued a letter instructing the group to rectify the situation within 10 working days failing which ABSA will end the agreement rendering all amounts payable. The last of these arrear payments were made in September 2017, but the group remains in arrears with the September payment. ABSA have therefor not condoned the breach The decrease in cash flow from operations also resulted in the group currently being in arrears with its VAT and PAYE obligations as well as the Pension/Provident Fund contributions.

The IDC loan repayment arrears are in excess of R 30 million at the end of September 2017. The IDC's Workout & Restructuring Team is currently considering recommending further restructuring of the existing facilities on condition that we commit to a payment arrangement still to be agreed upon. The IDC has not taken a decision to terminate the facilities but in the absence of a formal (revised) restructuring agreement between the IDC and WG Wearne, the IDC's rights in terms of the loan agreements are reserved. Forecasted repayments to the IDC for the period March 2018 to Aug 2018 are expected to be R 3 million instead of the current contractual R12 million. Management meets with all its funders on a quarterly basis and all funders are aware of the Group's current position.

The Dankocom Solar Project in Upington contributed significantly to the group's revenue for the year but unfortunately it ties up a significant amount in retentions being R10 million at the end of September 2017 and R12.6 million by the end of February 2018. We are forecasting that the project will finish by February 2018 at which point the R12.6 million will become due.

The group has also entered into a joint venture agreement with Right Gold Machinery (Pty) Ltd in July 2017. Right Gold will be constructing a new crushing plant which will double the current production capacity and allow the operation to take full advantage of the growth in the market in Kwa-Zulu Natal.

While management are aware of the cash-flow pressures and significant liquidity uncertainty at year-end, they continue to assess the situation as one whereby the group is able to service its debts that will become due in the next 12 months and also fund operational losses that may arise. Management has developed and implemented a re-structuring plan in 2016 and will continue rolling out the plan. The first phase of the re-structuring process was implemented with the sale of the Bethlehem operations and the Precast Division during this financial year. Subsequent to year end the sale of the Brandvlei sand quarry was also concluded. This sale will result in a reduction in the ABSA Term Loan installments of R200 000 per month.

In addition to the re-structuring plan, management continues to review all aspects of the business in order to ensure that resources are being utilised effectively. This ensures that all cost areas are closely monitored in order to reduce expenditure and relieve cash reserves for the Group's working capital.

The board has initiated the following cost cutting processes:

- Reduction in Employment Costs of R500 000 per month, this should be fully implemented by November 2017.
- Restructuring the sand supply chain for the Ready Mixed Concrete business which will result in a R200 000 a month reduction in Raw Material Cost and a further R100 000 a month saving in Transport Costs. This has been implemented from September 2017.
- The relocation of the Group's Head Office to Randfontein which will result in a R100 000 a month saving. The Head office will be relocated by December 2017.

- Reduction in vehicle rental of R100 000 a month by reducing the LDV fleet from November 2017.
- With the closure of the Mobile Crushing Division non-core mobile crushing equipment will also be sold. This should result in an inflow of R2 million.

The Group has signed a funding commitment letter with Milost Global Inc ("Milost") on 21 September 2017 for equity and debt funding of up to R300 000 000, in terms of which Milost will, subject to certain terms and conditions:

- invest R50 million in Wearne for the subscription of ordinary shares in Wearne; and
- lend and advance R250 million in convertible notes.

Up until the 27th September 2017 Milost has acquired 3 428 130 shares on the open market to indicate their support and commitment. Final agreements still need to be concluded before funds will flow. Management expects that the agreements will be concluded by the middle of October 2017. Funds are expected to flow within 14 days after the agreements have been concluded. The Group may at any stage issue a draw down notice but the equity tranches may not exceed R5 million. There are no set limits between drawdowns. The equity drawdown is priced at the 5 day VWAP of the Group's shares as traded on the JSE on the business day preceding the drawdown notice plus a 275% premium on each equity draw down.

The directors have considered the operational budget and cash flow forecasts for the ensuing year which are based on the current expected economic and market conditions. The board has adopted the going concern basis in the preparation of the annual financial statements subject to the following material uncertainties casting significant doubt about the Group's ability to continue as a going concern:

1. The continued support from al of the Group's funders;
2. The successful conclusion of final agreements and the timeous drawdowns on the Milost Facility;
3. Receiving the contractual retention from Dankocom in February or March 2018; and
4. The successful implementation of the overhead reduction measures implemented by the board.

In the event of the Milost projected draw downs not materialising the board has resolved to consider business rescue proceedings in the best interest of all stakeholders.

Refer to note 39 to the financial statements for more details.

11. Accounting policies

Detailed accounting policies are set out on pages 23 to 32 of the annual financial statements.

12. Events after the reporting period

Although the first quarter of the new financial year were positive with the Group showing positive results the slowdown in the economy in the second quarter has resulted in a significant decrease in sales. This in turn had a negative impact on the Group's cash flow has resulted in the Group not being able to meet some of its obligations as it became due.

Repayments on the ABSA term loan were 3 months in arrears and ABSA issued a letter instructing the group to rectify the situation within 10 working days, failing which ABSA will end the agreement rendering all amounts payable. ABSA has not condoned the breaches to date, the last of these arrear payments were made in September 2017, but the group remains in arrears with the September 2017 payment. The majority of the arrears have been paid with the last payment made at the end of September 2017.

Due to a significant decrease in cash from operations in the second quarter the Group were unable to meet its VAT and PAYE obligations as well as the Pension/Provident Fund contributions. The Group has however paid the R300 000 as per the Deferment Agreement with SARS.

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- invest R50 million in Wearne for the subscription of ordinary shares in Wearne; and
- lend and advance R250 million in convertible notes.

The first tranche of Ordinary Share drawdowns in the amount of R5 million is expected in October 2017. This will be used to settle the VAT, PAYE and Pension/Provident Fund arrears.

The group has also entered into a joint venture agreement with Right Gold Machinery (Pty) Ltd in July 2017. Right Gold will be constructing a new crushing plant which will double the current production capacity and allow the operation to take full advantage of the growth in the market in Kwa-Zulu Natal.

13. Reportable irregularities

In terms of the Auditing Profession Act, No. 26 of 2005, section 45 – Duty to report on irregularities, the following irregularities occurred and have been reported to the Independent regulatory Board for Auditors (IRBA) on 12th September 2017:

Contravention of Section 30.3(c) of the Companies Act

Each year a company and its subsidiaries must prepare annual financial statements, be approved by the Board and signed by an authorised director, within six months after the end of its financial year, or such shorter period as may be appropriate to provide the required notice of an annual general meeting in terms of section 61(7). Annual financial statements for the year ended 28 February 2017 have been prepared for the group, but not approved by the Board and signed by an authorized director.

Contraventions of the VAT and PAYE Acts have taken place:

On 19 June 2017 the Group entered into "Instalment Payment Agreements" with SARS regarding the repayment of outstanding VAT and PAYE liabilities. Whilst the Instalment Payment Agreements have been adhered to, current VAT and PAYE amounts due for the months of June 2017 and July 2017 have not been paid. The Instalment Payment Agreement states that the agreement may be terminated or modified if any additional tax liabilities are not paid on the respective due dates.

Contravention of the Pension / Provident Fund Act

The Group has not paid over the pension / provident fund amounts deducted from employees' salaries for the months June, July and August 2017 to the relevant Pension / Provident funds.

These Reportable Irregularities are currently continuing with a further month's payments to SARS and the Pension funds outstanding

14. Auditors

Grant Thornton Johannesburg Partnership continued in office as auditors for the company and its subsidiaries for 2017.

15. Secretary

The company secretary is iThemba Governance and Statutory Solutions Proprietary Limited.

16. Review of financial results and activities

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 basic headline loss per share of 16.89 cents (2016: 6.95 cents) and basic and diluted loss from continuing and discontinued operations of 10.22 cents (2016: 6.52 cents). The net asset value per share decreased to 3.68 cents (2016: 15.47 cents).

17. Acquisitions and disposals

As part of the re-structuring plan developed in the previous financial year the Precast Division (concrete manufactured products segment) was identified as non-core to the operations of the Group and the transaction was the Group's first step to divest of its non-core assets.

A consideration of R 20 million for Plant and Equipment was received from the sale. In addition, raw materials and finished goods were disposed of at the lower of cost or net realisable value on 60 day terms after the deduction of advanced payments were received up to the effective date. All other assets and all the liabilities were excluded from the transaction.

The Bethlehem quarry and ancillary businesses were also sold during the financial year to the Afrimat Group as part of the restructuring plan.

The board also made a decision prior to year end 28 February 2017 to dispose of the Brandvlei Quarry as a going concern which was announced on SENS on 04 April 2017. Brandvlei's assets and liabilities were reclassified as a disposal group held for sale in the statement of financial position. The property, plant and equipment of Brandvlei were revalued to their fair value less costs to sell of R7.8 million.

18. Borrowing powers

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

19. Acknowledgements

Thanks and appreciation are extended to all of our shareholders, staff, suppliers and consumers for their continued support of the group.

