

The Road to 2010

WG Wearne established 1910





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Vision

To be the leading concrete products and aggregate supplier in South Africa.

Mission Statement

Our mission is to provide a professional service and a complete range of products to the building industry thereby establishing us as the preferred supplier in all the areas in which we operate.

Our Values

Passion
Professionalism
Service
Quality
Value
Reputation

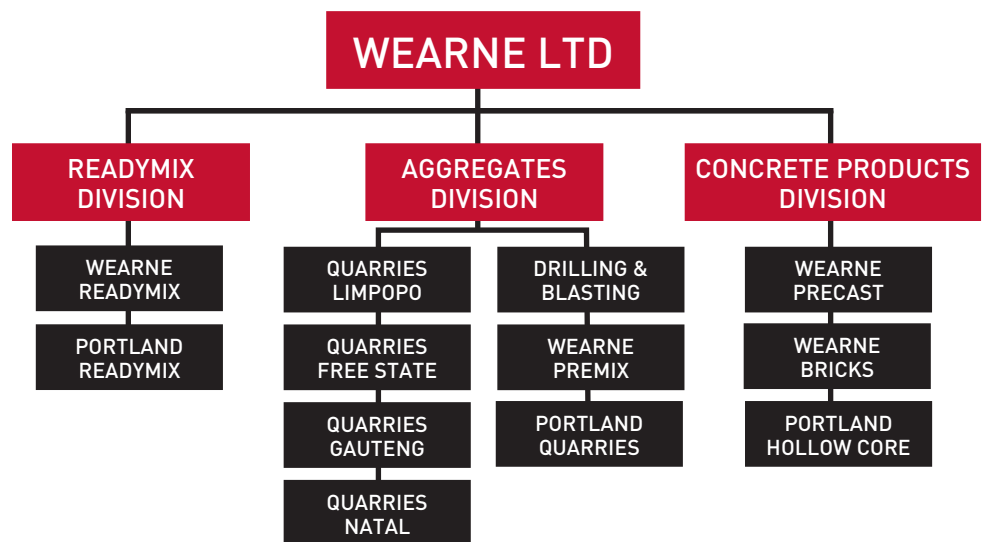




corporate profile

WG Wearne is proudly South Africa's oldest supplier of ready mixed concrete and aggregates. Established in 1910 as a construction concern by its founder William George Wearne, the company was initially involved in the sand and stone business in the small town of Carletonville, 120kms from Johannesburg.

The readymix division was only established in the early 1970's and firmly positioned Wearne as a serious player in the industry. From there the company grew and became what is now known as The Wearne Group of Companies, supplying the construction industry with a complete product offering. What was once a small family holding is today a listed company with a staff compliment of over 1 000 people operating in most of the major metropolitan areas .



The year under review has been one of the most challenging years experienced in the ninety-nine year history of the group. The second half of the financial year was especially difficult as the group experienced a major downturn in demand for its products. The reasons for the lack of sales in the different divisions are largely attributed to the following:

- The international credit crisis and the subsequent collapse of commodity prices caused several mining projects within South Africa to be put on hold or completely cancelled. This had a direct effect on demand for the company's products in the Limpopo and North West Provinces.
- The beginning of this financial years' rising interest rate environment and subsequent collapse of the residential market severely affected demand for building materials especially in Gauteng and the Western Cape.
- The cancellation of the contract to supply ready mixed concrete to the Houghton Golf Estate Development. The project was stopped due to non payment by the developer and resulted in a loss of further revenue from this project of approximately R20 million. The group has been fully paid by the contractor.
- The delay in payment by Government for RDP houses in Gauteng

This decline in sales volumes has resulted in a strain on the group's cash resources and a decision was taken to place the loss-making operations on "care and maintenance". This relates specifically to two sand operations on the West Rand. The group also has excess capacity in its ready mixed concrete fleet. Certain of the older vehicles were sold and further vehicles will be sold to bring the fleet in line with the forecast requirements for the next twelve months.

The group entered into a fuel hedge on fifty percent of the annual usage. The instrument utilised is a zero cost collar and the range of the collar is between R6.45 and R7.71 per litre of the ICE Gasoil price. The hedge has been entered into for a period of twelve months beginning 1 November 2008. The reasoning behind the hedge was to protect the group from sharp upward movements in the fuel price as experienced in the first half of the financial year when the oil price peaked at 140 US\$ per barrel. Unfortunately the sharp decline in commodity prices was not expected and the hedge resulted in a loss of R5 million before taxation for the 2009 financial year.

Other once-off start up costs in the Concrete Products division amounted to losses of

R5 million before taxation. The precast pipe factory in Polokwane is currently breaking even and the hollow core slab factory in Cape Town began sales of its products in March 2009. The directors believe that the prospects for this factory are exciting due to the niche market it serves.

Financial Performance

Group revenue increased by 10% to R587.0 million (2008: R532.7 million). Gross profit decreased by 14% to R155.5 million (2008: R180.7 million). Gross profit margins reduced to 26%, due to intense competition in a declining market. The reduction in gross profit, combined with higher operating costs as well as the higher depreciation charge for the larger asset base, and an increased finance cost caused by higher interest rates and the increase in long term debt resulted in the group reporting a headline loss per share of 10.91 cents for the year compared to a headline profit of 26.09 cents per share in 2008.

The segmental report reflects a 12% increase in revenue for the Ready Mixed Concrete division but a reduction in gross margins to 16%.

The Aggregate division showed an increase in revenue of 24%. This can largely be attributed to the acquisition of the Portland quarry in the Western Cape which was included in the 2009 financial results from 1 September 2008. There was a reduction in gross profit margins to 21% due to lack of demand and a more aggressive pricing strategy.