Statement of Financial Position as at 28 February 2017

		Group		Company	
	Note(s)	2017 R '000	2016 R '000	2017 R '000	2016 R '000
Assets					
NON-CURRENT ASSETS					
Property, plant and equipment	3	250,524	294,426	184,685	217,190
Investments in subsidiaries	4	-	-	2	2
Trade and other receivables	10	4,395	-	4,395	-
Other financial assets	5	6,366	6,167	-	-
Deferred tax	8	1,851	4,851	-	-
		263,136	**305,444**	**189,082**	**217,192**
CURRENT ASSETS					
Inventories	9	17,967	27,642	856	1,143
Trade and other receivables	10	51,684	48,195	22,074	10,509
Cash and cash equivalents	11	640	633	146	14
		70,291	**76,470**	**23,076**	**11,666**
Non-current assets held for sale and assets of disposal groups	12	7,877	21,291	6,642	-
Total Assets		**341,304**	**403,205**	**218,800**	**228,858**
Equity and Liabilities					
Equity					
Share capital	13	178,357	178,357	181,837	181,837
Reserves	14	1,567	1,392	-	-
Revaluation reserves	14	52,006	57,325	42,977	53,069
Accumulated loss		(221,881)	(194,842)	(193,569)	(186,267)
		10,049	**42,232**	**31,245**	**48,639**
Liabilities					
NON-CURRENT LIABILITIES					
Other financial liabilities	15	43,741	129,950	35,866	110,953
Deferred tax	8	9,497	7,039	-	-
Provisions	16	7,885	11,062	-	-
		61,123	**148,051**	**35,866**	**110,953**
CURRENT LIABILITIES					
Trade and other payables	17	138,178	116,067	46,110	21,171
Other financial liabilities	15	108,971	56,681	94,178	42,173
Current tax payable		55	55	-	-
Bank overdraft	11	22,344	23,492	11,401	5,922
		269,548	**196,295**	**151,689**	**69,266**
Liabilities of disposal groups	12	584	16,627	-	-
Total Liabilities		**331,255**	**360,973**	**187,555**	**180,219**
Total Equity and Liabilities		**341,304**	**403,205**	**218,800**	**228,858**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note(s)	2017 R '000	2016 R '000	2017 R '000	2016 R '000
Continuing operations					
Revenue	18	389,429	511,859	116,718	141,342
Cost of sales	19	(347,633)	(403,763)	(75,634)	(69,271)
Gross profit		**41,796**	**108,096**	**41,084**	**72,071**
Other operating income	20	23,026	4,292	1,508	1,284
Other operating expenses		(62,964)	(107,315)	(35,484)	(62,307)
Operating profit	21	**1,858**	**5,073**	**7,108**	**11,048**
Investment income	22	182	196	64	(1)
Finance costs	23	(25,585)	(26,670)	(13,668)	(15,844)
Loss before taxation		**(23,545)**	**(21,401)**	**(6,496)**	**(4,797)**
Taxation	24	(5,268)	2,950	(1,667)	-
Loss from continuing operations		**(28,813)**	**(18,451)**	**(8,163)**	**(4,797)**
Discontinued operations					
Profit from discontinued operations	12	909	644	-	-
Loss for the year		**(27,904)**	**(17,807)**	**(8,163)**	**(4,797)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Fair value adjustments: Revaluation of Property, plant and equipment		(4,252)	5,300	(10,895)	5,300
Deferred tax on fair value adjustments		(204)	-	1,667	-
Total items that will not be reclassified to profit or loss		**(4,456)**	**5,300**	**(9,228)**	**5,300**
Items that may be reclassified to profit or loss:					
Fair value adjustments: Available-for-sale		175	81	-	-
Deferred tax on fair value adjustment		-	(42)	-	-
Total items that may be reclassified to profit or loss		**175**	**39**	-	-
Other comprehensive income / (loss) for the year net of taxation		**(4,281)**	**5,339**	**(9,228)**	**5,300**
Total comprehensive (loss) income for the year		**(32,185)**	**(12,468)**	**(17,391)**	**503**
Earnings per share					
From continuing and discontinued operations					
Basic loss per share (c)	35	(10.22)	(6.52)	-	-
From continuing operations					
Basic loss per share (c)	35	(10.55)	(6.76)	-	-
From discontinued operations					
Basic earnings per share (c)	35	0.33	0.24	-	-

Statement of Changes in Equity

	Share capital R '000	Share premium R '000	Total share capital R '000	Revaluation reserve R '000	Available-for-sale reserve R '000	Total reserves R '000	Accumulated loss R '000	Total equity R '000
Group								
Balance at 01 March 2015	**273**	**178,084**	**178,357**	**52,735**	**1,353**	**54,088**	**(177,744)**	**54,701**
Loss for the year	-	-	-	-	-	-	(17,807)	(17,807)
Other comprehensive income	-	-	-	5,300	39	5,339	-	5,339
Total comprehensive Loss for the year	**-**	**-**	**-**	**5,300**	**39**	**5,339**	**(17,807)**	**(12,468)**
Transfer between reserves	-	-	-	(709)	-	(709)	709	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(709)**	**-**	**(709)**	**709**	**-**
Balance at 01 March 2016	**273**	**178,084**	**178,357**	**57,326**	**1,392**	**58,718**	**(194,842)**	**42,233**
Loss for the year	-	-	-	-	-	-	(27,904)	(27,904)
Other comprehensive income	-	-	-	(4,455)	175	(4,280)	-	(4,280)
Total comprehensive Loss for the year	**-**	**-**	**-**	**(4,455)**	**175**	**(4,280)**	**(27,904)**	**(32,184)**
Transfer between reserves	-	-	-	(865)	-	(865)	865	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(865)**	**-**	**(865)**	**865**	**-**
Balance at 28 February 2017	**273**	**178,084**	**178,357**	**52,006**	**1,567**	**53,573**	**(221,881)**	**10,049**
Note(s)	13	13	13	14	14			

Statement of Changes in Equity

	Share capital R '000	Share premium R '000	Total share capital R '000	Revaluation reserve R '000	Available-for-sale reserve R '000	Total reserves R '000	Accumulated loss R '000	Total equity R '000
Company								
Balance at 01 March 2015	**276**	**181,561**	**181,837**	**47,770**	-	**47,770**	**(181,474)**	**48,133**
Loss for the year	-	-	-	-	-	-	(4,797)	(4,797)
Other comprehensive income	-	-	-	5,300	-	5,300	-	5,300
Total comprehensive Loss for the year	-	-	-	**5,300**	-	**5,300**	**(4,797)**	**503**
Balance at 01 March 2016	**276**	**181,561**	**181,837**	**53,070**	-	**53,070**	**(186,271)**	**48,636**
Loss for the year	-	-	-	-	-	-	(8,163)	(8,163)
Other comprehensive income	-	-	-	(9,228)	-	(9,228)	-	(9,228)
Total comprehensive Loss for the year	-	-	-	**(9,228)**	-	**(9,228)**	**(8,163)**	**(17,391)**
Transfer between reserves	-	-	-	(865)	-	(865)	865	-
Balance at 28 February 2017	**276**	**181,561**	**181,837**	**42,977**	-	**42,977**	**(193,569)**	**31,245**
Note(s)	13	13	13	14				

Statement of Cash Flows

		Group		Company	
	Note(s)	2017 R '000	2016 R '000	2017 R '000	2016 R '000
Cash flows from operating activities					
Cash generated from (used in) operations	25	27,949	81,594	5,850	39,271
Interest income		64	140	64	-
Dividend income		-	56	-	-
Finance costs		(9,740)	(26,671)	(1,978)	(15,844)
Cash flows of held for sale / discontinued operations		5,573	6,507	-	-
Net cash from operating activities		**23,846**	**61,626**	**3,936**	**23,427**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(12,230)	(27,667)	(1,293)	(12,805)
Proceeds on sale of property, plant and equipment	3	30,887	6,179	6,293	1,644
Loans repaid by subsidiaries		-	-	13,479	-
Increase in other financial assets		-	(222)	-	-
Net cash flows of discontinued operations		-	(317)	-	-
Net cash from investing activities		**18,657**	**(22,027)**	**18,479**	**(11,161)**
Cash flows from financing activities					
Repayment of other financial liabilities		(41,348)	(24,099)	(27,762)	(11,490)
Net cash flows of discontinued operations		-	(3,487)	-	-
Net cash from financing activities		**(41,348)**	**(27,586)**	**(27,762)**	**(11,490)**
Total cash movement for the year		**1,155**	**12,013**	**(5,347)**	**776**
Cash at the beginning of the year		(22,859)	(35,243)	(5,908)	(6,684)
Total cash at end of the year	11 & 12	**(21,704)**	**(23,230)**	**(11,255)**	**(5,908)**

1. Significant accounting policies

The principal accounting policies applied in the preparation of these separate and consolidated annual financial statements are set out below.

1.1 Basis of preparation

The separate and consolidated annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS"), JSE Limited Listing Requirements and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these separate and consolidated annual financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

These separate and consolidated annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The separate and consolidated annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group and company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The separate and consolidated annual financial statements incorporate the separate and consolidated annual financial statements of the company and all subsidiaries. Subsidiaries are entities which are controlled by the group.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of separate and consolidated annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

Fair value estimation

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

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

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

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

Impairment testing

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

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 16.

Decommissioning and quarry rehabilitation:

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

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

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

The quantification of future rehabilitation costs was done with input from the following independent experts:

- Survey of the Disturbed Mining Area - Pieter Jacobus Greyling (a Quantity Surveyor, member of Plato as Professional Mine Surveyor 1995, Member.PMS0122; and
- Environmental Sensitivity of Mine Areas - Henk Van Tonder a member of EA Environmental Services CC.

The current year rehabilitation costs were based on a rate per hectare based on the environmental sensitivity of the mine areas multiplied by the disturbed area of the mining operation.

Taxation

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

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

Property, plant and equipment

The useful lives and residual values of items of property, plant and equipment are assessed annually and may differ depending on various factors. The details of useful lives are disclosed in note 1.4.

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

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Inventory

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

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

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

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

1.4 PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

Depreciation:

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	20 - 50 years
Plant and machinery	Straight line	1 -15 years
Motor vehicles	Straight line	5 - 10 years
Office equipment	Straight line	5 -10 years
IT equipment	Straight line	2 - 3 years
Land: Commercial land	Straight line	Indefinite
Land: Quarry	Straight line	Life of quarry

* 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 year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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

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

1.5 Financial instruments

Classification

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Loans to (from) group companies

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

Loans to group companies are classified as loans and receivables.

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

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Available-for-sale financial assets

The Group's investments in equity 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.

Loans and receivables

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

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.8 Inventories

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

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

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

1.9 Non-current assets (disposal groups) held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

1.10 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is recognised in profit or loss to the extent that it reverses an impairment previously recognised in profit or loss.

1.11 Earnings per share and headline earnings per share

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

1.12 Employee benefits

Defined contribution plans

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

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

1.13 Provisions and contingencies

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

1.13 PROVISIONS AND CONTINGENCIES (continued)

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Decommissioning quarry rehabilitation:

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

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

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

The quantification of future rehabilitation costs was done with input from the following independent experts:
- Survey of the Disturbed Mining Area - Pieter Jacobus Greyling (a Quantity Surveyor, member of Plato as Professional Mine Surveyor 1995, Member.PMS0122; and
- Environmental Sensitivity of Mine Areas - Henk Van Tonder a member of EA Environmental Services CC.

The current year rehabilitation costs were based on a rate per hectare based on the environmental sensitivity of the mine areas multiplied by the disturbed area of the mining operation.

1.14 Revenue

Goods sold

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

Revenue recognition criteria for the rendering of services

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

Revenue recognition criteria for the receipt of rental income

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

Dividends received

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.15 Operating segments

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.

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

2. New Standards and Interpretations

2.1 Standards and Interpretations early adopted

The group has chosen not to early adopt any standards and interpretations:

2.2 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 2017 or later periods:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

2. New Standards and Interpretations (continued)

Group as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

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

The group expects to adopt the standard for the first time in the 2020 separate and consolidated annual financial statements.

The impact of this standard is currently being assessed.

2. New Standards and Interpretations (continued)

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.

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

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

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the separate and consolidated annual financial statements.

2. New Standards and Interpretations (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

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

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

The impact of this standard is currently being assessed.

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The group expects to adopt the amendment for the first time in the 2018 separate and consolidated annual financial statements.

The adoption of this amendment, but may result in more disclosure than is currently provided in the separate and consolidated financial statements.

Figures in Rand thousand

3. Property, plant and equipment

Group	2017			2016		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and Buildings	192,980	(41,578)	151,402	224,185	(38,464)	185,721
Plant and machinery	250,620	(169,151)	81,469	238,181	(149,967)	88,214
Motor vehicles	85,236	(68,010)	17,226	81,727	(61,764)	19,963
Office equipment	1,479	(1,263)	216	1,454	(1,167)	287
IT equipment	5,308	(5,098)	210	5,174	(4,934)	240
Total	**535,623**	**(285,100)**	**250,523**	**550,721**	**(256,296)**	**294,425**

Company	2017			2016		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and Buildings	183,809	(32,965)	150,844	210,440	(32,933)	177,507
Plant and machinery	146,266	(106,195)	40,071	134,967	(95,856)	39,111
Motor vehicles	2,168	(1,833)	335	2,168	(1,796)	372
Office equipment	270	(236)	34	270	(212)	58
IT equipment	3,210	(3,167)	43	3,225	(3,084)	141
Total	**335,723**	**(144,396)**	**191,327**	**351,070**	**(133,881)**	**217,189**

Figures in Rand thousand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Additions	Disposals	Classified as held for sale	Revaluations	Depreciation	Impairment loss	Total
Land and Buildings	185,721	1,897	(3,229)	(6,878)	(24,689)	(3,114)	-	149,708
Plant and machinery	88,214	4,651	(8,597)	(936)	20,437	(19,183)	(1,421)	83,165
Motor vehicles	19,963	5,507	(1,995)	(3)	-	(6,245)	-	17,227
Office equipment	287	26	(1)	-	-	(96)	-	216
IT equipment	241	149	(18)	-	-	(164)	-	208
	294,426	**12,230**	**(13,840)**	**(7,817)**	**(4,252)**	**(28,802)**	**(1,421)**	**250,524**

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Disposals	Classified as held for sale	Revaluations	Depreciation	Impairment loss	Total
Land and Buildings	186,413	3,977	-	(7,422)	5,300	(1,886)	(661)	185,721
Plant and machinery	107,445	17,200	(1,700)	(12,109)	-	(21,543)	(1,079)	88,214
Motor vehicles	22,331	6,577	(1,575)	(55)	-	(7,309)	(6)	19,963
Office equipment	399	-	-	(3)	-	(109)	-	287
IT equipment	342	230	-	(11)	-	(320)	-	241
	316,930	**27,984**	**(3,275)**	**(19,600)**	**5,300**	**(31,167)**	**(1,746)**	**294,426**

Figures in Rand thousand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2017

	Opening balance	Additions	Disposals	Classified as held for sale	Revaluations	Depreciation	Total
Land and Buildings	177,507	57	(2,000)	(6,642)	(24,703)	(32)	144,187
Plant and machinery	39,067	1,236	(3,744)	-	13,808	(10,339)	40,028
Motor vehicles	417	-	-	-	-	(37)	380
Office equipment	58	-	-	-	-	(23)	35
IT equipment	142	-	(4)	-	-	(83)	55
	217,191	**1,293**	**(5,748)**	**(6,642)**	**(10,895)**	**(10,514)**	**184,685**

Reconciliation of property, plant and equipment - Company - 2016

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land and buildings	172,209	21	-	5,300	(23)	177,507
Plant and machinery	38,932	12,614	(1,346)	-	(11,133)	39,067
Motor vehicles	546	-	(78)	-	(51)	416
Office equipment	86	-	-	-	(28)	58
IT equipment	112	169	-	-	(139)	142
	211,885	**12,804**	**(1,424)**	**5,300**	**(11,374)**	**217,190**

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

3. Property, plant and equipment (continued)

Revaluations

Fair value of certain of the Group`s property, plant and equipment is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date.

Revaluations on property, plant and equipment have been performed in prior years.

The fair value measurements as of 30 April 2017 were performed by Consulting Asset and Technical Valuations CC, independent valuers not related to the group.

The method of valuation was the going concern method. The valuator`s report showed a going concern value amount of R 81.9 million which was considered reasonable for the property, plant and equipment.

The carrying value of the revalued assets under the cost model would have been:

	Group 2017	Group 2016	Company 2017	Company 2016
Land and buildings	117,200	125,916	110,000	117,701
Plant and machinery	55,069	82,303	26,226	39,067
	172,269	**208,219**	**136,226**	**156,768**

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

4. Interests in subsidiaries

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

Company

Name of company	Held by	% voting power 2017	% voting power 2016	Carrying amount 2017	Carrying amount 2016
Wearne Platkop Quarry Proprietary Limited *		100.00 %	100.00 %	-	-
Wearne Aggregates Proprietary Limited		100.00 %	100.00 %	3,000	3,000
Wearne Precast Proprietary Limited		100.00 %	100.00 %	2	2
Wearne Quarries Free State Proprietary Limited *		100.00 %	100.00 %	-	-
Wearne Quarries Gauteng Proprietary Limited *		100.00 %	100.00 %	-	-
Wearne Quarries Limpopo Proprietary Limited *		100.00 %	100.00 %	-	-
Wearne Quarries Natal Proprietary Limited *		100.00 %	100.00 %	-	-
Wearne Ready Mixed Concrete Proprietary Limited *		100.00 %	100.00 %	-	-
Noordvaal Crushers Proprietary Limited *		100.00 %	100.00 %	-	-
Wearne Share Scheme Trust *		100.00 %	100.00 %	-	-
				3,002	3,002
Impairment of investment in subsidiaries		- %	- %	(3,000)	(3,000)
				2	2

*** Amounts less than R1,000**

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

Where the carrying value and fair value of investments in subsidiaries is less than a thousand rand it has been rounded to RNil. Refer to Annexure A for carrying value denominated in South African Rand.

All subsidiaries are incorporated in the Republic of South Africa.