The Concrete Products division increased turnover to R10.6 million from R3.0 million in 2008. This was as a result of the additional pipe factory coming on line during the year. A satisfactory gross profit margin of 24% was achieved.

The group generated R76.5 million in cash from operating activities during the year compared to R84.6 million in 2008. Purchase of property, plant and equipment amounted to R256 million during the year. This was largely due to the Portland acquisition as well as the investment in the pipe factory in Polokwane. Certain capital expenditure on vehicles and plant in the Ready Mixed Concrete division had already been committed prior to the downturn in the market.



ceo's review

The increased spend on roads and infrastructure by the Government continue to create opportunities for the group

The only capital expenditure will be to maintain plant and equipment

The board of directors would once again like to thank all management and staff for their contribution

Prospects

While the operating results for the period were poor and the general conditions in the commercial and residential construction markets remain weak, the increased spend on roads and infrastructure by the Government continue to create opportunities for the group. The group's quarries, except for the Portland quarry in the Western Cape, have major road contracts in close proximity which should see the volumes increase from the current financial year. There are also a number of potential new projects for the mobile crushing and drill and blast divisions which are currently running at full capacity.

The major concern at present is the ready mixed concrete division where the prospects for the year ahead remain weak. This business is currently being right-sized to prevent the continuation of the loss-making operations. The company is also pricing several infrastructure-related projects. The Soccer City contract was successfully concluded at the end of April 2009 and has not been replaced. Focus will be given to capturing more of the RDP housing market as this, together with the infrastructure sector, is identified as an area for growth in the year ahead for this division.

Prospects for the concrete products division look fairly good as a result of this division operating in niche markets where the general downturn in building activity has not had a major effect.

The recent aggressive lowering of interest rates will have a major positive effect on the profitability of the group going forward as interest is currently one of the major expenses. This is also expected to stimulate the general economy even though a positive effect will probably not be felt in the building sector in the current financial year.

No major capital expenditure is planned for the year ahead as the group is not running at full capacity and plans to reduce debt levels significantly during the year. The only capital expenditure will be to maintain plant and equipment and this is not expected to exceed R15 million for the year.

Dividend Policy

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

Human Capital

The board of directors would once again like to thank all management and staff for their contribution during the past financial year. It certainly has been a very challenging year and the commitment and loyalty displayed is highly appreciated. Signs of a positive recovery are emerging and even though the group has not been profitable during the year, the directors are continuously building the brand and working towards the goal of becoming the leading concrete products and aggregate supplier in the country.

John Wearne

Chairman and Chief Executive Officer



The directors of WG Wearne Limited (Wearne) acknowledge the importance of sound corporate governance and are committed to implementing the principles of the King Report II on corporate Governance 2002, (King II). The directors recognize that, besides being a valid expectation of investors, good governance is fundamentally advantageous to the group's sustainability and functioning.

The directors have adopted the King Code as appropriate to the nature and size of the group, and continue to monitor statements of compliance with the Code throughout the accounting period and indication of any non-compliance, to ensure ongoing improvement of operational and corporate practices.

The Board

The unitary board consists of four executive and four non-executive directors and is chaired by the chief executive officer (CEO) SJ Wearne. The group recognises the King II recommendations that board membership comprise a majority of non-executive directors and will be cognizant of these recommendations in future board appointments.

Although three of the four non-executive directors are not classified as independent in terms of King II as they are shareholders in the company, they are fully independent of management and enjoy no benefits from the company for their services as directors other than their fee in this regard. The non-executive directors are high calibre individuals who contribute a wide range of skills, knowledge and experience and are not involved in the day-to-day operations of the company.

As permitted by the AltX listing requirements, the positions of CEO and chairman are not necessarily separated. A clear division of responsibility is however maintained across the board to ensure that no director can exercise unfettered powers of decision-making.

Currently directors' service contracts endure for an indefinite period with the exception of one third of the board being up for a renewal vote, which will take place annually at our AGM.

The board meets at least four times a year with additional meetings held when necessary to review strategy, planning, operations, financial performance, risk, capital expenditure and human resources and environmental management.

The board maintains full and effective control over the group and is responsible for monitoring executive management.

A board charter formally setting out the board's composition and procedures was adopted during the previous year. The charter codifies the board's duties and responsibilities which include determining the group's overall policy, strategic direction and planning, acquisitions and resource allocation. The charter further includes guidelines on regular self-evaluation protocol as well as the appraisal of directors' performance.

All directors have unrestricted access to the advice and services of the company secretary, and to the company records, information, documents and property. Non-executive directors also have free access to management at any time. All directors are entitled, at the company's expense, to seek independent professional advice on any matters pertaining to the group necessary to discharge their responsibilities.

Board Processes

Share dealings

Directors are required to declare their shareholdings, additional directorships and potential conflicts of interest as well as any share dealings to the chairman and company secretary, who together with the designated advisor ensure that share dealings are published on the Securities Exchange News Service ("SENS").

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

New Appointments

As the company does not have a formal nominations committee, the board as a whole is responsible for new board appointments. The process for new appointments is conducted in a formal and transparent manner.

The company secretary is responsible for implementing the company's informal induction program which includes introduction of new board members to key management and site visits. New appointees are further provided with copies of recent interim and annual financial results and an overview of the company's accounting policies. In addition, all new appointees are required to attend the AltX Directors Induction Program run through the Wits Business School and endorsed by the Institute of Directors. The program covers pertinent aspects of company law, stock exchange regulations, the roles, responsibilities and liabilities of directors, basic techniques of financial analysis

governance report

corporate



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and the importance of investor and media relations. All of Wearne's current directors have completed the AltX Directors Induction Program.