5. Other financial assets

	Group 2017	Group 2016	Company 2017	Company 2016
Available-for-sale				
Held by the Wearne Rehabilitation Trust: Stanlib Wealth Management Limited	6,366	6,167	-	-
	6,366	6,167	-	-
Impairment losses	-	-	-	-
	6,366	**6,167**	-	-
Loans and receivables				
Loans to share scheme participants	1,757	1,757	-	-
	1,757	1,757	-	-
Impairment losses	(1,757)	(1,757)	-	-
	-	-	-	-

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

5. Other financial assets (continued)

Non-current assets				
Available-for-sale	6,366	6,167	-	-
	6,366	**6,167**	-	-
Reconciliation of impairment losses				
Opening balance	(1,757)	(1,757)	-	-
	(1,757)	**(1,757)**	-	-

Stanlib investment

The Stanlib Wealth Management Limited investment consists of unit trusts whose fair value is based on the quoted market prices. These financial assets are therefore classified as Level 2 in the IFRS 13 fair value hierarchy. The fair values are determined at the reporting date. The maximum exposure to credit risk at the reporting date is the fair value of the unit trusts classified as available-for-sale and the credit risk exposures attributable from the loans and receivables classified in other financial assets.

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

Loans to the WG Wearne Share Scheme participants currently bear no interest, are unsecured and have no fixed terms of repayment. These loans have been fully impaired. Refer to note 13 for further information on the share scheme.

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

6. Loans to (from) group companies

	Group 2017 R '000	Group 2016 R '000	Company 2017 R '000	Company 2016 R '000
Subsidiaries				
Noordvaal Crushers Proprietary Limited	-	-	1,071	845
Wearne Aggregates Proprietary Limited	-	-	26,718	68,751
Wearne Precast Proprietary Limited	-	-	11,495	16,636
Wearne Quarries Natal Proprietary Limited	-	-	1,082	1,082
Wearne Ready Mixed Concrete Proprietary Limited	-	-	86,472	53,002
	-	-	126,838	140,316
Impairment	-	-	(126,838)	(140,316)
	-	-	-	-
Reconciliation of impairment				
Opening Balance	-	-	140,316	138,797
Impairment of loans	-	-	-	1,519
Reversal of impairment of loans	-	-	(13,479)	-
	-	-	**126,837**	**140,316**
Loans to special purpose entity				
WG Wearne Share Incentive Trust	-	-	3,942	4,506
	-	-	3,942	4,506
Allowance for impairment of loan	-	-	(3,942)	(4,506)
	-	-	-	-

During the 2015 financial year management decided to recapitalise the financial position of the various subsidiary companies. This was done by way of transfer of rights and obligations between the various intercompany loans. The net result of this was that WG Wearne Limited was the net funder to the various subsidiary companies. This resulted in a reversal of a portion of the impairment loss previously recognised in the company`s accounting records.

The impairment reversal in the currrent year relates to the sale of Precast and the Bethlehem quarry.

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

7. Retirement benefits

Retirement benefits

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

	Group 2017 R '000	Group 2016 R '000	Company 2017 R '000	Company 2016 R '000
The total contributions to such schemes	5,485	5,974	1,944	2,034

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

8. Deferred tax

Deferred tax liability

Reconciliation of deferred tax liability				
At the beginning of the year	(7,039)	(8,884)	-	-
Accelerated capital allowances for tax purposes	2,058	2,653	-	-
Provisions	(310)	(64)	-	-
Income received in advance	(31)	(179)	-	-
Estimated loss	(1,180)	(530)	-	-
Prepayments	10	8	-	-
Revalutions	(3,005)	(43)	-	-
	(9,497)	**(7,039)**	-	-

Deferred tax asset

			-	-
Reconciliation of deferred tax asset				
At the beginning of the year	4,851	5,709	-	-
Accelerated capital allowances for tax purposes	5,844	1,500	-	-
Provisions	(144)	233	-	-
Debtors payments in advance	(121)	(94)	-	-
Estimated losses	(8,587)	(2,503)	-	-
Prepayments	8	6	-	-
	1,851	**4,851**	-	-

Deferred tax liability	(9,497)	(7,040)	-	-
Deferred tax asset	1,851	4,851	-	-
Total net deferred tax liability	**(7,646)**	**(2,189)**	-	-

Deferred tax liability

Accelerated capital allowances for tax purposes	(7,998)	(10,056)	-	-
Provisions	279	589	-	-
Debtor payments in advance	738	769	-	-
Estimated loss	668	1,848	-	-
Prepayments	(24)	(34)	-	-
Revaluation adjustments	(3,160)	(155)	-	-
	(9,497)	**(7,039)**	-	-

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

8. Deferred tax (continued)

Deferred tax asset

Accelerted capital allowances for tax purposes	(3,485)	(9,329)	-	-
Provisions	420	564	-	-
Debtor payments in advance	909	1,030	-	-
Estimated loss	4,043	12,630	-	-
Prepayments	(36)	(44)	-	-
	1,851	**4,851**	**-**	**-**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Total estimated losses amounting to R 206 202 273 (2016: R128 852 515) that may be carried forward against future taxable income.

9. Inventories

Raw materials, components	5,969	5,628	848	1,082
Finished goods	10,866	21,629	8	10
Diesel	1,132	385	-	51
	17,967	**27,642**	**856**	**1,143**

10. Trade and other receivables

Trade receivables	46,584	43,304	20,370	8,820
Prepayments	1,579	1,729	772	651
Deposits	1,871	1,230	-	-
Other receivables	6,045	1,932	5,327	1,038
	56,079	**48,195**	**26,469**	**10,509**

Included under non-current receivables is an amount of R4,395 million relating to Dancokom retention, all indications show that this amount will become due in March 2018.

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.

The table below shows the ageing of the net trade receivables:

Less than 30 days	27,734	27,104	8,641	7,365
31 to 60 days	9,285	8,114	7,275	285
61 to 90 days	1,124	4,759	32	1,151
91 to 120 days	1,049	1,559	-	-
over 120 days	2,997	1,768	27	19
Non-current trade receivables	4,395	-	4,395	-
	46,584	**43,304**	**20,370**	**8,820**

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

10. Trade and other receivables (continued)

Fair value of trade and other receivables

Trade and other receivables	56,079	48,195	26,469	10,509

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired.

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

Less than 3 months	1,124	4,759	32	1,151
3 to 6 months	1,049	1,559	-	-
Over 6 months	2,997	1,767	27	19

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

Trade and other receivables impaired

Group

As of 28 February 2017, trade and other receivables of R 1,926,107 (2016: R 3,462,004) were impaired and provided for.

Company

As of 28 February 2017, trade and other receivables of R Nil (2016: R Nil) were impaired and provided for.

The ageing of the impairment allowance is as follows:

Less than 3 months	177	4	-	-
3 to 6 months	609	468	-	-
Over 6 months	1,140	2,990	-	-

Reconciliation of allowance for impairment of trade and other receivables				
Opening balance	3,426	3,382	-	615
Utilised during the year	(3,272)	(3,880)	-	(615)
Raised during the year	1,773	5,264	-	-
Unused amounts reversed during the year	-	(1,304)	-	-
	1,927	**3,462**	-	-

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	189	114	18	14
Bank balances	451	519	128	-
Invoice discounting facility	(22,344)	(23,492)	(11,401)	(5,922)
	(21,704)	**(22,859)**	**(11,255)**	**(5,908)**
Current assets	640	633	146	14
Current liabilities	(22,344)	(23,492)	(11,401)	(5,922)
	(21,704)	**(22,859)**	**(11,255)**	**(5,908)**

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

The Group has a loans covenant on its facilities with Nedbank which measure the debt service cover. The Group was in breach of this loan covenants during the year. Although Nedbank has not waived the breach they were made aware of it and the situation is monitored on a monthly basis.

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

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

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

12. Discontinued operations and disposal group held for sale

As part of the re-structuring plan developed in the previous financial year the Precast Division (concrete manufactured products segment) was identified as non-core to the operations of the Group and the transaction was the Group's first step to divest of its non-core assets.

The salient terms of the transaction include the following:

Consideration of R 20 million for Plant and Equipment was received from the sale. In addition, raw materials and finished goods were disposed of at the lower of cost or net realisable value on 60 day terms after the deduction of advanced payments were received up to the effective date. All other assets and all the liabilities were excluded from the transaction

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

The board made a decision prior to year end 28 February 2017 to dispose of the Brandvlei Quarry as a going concern which was announced on SENS on 04 April 2017. Brandvlei's assets and liabilities were reclassified as a disposal group held for sale in the statement of financial position. The property, plant and equipment of Brandvlei were revalued to their fair value less costs to sell of R7.8 million. The group will retain a 40% interest in the Brandvlei quarry.

Profit and loss - Precast

	Group 2017 R '000	Group 2016 R '000	Company 2017 R '000	Company 2016 R '000
Revenue	14,553	20,581	-	-
Cost of Sales	(10,071)	(8,348)	-	-
Gross Profit	4,482	12,233	-	-
Other Income	557	-	-	-
Other Expenses	(2,791)	(7,187)	-	-
Finance costs	(1,339)	(1,799)	-	-
Net profit before tax	909	3,247	-	-
Taxation	-	(858)	-	-
Re-measurement of assets held for sale: Property, plant and equipment	-	(1,745)	-	-
	909	**644**	**-**	**-**

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

12. Discontinued operations and disposal group held for sale (continued)

Assets and liabilities - Brandvlei

Assets of disposal groups				
Property, plant and equipment	7,817	19,600	6,642	-
Trade and other receivables	-	395	-	-
Inventories	60	1,296	-	-
	7,877	**21,291**	**6,642**	-
Liabilities of disposal groups				
Provisions	584	-	-	-
Other financial liabilities	-	12,892	-	-
Trade and other payables	-	3,364	-	-
Bank overdraft	-	371	-	-
	584	**16,627**	-	-
Equity				
Share capital	-	2	-	-
Equity loans	-	16,636	-	-
Accumulated loss	-	(11,527)	-	-
	-	**5,111**	-	-

13. Share capital

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

The balance of ordinary shares issued as at year end 28 February 2017 was: 273 037 963 (2016: 273 037 963), excluding treasury shares of 0.1 cents each. The Group holds treasury shares through the WG Wearne Share Incentive Scheme of 3 355 250 (2016: 3 355 250).

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

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

Issued				
Ordinary	276	276	276	276
Share premium	178,081	178,081	181,561	181,561
	178,357	**178,357**	**181,837**	**181,837**

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

14. Reserves

Non-distributable reserves

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

For details regarding the fair value measurement hierarchy of available-for-sale investments refer to note 37.

Reserves consist of:

Fair value adjustment to available-for-sale investments	1,567	1,392	-	-

Revaluation reserves

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

Reserves consist of:				
Land and buildings	34,201	59,805	34,201	59,805
Plant and machinery	26,400	5,911	13,845	-
Deferred tax	(8,595)	(8,391)	(5,069)	(6,737)
	52,006	**57,325**	**42,977**	**53,068**

	Group 2017 R '000	Group 2016 R '000	Company 2017 R '000	Company 2016 R '000

15. Other financial liabilities

	Group 2017 R '000	Group 2016 R '000	Company 2017 R '000	Company 2016 R '000
Secured loans held at amortised cost				
Revolving loan - ABSA Bank Limited	34,678	37,893	34,678	37,893
	34,678	37,893	34,678	37,893
Less: current portion at amortised cost	(11,424)	(6,756)	(11,424)	(6,756)
	23,254	**31,137**	**23,254**	**31,137**
Unsecured loans held at amortised cost				
IDC - A Loan	53,289	52,951	53,289	52,951
IDC - B Loan	15,463	15,098	15,463	15,098
IDC - C Loan	-	2,339	-	2,339
Term loan - Wesbank	619	1,128	619	1,111
	69,371	71,516	69,371	71,499
Less: current portion at amortised cost	(69,371)	(20,434)	(69,371)	(20,434)
	-	**51,082**	-	**51,065**
Instalment sale agreements				
ABSA Bank	1,724	3,357	1,658	3,174
Wesbank	14,155	27,580	6,005	13,134
Mercedes Benz Finance Services	-	755	-	-
Nedbank	18,785	30,133	11,696	18,526
ELB Equipment Holdings Limited	-	467	-	-
FAW vehicle manufactures	7,362	5,387	-	-
Kenmore Crushing Solutions	-	641	-	-
Fleet Africa	6,637	8,902	6,637	8,902
	48,663	77,222	25,996	43,736
Less: current portion at amortised cost	(28,176)	(29,491)	(13,384)	(14,985)
	20,487	**47,731**	**12,612**	**28,751**
Non-current liabilities				
At amortised cost	43,741	129,950	35,866	110,953
	43,741	**129,950**	**35,866**	**110,953**
Current liabilities				
At amortised cost	108,971	56,680	94,178	42,173
	108,971	**56,681**	**94,178**	**42,173**
	152,712	**186,631**	**130,044**	**153,126**

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

15. Other financial liabilities (continued)

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

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

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

15. Other financial liabilities (continued)

Unsecured loans held at amortised cost

The IDC A loan is interest free, with inputed interest calculated at 10.75%
The IDC A loan is repayable beginning March 2015 in 48 monthly installments of R 650 000 per month for the first 12 months, R 1 250 000 for the following 24 months and R 1 987 000 for the remaining 12 months. IDC B loan bears interest at 9.5% per annum and is repayable at an average monthly instalment of R 431 000 for 20 months beginning May 2012. No payments were made to the IDC during the current year.

Instalment sale agreements held at amortised cost

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

The instalment sale agreements are secured over property, plant and equipment with a carrying value in the Group excluding revaluations of R 55 069 000 (2016: R 82 303 000).

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

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

Wesbank Securities over term loan and instalment sale agreements:

Suretyship of Mr SJ Wearne covering all accounts and covering mortgage bond number B006138/10.

Fair value of borrowings

The carrying value of other financial liabilities approximate their fair value.

Breach of covenants

The Group was in breach of some of its loan covenants during the year and this resulted in certain long term liabilities being reclassified from Non-Current to Current in compliance with the International Financial Reporting Standards (IAS 1) which requires an entity to classify a liability as current when the entity is in breach of a provision of a loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach.

At year end the IDC loans in the amount of R68.75 million as well as Nedbank loans of R9.2 million were reclassified as Current.

The IDC has indicated that it is unlikely that they will call up their loans within the next 12 months while Nedbank continues to monitor the breach on a monthly basis.

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

16. Provisions

Reconciliation of provisions - Group - 2017

	Opening balance	Held for sale	Disposals	Unwinding of discount	Total
Environmental rehabilitation	11,062	(583)	(3,157)	563	7,885

Reconciliation of provisions - Group - 2016

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

The decrease reflected in the provision for the year ended 28 February 2017 relates to the disposal of the Bethlehem quarry.

The quantification of future rehabilitation costs was done with input from the following independent experts:

- Survey of the Disturbed Mining Area - Pieter Jacobus Greyling (a Quantity Surveyor, member of Plato as Professional Mine Surveyor 1995, Member.PMS0122; and
- Environmental Sensitivity of Mine Areas - Henk Van Tonder a member of EA Environmental Services CC.

17. Trade and other payables

	Group 2017	Group 2016	Company 2017	Company 2016
Trade payables	78,814	89,361	18,033	15,071
Amounts received in advance	7,884	6,426	7,884	-
VAT *	29,470	8,095	14,265	2,381
Payroll accruals *	15,643	8,888	2,834	2,050
Trade accruals	5,720	2,230	2,447	944
Sundry creditors	647	1,067	647	725
	138,178	**116,067**	**46,110**	**21,171**

Fair value of trade and other payables

Trade and other payables	138,178	116,067	46,110	21,171

* Included in the VAT and Payroll Accruals liabilities are the arrears of R40 million which was included in the deferment agreement reached with SARS subsequent to year end.

SARS has agreed to a repayment plan of R300 000 per month for the first 12 months with the current PAYE and VAT payments being kept up to date.

Subsequent to year end the Group fell in arrears by 3 months on the current PAYE and VAT Liability. This will be rectified in October 2017 with the receipt of the first tranche of R5 million from Milost Inc.

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

18. Revenue

Sale of goods	368,778	477,001	75,684	59,042
Rendering of services	20,651	34,858	28,400	64,479
Rental income	-	-	7,880	8,592
Recoveries	-	-	4,754	9,229
	389,429	**511,859**	**116,718**	**141,342**

19. Cost of sales

Sale of goods	322,200	374,158	68,073	39,666
Rendering of services	25,433	29,605	7,561	29,605
	347,633	**403,763**	**75,634**	**69,271**

20. Other operating income

Commissions received	22	23	4	4
Rental income	829	880	286	358
Recoveries	79	626	-	1
Profit on sale of fixed assets	19,640	2,904	545	222
Other income	2,456	(141)	673	699
	23,026	**4,292**	**1,508**	**1,284**

21. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Leases

Operating lease charges				
Premises	9,413	10,503	1,028	1,255
Motor vehicles	592	281	-	-
Equipment	1,578	1,189	1,526	1,150
	11,583	**11,973**	**2,554**	**2,405**

Other income / (expenses)				
Profit on sale of property, plant and equipment	19,640	2,904	545	222
Depreciation on property, plant and equipment	(28,802)	(31,167)	(10,515)	(11,376)
Employee costs	(63,375)	(81,963)	(31,378)	(36,049)
Reversal of loan impairment	-	-	13,479	-
Impairment of property, plant and equipment	(1,421)	-	-	-

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

22. Investment income

Dividend income				
From investments in financial assets classified as available for sale:				
Listed investments - Local	53	56	-	-
Interest income				
From investments in financial assets:				
Bank and other cash	64	-	64	-
Other financial assets	65	140	-	(1)
Total interest income	**129**	**140**	**64**	**(1)**
Total investment income	**182**	**196**	**64**	**(1)**

23. Finance costs

Bank overdraft and loans	8,485	12,764	3,511	9,310
Late payment of VAT and PAYE	8,416	2,466	7,010	1,067
Trade payables	208	842	208	842
Instalment sales agreements	6,964	8,613	2,938	4,625
Other interest paid	1,513	1,985	-	-
Total finance costs	**25,586**	**26,670**	**13,667**	**15,844**

24. Taxation

Major components of the tax expense (income)

Current				
Mineral taxation	-	(1,064)	-	-
Deferred				
Current year	5,268	(1,886)	1,667	-
	5,268	**(2,950)**	**1,667**	-

Taxation excludes the tax expense on the reversal of deferred tax assets on the discontinued operations of R Nil (2016: R857 751). Refer to note 12.