Self-Evaluation

The board will look to implement a formal self-evaluation process going forward as set out in the board charter. The performance of executive and non-executive directors is currently evaluated by the CEO, while the board as a whole is responsible for evaluation the performance of the CEO.

Succession Planning

Mentorship programmes have been introduced and will be expanded in the current year to help identify suitable succession candidates.

Remuneration Philosophy

Remuneration of directors is the responsibility of the board as a whole. In aiming to attract candidates of the highest quality, basic salaries are market-related and in addition recognise the particular employee's qualifications and experience. Salaries are adjusted annually and bonuses are paid at the discretion of the board.

Company Secretary

The board is aware of the responsibilities and duties of the company secretary and has committed itself to ensure that the company secretary is afforded the support required in order to perform his duties.

The company secretary is among others, responsible for the following:

- providing assistance and advice to the board on matters of good governance and ethics;
- providing advice to directors on their duties and responsibilities to the company;
- induction of directors;
- updating the board on new developments in applicable laws, regulations and standards; and
- overseeing shareholder relations in respect of company notices, correspondence, shareholder meetings and ensuring that the company complies with the relevant legislation.

The company secretary acts as a secretary to all board committees.

Board Committees

Executive committee (EXCO)

The EXCO comprises the group's four executive directors, together with managers of business units. It is responsible for the daily running of group companies and regularly reviews current operations in detail, develops strategy and policy proposals for consideration of its directives.

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

Audit Committee

The audit committee is chaired by an independent non-executive director with financial expertise and the company's designated advisor and CFO attend all meetings by invitation. The external auditors have unrestricted access to the audit committee and its chairman. The audit committee charter sets out and codifies the role and responsibilities of the committee including monitoring the:

- integrity of the group's financial statements and any formal announcements made relating to the group's performance and significant reporting judgments made therein;
- effectiveness of the group's internal financial controls and systems of internal control and risk management;
- effectiveness of the internal audit function;
- appointment, terms of engagement and remuneration of the external auditor;
- external auditor's independence, objectivity and effectiveness, and the supply of non-audit services by the external auditor; and
- compliance with the applicable legislation and requirements of regulatory authorities.

The audit committee reports directly to the board on these matters.

Details of the directors' attendance at meetings held during the financial year are as follows:

Attendance at meetings:	Board	Audit Committee
No. of meetings held during the period:	4	6
Executive Directors:		
SJ Wearne	4	-
JC Wearne	3	-
OJG Harvey	4	6
BJ du Toit	2	-
N Heyns	2	-
Non-Executive Directors :		
B Mkhonto	3	-
E Moloji	4	4
HWP Scholtz	2	-

Accounting and Auditing

The external auditors are responsible for reporting on whether the financial statements are fairly presented in compliance with International Financial Reporting Standards (IFRS). The preparation of the financial statements remains the responsibility of the directors.

Internal Control and Risk Management

The board has decided to implement a dedicated internal audit function. Internal audit responsibilities were managed during the year by the CFO and executive management. The CFO remains responsible for monitoring and reviewing internal audit matters.

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. The system is therefore designed to manage rather than eliminate risk of failure and opportunity risk. Nothing has come to the attention of the board to indicate that there has been a material breakdown in the internal systems of control during the year.

Stakeholder Communication

The company is committed to timely, consistent and transparent communication with all stakeholders, part of which involves a newsletter to employees.

Company announcements are released on SENS and posted on the company's website. Financial results announcements are also posted to shareholders who are encouraged to attend the annual general meeting. The CEO is available to answer queries from stakeholders, including industry analysts, at all times and wherever possible engages with the financial media to ensure accurate reporting.

Code of Ethics

A formal code of ethics was adopted to which the group and the directors are required to adhere. The main tenets of the code include a commitment to integrity in all business dealings, confidentiality of information, timely dissemination of information, a non-discriminatory work environment and sound safety, health and environmental policies. All employees and the directors are to be bound by the code of ethics.

corporate governance report



sustainability review

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

Black Economic Empowerment (BEE)

In addition to shares placed with empowerment consortia, Wearne's employees' hold equity by way of purchases of shares through the group's share purchase scheme. Over 80% of Wearne employees are Historically Disadvantaged Individuals (HDIs).

Wearne intends over time to focus on increasing its BEE stakeholding to exceed the Charter requirements. Although the group does not have a formal policy on affirmative procurement at present, wherever possible the use of HDI suppliers is encouraged. Going forward Wearne will look to implement a formal policy stipulating guidelines and targets.

Employees

The group's Employment Equity Committee is responsible for setting employment equity targets and ensuring that Wearne complies with the Employment Equity Act and any other relevant legislation. The committee ensures that its policies are continually reviewed to adhere to international standards and best-practice in this area.

Wearne is committed to fostering a non-discriminatory environment and to this end has adopted a formal nondiscrimination policy, in terms of which all employees are cautioned against all forms of discrimination relating to race, gender, marital status, family responsibility, ethnic or social origin, sexual orientation, age, disability, religion, HIV status, political opinion and language.

Although the principal objective is to eliminate discrimination entirely, the group cannot account for individual behaviour.

Skills Development and Training

A Skills Development and Training Committee was formed during the last year to address the training requirements of the group. The committee is made of members representing the various areas of each company and meets every quarter.

Adult Basic Education Training expanded throughout the year and currently involves 290 employees at our quarry and ready-mix operations. Artisan Aid training continued throughout the year mainly in the form of electrical learnerships. Our mobile equipment operators all underwent their annual assessment and licensing renewals.