Note 8 provides information on deferred tax assets and deferred tax liabilities.

	Percentage	**Percentage**	**Percentage**	**Percentage**
Applicable tax rate	(28)	(28)	(28)	(28)
Disallowable charges	3	2	-	-
Deferred tax not raised on estimated losses	3	17	28	28
Royalty tax	-	(5)	-	-
	(22)	(14)	-	-

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

25. Cash generated from operations

Loss before taxation	(23,545)	(21,401)	(6,496)	(4,797)
Adjustments for:				
Depreciation and amortisation	28,802	30,103	10,514	11,376
Gains on disposals, scrappings and settlements of assets and liabilities	(19,640)	(2,904)	(545)	(222)
Dividend income	(53)	-	-	-
Interest income	(129)	(140)	(64)	-
Finance costs	25,586	26,671	13,667	15,844
Impairment losses and reversals	1,421	-	(13,479)	-
Movements in provisions	-	(198)	-	-
Other non-cash items	95	-	-	-
Changes in working capital:				
Inventories	9,614	8,495	288	(410)
Trade and other receivables	(7,884)	15,356	(15,959)	11,355
Trade and other payables	13,682	25,612	17,924	6,125
	27,949	**81,594**	**5,850**	**39,271**

26. Tax paid

Balance at beginning of the year	(55)	(1,119)	-	-
Current tax for the year recognised in profit or loss	-	1,064	-	-
Balance at end of the year	55	55	-	-
	-	-	-	-

27. Financial assets by category

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

Group - 2017

	Loans and receivables	Available-for-sale	Total
Trade and other receivables	50,104	-	50,104
Other financial assets	-	6,366	6,366
Cash and cash equivalents	640	-	640
	50,744	**6,366**	**57,110**

Group - 2016

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

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

27. Financial assets by category (continued)

Company - 2017

	Loans and receivables	Total
Trade and other receivables	25,697	25,697
Cash and cash equivalents	146	146
	25,843	**25,843**

Company - 2016

	Loans and receivables	Total
Trade and other receivables	10,462	10,462
Other financial assets	-	-
Cash and cash equivalents	14	14
	10,476	**10,476**

28. Financial liabilities by category

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

Group - 2017

	Financial liabilities at amortised cost	Total
Other financial liabilities	152,712	152,712
Trade and other payables	85,181	85,181
Bank overdraft	22,344	22,344
	260,237	**260,237**

Group - 2016

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

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

28. Financial liabilities by category (continued)

Company - 2017

	Financial liabilities at amortised cost	Total
Other financial liabilities	130,044	130,044
Trade and other payables	21,127	21,127
Bank overdraft	11,401	11,401
	162,572	**162,572**

Company - 2016

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

29. Commitments

Operating leases – as lessee (expense)

	Group 2017	Group 2016	Company 2017	Company 2016
Minimum lease payments due				
- within one year	(10,558)	(7,482)	(1,944)	(4,626)
- in second to fifth year inclusive	(6,061)	(15,298)	(472)	(9,586)
	(16,619)	**(22,780)**	**(2,416)**	**(14,212)**

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

30. Contingencies

Disputes regarding the repayment of a previously claimed diesel rebate from SARS including penalties and interest to the value of R3 511 330 are pending. A request for suspension of payment was submitted to SARS during the year, but SARS have informed the group to re-apply for suspension in order for the matter to be reconsidered.

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

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

31. Related parties

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

32. Directors' emoluments

Executive

2017

	Emoluments	Expense allowances	Pension paid	Total
JJ Bierman (2)	82	-	-	82
MC Milazi (1)	516	-	48	564
SJ Wearne	1,399	364	-	1,763
	1,997	**364**	**48**	**2,409**

(1) MC Milazi resigned on 31 December 2016
(2) JJ Bierman was appointed on 24 January 2017

2016

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

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

32. Directors' emoluments (continued)

Non-executive

2017

	Directors' fees	Total
MM Patel	240	240
WP van der Merwe	206	206
	446	**446**

2016

	Directors' fees	Total
MM Patel	240	240
WP van der Merwe	176	176
	416	**416**

33. Risk management

Capital risk management

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

The major guidelines of the policy are the following:

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

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

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

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.

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

33. Risk management (continued)

Liquidity risk

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

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

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

The Group encountered significant cashflow pressures during the current year.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

Maturity profile of the group's financial liabilities:

Group Financial Liabilities - 2017	Within 1 year	1 to 2 years	3 or more years	Total
Secured loans	10,632	10,632	17,382	38,646
Unsecured loans	69,408	-	-	69,408
Instalment sale agreements	35,140	17,543	2,328	55,011
Trade and other payables	85,181	-	-	85,181
Bank overdraft	22,344	-	-	22,344
	222,705	**28,175**	**19,710**	**270,590**

Group Financial Liabilities - 2016	Within 1 year	1 to 2 years	3 or more years	Total
Secured loans	11,599	10,632	28,015	50,246
Unsecured loans	20,773	20,828	34,188	75,789
Instalment sale agreements	40,837	39,144	12,425	92,406
Trade and other payables	98,519	-	-	98,519
Bank overdraft	23,492	-	-	23,492
	195,220	**70,604**	**74,628**	**340,452**

Company Financial Liabilities - 2017	Within 1 year	1 to 2 years	3 or more years	Total
Secured loans	10,632	10,632	7,382	28,646
Unsecured loans	69,408	-	-	69,408
Instalment sale agreements	22,952	13,301	1,903	38,156
Trade and other payables	21,127	-	-	21,127
Bank overdraft	11,401	-	-	11,401
	135,520	**23,933**	**9,285**	**168,738**

Company Financial Liabilities - 2016	Within 1 year	1 to 2 years	3 or more years	Total

Notes to the Separate And Consolidated Annual Financial Statements

33. Risk management (continued)

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000
Secured loans	11,599	10,632	28,015	50,246
Unsecured loans	20,773	20,828	34,188	75,789
Instalment sale agreements	22,110	22,110	13,998	58,218
Trade and other payables	17,171	-	-	17,171
Bank overdraft	5,922	-	-	5,922
	77,575	**53,570**	**76,201**	**207,346**

2017 R '000
2016 R '000

33. Risk management (continued)

Interest rate risk

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

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

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

Group Assets - 2017	**Non interest bearing**	**Fixed rate**	**Floating rate**	**Total**
Other financial assets	-	-	6,366	6,366
Trade and other receivables	50,104	-	-	50,104
Cash and cash equivalents	-	-	640	640
	50,104	**-**	**7,006**	**57,110**

Group Assets - 2016	**Non interest bearing**	**Fixed rate**	**Floating rate**	**Total**
Other financial assets	-	-	6,167	6,167
Trade and other receivables	46,444	-	-	46,444
Cash and cash equivalents	-	-	633	633
	46,444	**-**	**6,800**	**53,244**

Group Liabilities - 2017	**Non interest bearing**	**Fixed rate**	**Floating rate**	**Total**
Other financial liabilities	53,289	-	99,426	152,715
Trade and other payables	85,181	-	-	85,181
Bank overdraft	-	-	22,344	22,344
	138,470	**-**	**121,770**	**260,240**

Group Liabilities - 2016	**Non interest bearing**	**Fixed rate**	**Floating rate**	**Total**
Other financial liabilities	52,951	-	133,680	186,631
Trade and other payables	98,519	-	-	98,519
Bank overdraft	-	-	23,492	23,492
	151,470	**-**	**157,172**	**308,642**

Company Assets - 2017	**Non interest bearing**	**Fixed rate**	**Floating rate**	**Total**
Trade and other receivables	25,697	-	-	25,697
Cash and cash equivalents	-	-	146	146
	25,697	**-**	**146**	**25,843**

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

33. Risk management (continued)

Company Assets - 2016	**Non interest bearing**	**Fixed rate**	**Floating rate**	**Total**
Trade and other receivables	10,462	-	-	10,462
Cash and cash equivalents	-	-	14	14
	10,462	**-**	**14**	**10,476**

Company Liabilities - 2017	**Non interest bearing**	**Fixed rate**	**Floating rate**	**Total**
Other financial liabilities	53,289	-	76,755	130,044
Trade and other payables	21,127	-	-	21,127
Bank overdraft	-	-	11,401	11,401
	74,416	**-**	**88,156**	**162,572**

Company Liaibilities - 2016	**Non interest bearing**	**Fixed rate**	**Floating rate**	**Total**
Other financial liabilities	52,951	-	100,175	153,126
Trade and other payables	17,171	-	-	17,171
Bank overdraft	-	-	5,922	5,922
	70,122	**-**	**106,097**	**176,219**

Sensitivity analysis

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

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

Group

A hypothetical increase/decrease in the interest rate by 50 basis points, with all other variables remaining constant, would result in an increase/decrease in loss after tax of R 458 072 (2016: R 732 000).