We embarked on two major learnership programs throughout the year. A driver learnership involving twenty unemployed HDI's (including eight women) was completed in April this year. We identified a major need for intense management training and as a result identified fifteen managers to attend a year long management learnership which would complete in March 2010. This forms part of our excellence program whereby employees with potential are identified and provided with the appropriate support which would enable them to fill suitable management positions throughout the group.

A large emphasis was placed on in-house training throughout the year. This included customer care training for all our receptionists and orders clerks, concrete training for all our managers and sales representatives and risk assessment training throughout the group.

Health and Safety

Wearne places a strong emphasis on health and safety in the work environment. To this end it ensures full compliance with the South African Occupational Health and Safety Act as well as with the Mine Health and Safety Act. Health and safety measures are continually scrutinized to ensure that programmes are in line with international standards and guidelines.

Wearne has implemented a formal health and safety programme which provides for risk assessment and evaluation structures and further encourages employees to highlight areas needing improvements. A Health and Safety Officer is responsible for implementing the policy's guidelines and conducting regular baseline risk assessments. Each plant has a safety representative who reports directly

to the Health and Safety Officer at the monthly Safety, Health, Road Transport, Environment and Quality (SHREQ) forum.

A small number of injuries and vehicle accidents were reported during the year. All incidents were investigated to facilitate measures to prevent reoccurrences. Health, safety and environmental training is carried out on an ongoing basis. Various disciplines are addressed including SHREQ Induction, First Aid, Health and Safety Representatives and Mobile Equipment Operation. In recognizing Wearne's efforts in this regard, the Aggregates and Sand Producers Association of Southern Africa (ASPASA) and the Southern African Readymix Association (SARMA) conducted their annual audits at the group's crushing and concrete plants with another year of favourable results.

HIV/AIDS

Wearne is committed to mitigating the impact of the HIV/AIDS pandemic on its staff and has undertaken a number of significant steps to achieve this aim. As a landmark of its formal HIV/AIDS policy, antiretroviral medication is provided free-of-charge to all employees who voluntarily disclose their status to one of the various occupational practitioners retained by the company.

The policy is intended to create an environment that is responsive to the workplace issues related to HIV/AIDS, including sensitivity to the special needs of an infected employee who has disclosed his/her status and assistance through counseling services, and further obliges co-workers to continue successful working relationships with infected colleagues. It also emphasises the critical importance of confidentiality regarding an employee's voluntarily disclosed status.

As part of the policy, managers are encouraged to contact the human resources department for assistance in providing employees with general information about HIV/AIDS infection.

The policy is reviewed regularly to ensure compliance with legislative developments and medical advancements in this area.

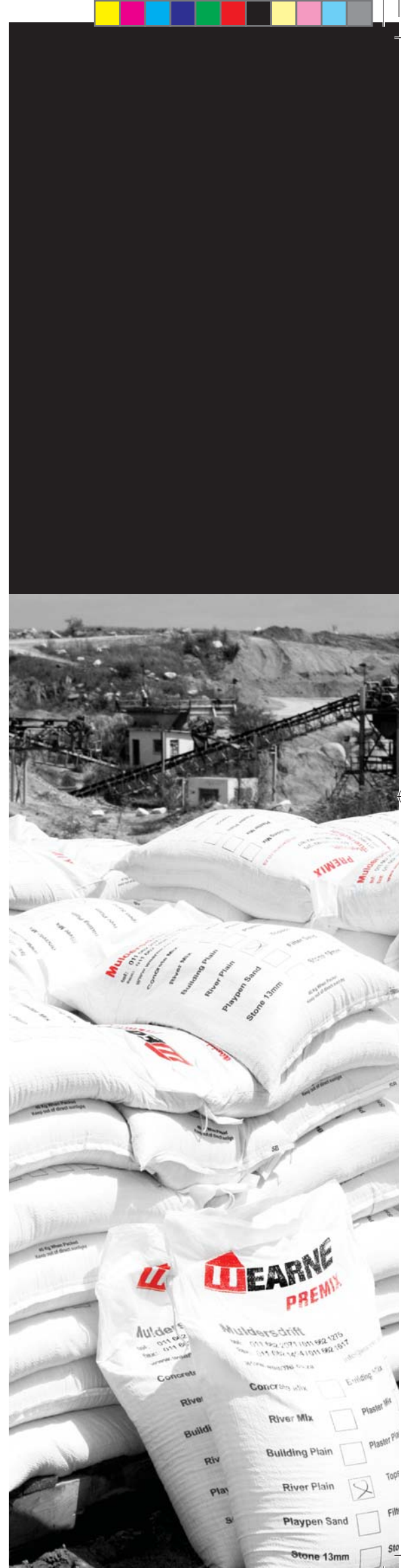
An appropriately qualified and experienced service provider has been identified that has enabled the training of an officer to present education on HIV/AIDS issues. An education programme has now been implemented and all employees at plant level receive HIV training as part of their induction process.

Environment

Wearne's environmental policy recognises concern for the environment as fundamental to operations. The group's formal policy not only requires legislative compliance but extends to best practice. Periodic audits of environmental policies against international standards and guidelines are undertaken to meet the policy's requirements.

Managers are obliged to identify environmental risks and take preventative action to minimize the potential and actual environmental impact of Wearne's activities, products and services. Quarry operations are subjected to bi-annual About Face Environmental Audits accredited by ASPASA, while bi-annual SHREQ audits are conducted at the concrete plants. Environmental risks are also addressed at the monthly Safety, Health and Environment (SHE) forums where deadlines and targets to minimise environmental risks are set. Tree planting exercises are carried out at many of the group's operations, in a drive to counter the effect of carbon emissions. All operations have an alien vegetation removal programme where unwanted vegetation is removed according to government legislation.

Wearne acknowledges its responsibility towards the communities in which it operates as well as broader development projects. Management has approved a budget of 1% of attributable income towards social development programmes. The first of the programmes were rolled out in the 2008 financial year and involves the construction of an Abet Centre in Diepsloot.





directorate

EXECUTIVE DIRECTORS

John Wearne
Chairman and Chief Executive Officer
B Rek (Stell) Hons B Compt

John is currently the CEO of WG Wearne. He completed his articles at Bruk Rosenberg and Co. in 1997. John joined Wearne as Financial Manager in 1998, was appointed as Financial Director in 2000 and then as Managing Director in 2003. John is currently the Chairman of SARMA and is also on the management committee of ASPASA.

Chris Wearne
Wearne Operations Director

Chris joined Wearne in 1995 as Plant Supervisor at the stone crushing plant at Kloof Gold Mine. He progressed to become Plant Manager in 1996 and then Area Manager for Gauteng in 1999, taking responsibility for three crusher plants. Chris is responsible for the operational performance off the crushing operations operating under the Wearne brand.

Owen John Garrett Harvey
Financial Director
B Acc CA (SA)

Owen completed his articles at Clarke and Patterson in 1988 and obtained his CTA degree at the University of the Witwatersrand at the same time. He qualified as a Chartered Accountant in 1989 and was invited to join the firm as an audit partner in 1990. He left in 2003 to join Wearne as Financial Director.

Nico Heyns
Portland Operations Director

Nico, a qualified teacher, formalised Portland with Helenus Scholtz in 1988. He has in excess of 20 years experience as a business man, specifically in property development and the construction industry. He is the Managing Director of the Portland Group in the Western Cape which comprises a quarry, ready-mix, logistics and hollow core (pre-cast concrete) business.

NON-EXECUTIVE DIRECTORS

Bonke Mkhonto
Bonke joined Grinaker Housing in 1990 as a Contract Manager and when he resigned to start his own business he was the Managing Director of Grinaker Housing. From 2001 to 2004 Bonke was the Managing Director of Jericho Ready Mixed Concrete. In 2005 he started Imisebe Trading. Imisebe Trading specializes in the construction of RDP Housing and has successfully completed numerous high profile projects.

Ernest Moloji
Associate Degree in Engineering from the New York Technical College USA

Ernest is currently the Managing Director of the Moseme Group of Companies. Moseme is one of the largest black owned civil engineering construction companies in South Africa. He has vast experience and core skills in civil engineering and construction management.

Helenus Scholtz
BA Law B Prok

Helenus is a lawyer by profession and a founding partner of Rossouw, Scholtz and Zondani. He specializes in property law and conveyance. He is the co-founder of Portland and has in excess of 30 years experience as a business man, specifically in property development.

Mitesh M Patel
B Acc CA(SA)

Mitesh, upon completion of his articles opened his own audit practice and built up a significant client base and network over a very short period of time. Mitesh received an opportunity to join the fifth largest audit practice in South Africa and became the Managing Director of PKF (Pta) Incorporated. Mitesh is currently the Managing Partner at Nkonki Inc and also serves on the boards of various other listed companies.

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF WG WEARNE LIMITED

Report on the financial statements

We have audited the annual financial statements and group annual financial statements of WG Wearne Limited, which comprise the directors' report, the balance sheets as at 28 February 2009, the income statements, the statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 16 to 54.

Directors' responsibility for the annual financial statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the annual financial statements and group annual financial statements present fairly, in all material respects, the financial position of the company and of the group as at 28 February 2009, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



RSM BETTY & DICKSON (JOHANNESBURG)

Registered Auditor

John Jones

Johannesburg

13 August 2009

reports



WG WEARNE LIMITED

(Registration No. 1994/005983/06)

ANNUAL FINANCIAL STATEMENTS AND GROUP ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2009

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

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

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

The directors acknowledge that they are ultimately responsible for the systems of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 company and the group's cash flow forecasts for the year to 28 February 2010 and, in the light of this review and the current financial position, they are satisfied that the company and the group have or have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company and the group's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 13.

The annual financial statements set out on pages 16 to 54, which have been prepared on the going concern basis, were approved by the board of directors and signed on its behalf by:

SJ Wearne

OJG Harvey

Chairman

Chief Financial Officer

Johannesburg

13 August 2009

DECLARATION BY THE COMPANY SECRETARY

In terms of Section 268G(d) of the Companies Act 61 of 1973, as amended, I hereby certify that the company has lodged, with the Registrar of Companies, all such returns as are required of a public company, in terms of the aforementioned Act, and that all such returns are true, correct and up to date.

OJ LE Roux

Company Secretary

Johannesburg

13 August 2009

AUDIT COMMITTEE REPORT

Background

The Corporate Laws Amendment Act (the Act) became effective on 14 December 2007. The committee has examined the requirements of the amendments, and has commenced with the implementation thereof.

Purpose

The purpose of the committee is:

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

External Audit

The committee has satisfied itself through enquiry that the auditor of WG Wearne Limited is independent as defined by the Act.

The committee, in consultation with executive management, agreed to a provisional audit fee for the 2009 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. The final adjusted fee will be agreed on completion of the audit. Audit fees are disclosed in note 25 to the annual financial statements. There is a formal procedure that governs the process whereby the auditor is considered for non-audit services, and each engagement letter for such work is reviewed by the committee.

Meetings were held with the auditor where management was not present, and no matters of concern were raised.

The committee has nominated, for approval at the annual general meeting, RSM Betty and Dickson (Johannesburg) as the external auditor for the 2010 financial year and John Jones as the designated auditor.