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 loss after tax of R 916 144 (2016: R 1 464 000).

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 loss after tax of R 329 372 (2016: R 474 686).

A hypothetical increase/decrease in the interest rate by 100 basis points, with all other variables remaining constant, would result in an increase/decrease in loss after tax of R 658 743 (2016: R 949 373).

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

33. Risk management (continued)

Credit risk

Credit risk is managed on a group basis.

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

Trade receivables comprise a widespread customer base. Each customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references as well as credit insurance approval. Sale limits are established for each customer in accordance with limits set by the board. Any sales exceeding those limits require approval from Management. Sales to retail customers are settled in cash. The groups exposure to credit risk on trade receivables is mitigated through its use of credit insurance. Refer to note 10 for details of on the quality and allowance for impairment of trade receivables.

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

Financial instrument	Group - 2017	Group - 2016	Company - 2017	Company - 2016
Trade and other receivables	50,104	46,444	25,697	10,462
Cash and cash equivalents	640	633	146	14
Other financial assets	6,366	6,167	-	-

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

As at 28 Februiary 2017, the maximum exposue to credit risk for trade receivables based on the top five customers and credit limits is as follow:

As at 28 February 2017	Group Credit Limit	Group Balance	Company Credit Limit	Company Balance
Debtor A	15,000	14,112	15,000	14,112
Debtor B	3,000	959	5,000	-
Debtor C	2,500	974	2,000	-
Debtor D	2,000	765	1,000	-
Debtor E	2,000	680	600	-
	24,500	**17,490**	**23,600**	**14,112**

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

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

33. Risk management (continued)

Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position either as available-for-sale. The group is not exposed to commodity price risk.

34. Events after the reporting period

Although the first quarter of the new financial year were positive with the Group showing positive results the slowdown in the economy in the second quarter has resulted in a significant decrease in sales. This in turn had a negative impact on the Group's cash flow and resulted in the Group not being able to meet some of its obligations as it became due.

Repayments on the ABSA term loan was 3 months in arrears and ABSA issued a letter instructing the group to rectify the situation within 10 working days. All arrears have been paid with the September 2017 payment still outstanding.

Due to a significant decrease in cash from operations in the second quarter the Group were unable to meet its VAT and PAYE obligations as well as the Pension/Provident Fund contributions. The Group has however paid the R300 000 as per the Deferment Agreement with SARS.

The Group has on 21 September 2017 signed a funding commitment letter with Milost Global Inc ("Milost") for equity and debt funding of up to R300 000 000, in terms of which Milost will, subject to certain terms and conditions:

- invest R50 million in Wearne for the subscription of ordinary shares in Wearne; and
- lend and advance R250 million in convertible notes.

The first tranche of Ordinary Share drawdowns in the amount of R5 million is expected in October 2017. This will be used to settle the VAT, PAYE and Pension/Provident Fund arrears.

The group has also entered into a joint venture agreement with Right Gold Machinery (Pty) Ltd in July 2017. Right Gold will be constructing a new crushing plant which will double the current production capacity and allow the operation to take full advantage of the growth in the market in Kwa-Zulu Natal.

35. Basic and diluted loss per share

Continuing operations: Basic loss per share (1)	(10.55)	(6.76)	-	-
Discontinued operations: Basic profit per share (3)	0.33	0.24	-	-
Continuing and discontinued operations: Basic loss per share (2)	**(10.22)**	**(6.52)**	**-**	**-**

(1) Calculation is based on:

Loss for the year ended 28 February 2017: R 28 812 895 (2016: R 18 451 082); and
Weighted average number of shares (4) in issue as at 28 February 2017: 273 037 963 (2016: 273 038 000).

35. Basic and diluted loss per share (continued)

(2) Calculation is based on:

Loss for the year ended 28 February 2017: R 27 903 492 (2016: R17 807 469); and
Weighted average number of shares (4) in issue as at 28 February 2017: 273 037 963 (2016: 273 038 000).

(3) Calculation is based on:

Profit for the year ended 28 February 2017: R 909 404 (2016: R 643 614); and
Weighted average number of shares (4) in issue as at 28 February 2017: 273 037 963 (2016: 273 038 000).

(4) Calculation of weighted average number of shares:

The weighted average number of shares are calculated after taking into account the effect of setting off treasury shares of 3 355 000 (2016: 3 355 000).

36. Headline and diluted headline loss per share

Continuing headline and diluted headline loss per share	(17.25)	(7.82)	-	-
Discontinued headline and diluted headline earnings per share	0.36	0.87	-	-
	(16.89)	**(6.95)**	-	-

Reconciliation of headline loss			
Profit / (loss) for the period	(27,904)	(17,807)	-
(Profit) / loss on the sale of property, plant and equipment	(19,640)	(2,904)	-
Fair value of non-current assets held for sale	-	1,745	-
Impairment of property, plant and equipment	1,421	-	-
	(46,123)	**(18,966)**	-

Calculation is based on:

Loss for the year ended 28 February 2017: R 46 123 000 (2016: R 18 966 000) and;
Weighted average number of shares in issue as at 28 February 2017: 273 038 000 (2016: 273 038 000).

The weighted average number of shares is calculated after taking into account the effect of setting off treasury shares of 3 355 000 (2016: 3 355 000).

37. Measurement of fair values

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

37. Measurement of fair values (continued)

Level 2

The Rehabilitation Trust Investment is held with Stanlib Wealth Management Limited as at 28 February 2017. The investments are held in various funds to spread the risk related to the investment returns and maximise the return to the Group for the purposes of Rehabilitation.

Level 3

Fair value of certain of the Group`s property, plant and equipment is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date.

38. Segmental reporting

Revenue: Total sales				
Aggregates	232,325	291,499	-	-
Ready mixed concrete	255,529	256,320	-	-
Contracting	78,469	87,674	-	-
	566,323	**635,493**	-	-
Revenue: Inter-segment sales				
Aggregates	69,529	95,780	-	-
Ready mixed concrete	34,883	7	-	-
Contracting	44,081	27,847	-	-
	148,493	**123,634**	-	-
Revenue: External sales				
Aggregates	142,396	195,719	-	-
Ready mixed concrete	212,646	256,313	-	-
Contracting	34,387	59,827	-	-
	389,429	**511,859**	-	-
Operating profit / (loss) before tax				
Aggregates	3,319	3,167	-	-
Ready mixed concrete	7,725	(1,368)	-	-
Contracting	(9,186)	3,274	-	-
	1,858	**5,073**	-	-
Property, plant and equipment				
Aggregates	213,241	249,157	-	-
Ready mixed concrete	21,683	26,608	-	-
Contracting	15,600	18,659	-	-
	250,524	**294,424**	-	-
Total assets (excluding assets in disposal group)				
Aggregates	231,469	303,246	-	-
Ready mixed concrete	57,475	57,923	-	-
Contracting	54,311	20,745	-	-
	343,255	**381,914**	-	-

The Group`s business segments and segmental information presented above represent the primary basis of segment reporting. The business segment reporting format reflects the Group`s management and internal reporting structure. Inter-segment transactions are concluded at arm`s length terms and conditions. Revenue from one significant customer comprises approximately 11% of the group's turnover.

Segmental results of the concrete manufactured division have been excluded from the the current year segmental analysis. The segment was classified as held for sale in the current and operating results have been disclosed in note 12.

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

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

39. Going concern

The Group incurred a loss from continuing operations for the 2017 financial period of R28.8 million (2016: R18.5 million). At year end the Group's Current liabilities of R270 million (2016: R196 million) exceed current assets of R70 million (2016: R76 million) by R200 million (2016: R120 million). This highlights a material uncertainty casting significant doubt regarding the Group's ability to continue as a going concern.

The Group is currently technically solvent with a net asset value of R10 million (2016: R42 million). At year end the IDC loans in the amount of R68.75 million as well as Nedbank loans of R9.2 million were reclassified as Current. These long term liabilities were reclassified from Non-Current to Current in compliance with the International Financial Reporting Standards (IAS 1) which requires an entity to classify a liability as current when the entity is in breach of a provision of a loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach.

Despite these breaches the Group still enjoys the support of both the IDC and Nedbank. Neither has condoned the breaches and have reserved their rights. Also included in Current Liabilities is an amount of R40 million due to SARS. The group has entered into a repayment agreement with SARS but the agreement was only finalized and signed subsequent to year end. This resulted in the majority portion (R36.4 million) only becoming long term after the financial year end, subject to current and deferred payments remaining up to date.

The Group still generated cash flows from operating activities of R24 million (2016: R62 million) and R5,6 million (2016: R6.5 million) from discontinued operations. The Group continued to maintain its strict cash flow management policy, however due to cash flow pressures delays were encountered in meeting working capital obligations. Cash flow management still remains key in this challenging period.