Financial Director

The committee has satisfied itself of the appropriateness of the expertise and experience of the financial director.

Annual Financial Statements

The committee has recommended the annual financial statements 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.

MM Patel

Chairman of the Audit Committee

Johannesburg

5 August 2009

REPORT OF THE DIRECTORS

The directors present their annual report which forms part of the audited financial statements of the company and the group for the year ended 28 February 2009.

DIRECTORS

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

Name	Nationality	Changes
SJ Wearne	South African	
JC Wearne	South African	
OJG Harvey	South African	
E Moloji	South African	
B Mkhonto	South African	
N Heyns	South African	Appointed 17 September 2008
HWP Scholtz	South African	Appointed 17 September 2008
MM Patel	South African	Appointed 2 March 2009
BJ du Toit	South African	Resigned 6 November 2008

SHAREHOLDING OF DIRECTORS

Details of the number of shares in the company held by the directors at 28 February 2009 is as follows:

	2009		2008	
	Direct	Indirect	Direct	Indirect
Executive directors				
SJ Wearne ⁽¹⁾	13,107,867	165,000	15,107,867	90,000
JC Wearne ⁽¹⁾	12,107,867	165,000	12,107,867	90,000
OJG Harvey	3,000,000	165,000	3,000,000	90,000
N Heyns	-	19,595,685	-	-
BJ du Toit ⁽²⁾	-	-	123,000	90,000
Non-executive directors				
E Moloji	-	6,250,000	-	6,250,000
B Mkhonto	-	6,250,000	-	6,250,000
HWP Scholtz	-	19,595,685	-	-
	28,215,734	52,186,370	30,338,734	12,860,000

Included in the indirect holdings of the directors, reflected above, are the following shares held by way of the WG Wearne Share Incentive Scheme. These shares have been allocated to directors but are registered in the name of the trust and may not be traded as they have not yet been paid for. Their sale is subject to restrictions, since they may only be sold in tranches over four years, subject to payment being made. In the analysis of shareholders presented in Annexure B of this report they are reflected as part of the shares held by the share trust.

	2009	2008
SJ Wearne ⁽¹⁾	165,000	90,000
JC Wearne ⁽¹⁾	165,000	90,000
OJG Harvey	165,000	90,000
BJ du Toit ⁽²⁾	-	90,000
	495,000	360,000

⁽¹⁾ Beneficiaries of the Samant Trust which holds 38 713 967 shares in the company. See page 17 for details of the Samant Trust beneficiaries and trustees.

⁽²⁾ Resigned as a director on 6 November 2008

The shares listed above were all beneficially held and no changes have taken place in these holdings between the year-end date and the date of this report.

REMUNERATION OF DIRECTORS

The directors' remuneration is reflected in full in note 36 to the financial statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL AND ISSUES DURING THE YEAR

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

On 1 August 2008, the company allotted 500 000 shares at 500 cents per share (a premium of 499.9 cents per share), in part settlement of the purchase of the Tzaneen quarrying operation.

The company further allotted 32 461 617 shares in settlement of the purchase of Portland Holdings (Proprietary) Limited and its subsidiaries, and the loans from vendors. These shares were allotted on 1 September 2008, at 195 cents per share (a premium of 194.9 cents per share).

An analysis of the company's shareholders is provided on page 54 of the annual report. At 28 February 2009 there were 2 465 public shareholders in the company, who held 54.56% of the ordinary shares. Those shareholders holding 5 percent or more of the company's issued capital are as follows:

Shareholder	Number of Shares Held	%
The Samant Trust*	38,713,967	21.16
Anco Besigheids Trust	14,151,720	7.73
Willchrest Besigheids Trust	14,151,720	7.73
SJ Wearne	13,107,867	7.16
JC Wearne	12,107,867	6.62
Portland Readymix Trust	10,887,930	5.95

*The beneficiaries of the Samant Trust are SJ Wearne and JC Wearne, who are executive directors of the company, as well as AJ Wearne, DDM Wearne, K Lindeque and R Steyn. The trustees are AJ Wearne and DDM Wearne. All capital and revenue distributions from the trust are at the discretion of the trustees.

PRINCIPAL ACTIVITIES

The company and its subsidiaries are engaged in the manufacture, marketing and transport of crushed stone, sand and ready mixed concrete in the Gauteng, North West, Free State, Limpopo, Natal and Western Cape Provinces.

GENERAL REVIEW

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

ACQUISITIONS

The company acquired Portland Holdings (Proprietary) Limited (Portland Group) and the minority interest in certain subsidiaries of Portland Holdings effective 1 September 2008. In addition the related property (Portion 8 of Farm 1098 Hooggekraal) on which the stone quarry is located has been acquired for R40,5 million.

The Portland Group was established 20 years ago, in the Durbanville area, in the Western Cape and is a supplier of ready mixed concrete and aggregate (sand and stone used in the making of concrete) as well as road building material to the construction industry.

The Portland Group provides a strategic geographical expansion opportunity to Wearne into the lucrative Western Cape market.

The company further acquired a quarrying operation in Pietermaritzburg, from Willowsfontain Quarry (Proprietary) Limited, effective 1 May 2008.

EVENTS SUBSEQUENT TO YEAR END

The cash flow of the group has deteriorated during the 2009 financial year and the group is therefore considering a rights issue of R30 million to R35 million for which commitments to underwrite the rights offer have been received from the major shareholders (which include management) for approximately R23 million. The terms of the rights offer will be announced in due course.

PROPERTY, PLANT AND EQUIPMENT

Other than the acquisitions disclosed in note 3, there have been no major changes in the property, plant and equipment of the group during the period or any changes in the policy relating to their use.



REPORT OF THE DIRECTORS

BORROWINGS

The borrowing powers of the directors are unlimited, in terms of the company's articles of association.

The groups borrowings increased from the previous year for various reasons, including:

- the purchase of the Portland Group in the Western Cape, specifically including the Hollowcore Division, the largest portion of which was financed.
- the purchase of the property from which the Portland group operates.
- the purchase of the Wemmer Pan property in central Johannesburg, on which a ready mix concrete operation is located.
- the commissioning of the Precast business in Limpopo, the largest portion of which was financed.
- the group also acquired items of property, plant and equipment during the year, all of which were financed.

DIVIDENDS

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

GROUP STRUCTURE

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

The company had an interest in its subsidiaries, joint ventures and special purpose entities' aggregate profit after taxation of R6 225 344 (2008: R2 195 486) and in their losses after taxation of R24 146 025 (2008: R593 859).

THE WG WEARNE SHARE INCENTIVE SCHEME

This trust was registered on 2 March 2006, and 5 million shares in the company were allotted to it on that date. Prior to the listing of the company's shares on the Alternative Exchange of JSE Limited, an offer was made to its employees, with the approval of the JSE, to take up shares in the company at the listing price of 100 cents per share.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements were approved by the board of directors at Johannesburg on, 13 August 2009, and are signed on its behalf.

SJ Wearne
Chairman

OJG Harvey
Chief Financial Officer

BALANCE SHEETS

	Notes	COMPANY		GROUP	
		2009	2008	2009	2008
		R	R	R	R
ASSETS					
NON-CURRENT ASSETS					
		350,742,641	286,241,757	680,647,724	402,187,427
Property, plant and equipment	3	309,882,928	278,070,850	595,169,023	390,201,231
Intangible assets	4	410,000	-	78,230,973	6,709,516
Investments in subsidiaries	6	38,580,273	3,010,391	-	-
Investment in joint ventures	7	100	50	-	-
Investment in associate	8	49	49	49	49
Available for sale investments	9	1,869,291	5,160,417	5,200,731	5,209,337
Deferred tax	20	-	-	2,046,948	67,294
CURRENT ASSETS					
		159,830,758	117,741,355	119,538,331	119,050,384
Inventories	10	2,170,292	25,573,058	36,463,074	28,118,732
Trade and other receivables	11	26,171,189	81,432,923	79,764,032	88,225,798
Current tax receivable		1,459,176	-	1,470,917	-
Loans to subsidiaries	6	123,837,435	3,483,808	-	-
Loan to joint venture	7	1,770,450	1,770,450	-	-
Loan to special purpose entity	12	4,414,969	5,131,953	-	-
Loans to affiliated entities	13	-	257,574	-	-
Cash and cash equivalents	14	7,247	91,589	1,840,308	2,705,854
TOTAL ASSETS		510,573,399	403,983,112	800,186,055	521,237,811
EQUITY AND LIABILITIES					
EQUITY					
		237,081,161	173,614,671	243,659,045	179,082,123
Share capital	15	182,962	150,000	179,253	146,450
Share premium	16	146,776,119	81,067,393	142,197,948	77,096,143
Non-distributable reserves	17	45,542	120,687	[99,793]	120,687
Retained earnings		90,076,538	92,276,591	100,636,416	101,718,843
Minority interest		-	-	745,221	-
NON-CURRENT LIABILITIES					
		149,881,474	128,711,171	318,585,846	218,043,249
Environmental obligations	18	-	13,896,671	17,897,861	14,663,993
Long-term borrowings	19	140,994,567	99,217,923	265,726,918	182,487,553
Deferred taxation	20	8,886,907	15,596,577	34,961,067	20,891,703
CURRENT LIABILITIES					
		123,610,764	101,657,270	237,941,164	124,112,439
Trade and other payables	21	19,612,468	62,338,499	79,561,211	73,691,575
Short-term borrowings	19	46,626,392	25,773,331	95,340,859	47,436,461
Loans from subsidiaries	6	200	8,847,666	-	-
Loans from joint ventures	7	3,906,239	-	-	-
Loans from affiliated entities	13	196,824	-	-	-
Taxation		-	2,992,922	1,129,417	2,984,403
Bank overdraft	14	53,268,641	1,704,852	61,909,677	-
TOTAL EQUITY AND LIABILITIES		510,573,399	403,983,112	800,186,055	521,237,811
Number of shares in issue at year-end		182,961,617	150,000,000	182,961,617	150,000,000
Net asset value per share (cents)		129.6	115.7	133.2	119.4
Net tangible asset value per share (cents)		129.4	115.7	96.5	114.9
(excludes deferred tax liability related to intangible assets)					

INCOME STATEMENTS

	Notes	COMPANY		GROUP	
		2009	2008	2009	2008
		R	R	R	R
Revenue	23	364,762,230	503,272,482	587,002,180	532,688,641
Cost of sales		(281,590,831)	(355,267,787)	(431,498,685)	(352,032,714)
Gross profit		83,171,399	148,004,695	155,503,495	180,655,927
Operating costs		(50,207,583)	(66,192,198)	(95,118,382)	(74,915,201)
Profit before interest, taxation, depreciation and amortisation		32,963,816	81,812,497	60,385,113	105,740,726
Depreciation		(18,182,565)	(18,246,605)	(44,813,757)	(31,556,958)
Profit before interest and taxation		14,781,251	63,565,892	15,571,356	74,183,768
Other income		1,197,946	3,343,800	20,393,358	2,053,019
Net interest paid	24	(18,464,111)	(12,052,763)	(41,039,524)	(21,309,948)
Profit/(Loss) before taxation	25	(2,484,914)	54,856,929	(5,074,810)	54,926,839
Taxation	26	607,479	(14,421,313)	4,233,196	(14,998,476)
Profit/(Loss) for the year		(1,877,435)	40,435,616	(841,614)	39,928,363
Attributable to:					
Equity holders of the company		(1,877,435)	40,435,616	(761,751)	39,928,363
Minority shareholders		-	-	(79,863)	-
Earnings per share (cents)	27	-	-	(0.47)	27.45
Fully diluted earnings per share (cents)	27	-	-	(0.45)	26.61