Although the Group experienced a positive first quarter of the new financial year the slowdown in the economy in the second quarter resulted in a significant decrease in revenue compared to the first quarter. This had a negative impact on the Group's cash flow resulting in the Group not being able to meet some of its obligations as it became due. Repayments on the ABSA term loan were 3 months in arrears and ABSA issued a letter instructing the group to rectify the situation within 10 working days failing which ABSA will end the agreement rendering all amounts payable. The last of these arrear payments were made in September 2017, but the group remains in arrears with the September payment. The decrease in cash flow from operations also resulted in the group currently being in arrears with its VAT and PAYE obligations as well as the Pension/Provident Fund contributions.

The IDC loan repayment arrears are in excess of R 30 million at the end of September 2017. The IDC's Workout & Restructuring Team is currently considering recommending further restructuring of the existing facilities on condition that we commit to a payment arrangement still to be agreed upon. The IDC has not taken a decision to terminate the facilities but in the absence of a formal (revised) restructuring agreement between the IDC and WG Wearne, the IDC's rights in terms of the loan agreements are reserved. Forecasted repayments to the IDC for the period March 2018 to Aug 2018 are expected to be R 3 million instead of the current contractual R12 million. Management meets with all its funders on a quarterly basis and all funders are aware of the Group's current position.

The Dankocom Solar Project in Upington contributed significantly to the group's revenue for the year but unfortunately it ties up a significant amount in retentions being R10 million at the end of September 2017 and R12.6 million by the end of February 2018. We are forecasting that the project will finish by February 2018 at which point the R12.6 million will become due.

The group has also entered into a joint venture agreement with Right Gold Machinery (Pty) Ltd in July 2017. Right Gold will be constructing a new crushing plant which will double the current production capacity and allow the operation to take full advantage of the growth in the market in Kwa-Zulu Natal.

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

39. Going concern (continued)

While management are aware of the cash-flow pressures and significant liquidity uncertainty at year-end, they continue to assess the situation as one whereby the group is able to service its debts that will become due in the next 12 months and also fund operational losses that may arise. Management has developed and implemented a re-structuring plan in 2016 and will continue rolling out the plan. The first phase of the re-structuring process was implemented with the sale of the Bethlehem operations and the Precast Division during this financial year. Subsequent to year end the sale of the Brandvlei sand quarry was also concluded. This sale will result in a reduction in the ABSA Term Loan installments of R200 000 per month.

In addition to the re-structuring plan, management continues to review all aspects of the business in order to ensure that resources are being utilised effectively. This ensures that all cost areas are closely monitored in order to reduce expenditure and relieve cash reserves for the Group's working capital.

The board has initiated the following cost cutting processes:

- Reduction in Employment Costs of R500 000 per month, this should be fully implemented by November 2017.
- Restructuring the sand supply chain for the Ready Mixed Concrete business which will result in a R200 000 a month reduction in Raw Material Cost and a further R100 000 a month saving in Transport Costs. This has been implemented from September 2017.
- The relocation of the Group's Head Office to Randfontein which will result in a R100 000 a month saving. The Head office will be relocated by December 2017.
- Reduction in vehicle rental of R100 000 a month by reducing the LDV fleet from November 2017.
- With the closure of the Mobile Crushing Division non-core mobile crushing equipment will also be sold. This should result in an inflow of R2 million.

The Group has signed a funding commitment letter with Milost Global Inc ("Milost") on 21 September 2017 for equity and debt funding of up to R300 000 000, in terms of which Milost will, subject to certain terms and conditions:

* Invest R50 million in Wearne for the subscription of ordinary shares in Wearne; and

* lend and advance R250 million in convertible notes.

	Group		Company	
	2017 R '000	2016 R '000	2017 R '000	2016 R '000

39. Going concern (continued)

Up until the 27th September 2017 Milost has acquired 3 428 130 shares on the open market to indicate their support and commitment. Final agreements still need to be concluded before funds will flow. Management expects that the agreements will be concluded by the middle of October 2017. Funds are expected to flow within 14 days after the agreements have been concluded. The Group may at any stage issue a draw down notice but the equity tranches may not exceed R5 million. There are no set limits between drawdowns. The equity drawdown is priced at the 5 day VWAP of the Group's shares as traded on the JSE on the business day preceding the drawdown notice plus a 275% premium on each equity draw down.

The first draw down in October will be utilised to settle current SARS and Pension fund arrears amounting to approximately R8,5 million

The directors have considered the operational budget and cash flow forecasts for the ensuing year which are based on the current expected economic and market conditions. The board has adopted the going concern basis in the preparation of the annual financial statements subject to the following material uncertainties casting significant doubt about the Group's ability to continue as a going concern:

1. The continued support from all of the Group's funders;
2. The successful conclusion of final agreements and the timeous drawdowns on the Milost Facility;
3. Receiving the contractual retention from Dankocom in February or March 2018; and
4. The successful implementation of the overhead reduction measures implemented by the board.

Annexure A

SCHEDULE OF INVESTMENTS IN AND RELATED PARTY TRANSACTIONS WITH SUBSIDIARIES

	Issued capital	Interest		Cost of Shares		Equity loan amounts owing by / to subsidiary		Amounts included in trade receivables		Amounts included in trade payables		Net profit / loss after tax attributable to group		Services rendered by subsidiaries		Services rendered to subsidiaries	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	R	%	%	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Subsidiaries Direct																	
Noordvaal Crushers Proprietary Limited	16000	100%	100%	1	1	1,070,861	845,292		-	-	-		-	-	-	-	-
Wearne Aggregates Proprietary Limited *	3	100%	100%	3,000,000	3,000,000	26,718,151	524,915	4,247,151	4,724,451	7,824	27,337	3,288,765	(6,784,052)	545,261	434,116	44,080,656	61,270,023
Wearne Platkop Quarry Proprietary Limited	100	100%	100%	100	100	(100)	(100)	-	-	-	-		-	-	-	-	-
Wearne Precast Proprietary Limited	100	100%	100%	1,770	1,770	11,495,158	16,636,051	-	156,978	-	-		1,693,037	-	-	1,107,047	1,696,262
Wearne Quarries Free State Proprietary Limited	100	100%	100%	100	100	-	-	-	-	-	-		-	-	-	-	-
Wearne Quarries Gauteng Proprietary Limited	100	100%	100%	100	100	-	-	-	-	-	-		-	-	-	-	-
Wearne Quarries Limpopo Proprietary Limited	100	100%	100%	100	100	-	-	-	-	-	-		-	-	-	-	-
Wearne Quarries Natal Proprietary Limited	100	100%	100%	100	100	1,081,519	1,081,519	-	-	-	-		-	-	-	-	-
Wearne Ready Mixed Concrete Proprietary Limited	100	100%	100%	100	100	86,472,019	83,230,684	1,206,915	1,794,983	-	-	(3,849,355)	(6,050,340)	33,839,000	-	13,973,263	17,674,549
Special purpose entities																	
WG Wearne Share Incentive Scheme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WG Wearne Rehabilitation Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7,824	27,337	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reclassification of non-current assets held for sale																	
Wearne Precast (Proprietary Limited	100	100%	100%	1,770	1,770	11,495,158	16,636,051	-	156,978	-	-		1,693,037	-	-	1,107,047	1,696,262

* Wearne Aggregates Proprietary Limited was previously known as WG Wearne Logistics Proprietary Limited

Annexure B

ANNUAL REPORT SHAREHOLDER ANALYSIS

Company: WG Wearne Limited
Register date: 24 February 2017
Issued Share Capital: 276,393,213

SHAREHOLDER SPREAD	No of Shareholdings	%	No of Shares	%
1 - 1 000 shares	221	17.61	117,630	0.04
1 001- 10 000 shares	558	44.46	2,575,524	0.93
10 001- 100 000 shares	356	28.37	12,949,036	4.69
100 001- 1 000 000 shares	90	7.17	25,233,405	9.13
1 000 001 shares and over	30	2.39	235,517,618	85.21
Totals	1,255	100.00	276,393,213	100.00

DISTRIBUTION OF SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
Banks/Brokers	6	0.48	648,645	0.23
Close Corporations	19	1.51	4,143,883	1.50
Government	1	0.08	41,458,982	15.00
Individuals	1,125	89.64	94,308,686	34.12
Other Corporations	7	0.56	270,112	0.10
Private Companies	36	2.87	65,828,106	23.82
Public Companies	1	0.08	500,000	0.18
Retirement Fund	1	0.08	67,800	0.02
Share Trust	1	0.08	3,355,250	1.21
Trusts	58	4.62	65,811,749	23.81
Totals	1,255	100.00	276,393,213	100.00

PUBLIC / NON - PUBLIC SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
Non - Public Shareholders	**5**	**0.40**	**157,042,581**	**56.82**
Directors and Associates of the Company holdings	1	0.08	21,180,400	7.66
Strategic Holdings	3	0.24	132,506,931	47.94
Share Trust	1	0.08	3,355,250	1.21
Public Shareholders	**1,250**	**99.60**	**119,350,632**	**43.18**
Totals	1,255	100.00	276,393,213	100.00

Beneficial shareholders holding 3% or more	No of Shares	%
Samant Trust	49,588,967	17.94
Industrial Development Corporation	41,458,982	15.00
Richtrau No 329 Pty Ltd	41,458,982	15.00
Wearne, SJ	21,180,400	7.66
Wearne, JC	12,107,867	4.38
Totals	165,795,198	59.99