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Non-distributable reserves	Accumulated profits	Minority interest	Total
COMPANY	R	R	R	R	R	R
Balance at 1 March 2007	150,000	82,417,393	18,670	51,791,183	-	134,377,246
Net income recognised directly in equity	-	-	-	49,792	-	49,792
Gain on available for sale investments	-	-	-	49,792	-	49,792
Total recognised income and expenses	-	-	-	40,435,616	-	40,435,616
Profit for the year	-	-	-	40,435,616	-	40,435,616
Share issue expenses	-	(1,350,000)	-	-	-	(1,350,000)
Share based payment reserve	-	-	102,017	-	-	102,017
Balance at 29 February 2008	150,000	81,067,393	120,687	92,276,591	-	173,614,671
Reclassification of fair value adjustment	-	-	322,618	(322,618)	-	-
Net income recognised directly in equity	-	-	(519,451)	-	-	(519,451)
Fair value adjustment on available for sale investments	-	-	(519,451)	-	-	(519,451)
Total recognised income and expenses	-	-	-	(1,877,435)	-	(1,877,435)
Loss for the year	-	-	-	(1,877,435)	-	(1,877,435)
Share capital issued	32,962	65,767,191	-	-	-	65,800,153
Share issue expenses	-	(58,465)	-	-	-	(58,465)
Purchase of own / treasury shares	-	-	-	-	-	-
Share based payment	-	-	121,688	-	-	121,688
Business combination	-	-	-	-	-	-
Balance at 28 February 2009	182,962	146,776,119	45,542	90,076,538	-	237,081,161

	Share capital	Share premium	Non-distributable reserves	Accumulated profits	Minority interest	Total
GROUP	R	R	R	R	R	R
Balance at 1 March 2007	145,466	77,462,628	18,670	61,686,422	-	139,313,186
Net income recognised directly in equity	-	-	-	104,058	-	104,058
Gain on available for sale investments	-	-	-	104,058	-	104,058
Total recognised income and expenses	-	-	-	39,928,363	-	39,928,363
Profit for the year	-	-	-	39,928,363	-	39,928,363
Share capital issued	984	983,515	-	-	-	984,499
Share issue expenses	-	(1,350,000)	-	-	-	(1,350,000)
Share based payment reserve	-	-	102,017	-	-	102,017
Balance at 29 February 2008	146,450	77,096,143	120,687	101,718,843	-	179,082,123
Reclassification of fair value adjustment	-	-	322,618	(320,677)	-	1,941
Net income recognised directly in equity	-	-	(664,786)	-	-	(664,786)
Fair value adjustment on available for sale investments	-	-	(664,786)	-	-	(664,786)
Total recognised income and expenses	-	-	-	(761,751)	(79,863)	(841,614)
Loss for the year	-	-	-	(761,751)	(79,863)	(841,614)
Share capital issued	33,105	65,375,958	-	-	-	65,409,063
Share issue expenses	-	(58,465)	-	-	-	(58,465)
Purchase of own / treasury shares	(302)	(215,688)	-	-	-	(215,990)
Share based payment	-	-	121,688	-	-	121,688
Business combination	-	-	-	-	825,084	825,084
Balance at 28 February 2009	179,253	142,197,948	(99,793)	100,636,415	745,221	243,659,044

CASH FLOW STATEMENTS

	Notes	COMPANY		GROUP	
		2009	2008	2009	2008
		R	R	R	R
Cash flows from operating activities		13,627,734	44,211,857	30,111,113	57,351,137
Profit before taxation		(2,484,914)	54,856,929	(13,992,833)	54,926,839
Net interest paid		18,464,111	12,052,763	41,039,524	21,309,948
Dividends received		(79,232)	(89,383)	(143,007)	(105,548)
Depreciation		18,182,565	18,246,605	44,813,757	31,556,958
Profit on disposal of property, plant and equipment		(530,367)	(274,208)	(1,288,423)	(1,103,885)
Transfer to (from) non-distributable reserves		(397,767)	102,017	121,688	102,017
Operating profit before changes in working capital		33,154,396	84,894,723	70,550,706	106,686,329
Changes in working capital items		3,329,480	(23,079,405)	5,987,060	(22,057,393)
Inventories		(9,206,223)	(11,715,888)	(8,344,342)	(14,261,562)
Trade and other receivables		55,261,734	(25,165,785)	8,461,766	(29,518,026)
Trade and other payables		(42,726,031)	13,802,268	5,869,636	21,722,195
Cash generated from operations		36,483,876	61,815,318	76,537,766	84,628,936
Less		(22,856,142)	(17,603,461)	(46,426,653)	(27,277,799)
Interest received		10,403,534	6,719,906	13,779,305	6,934,433
Interest paid		(28,867,645)	(18,772,670)	(54,818,829)	(28,244,381)
Dividends received		79,232	89,383	143,007	105,548
Taxation paid	33	(4,471,263)	(5,640,080)	(5,530,136)	(6,073,399)
Cash flows from investing activities		(142,039,962)	(86,797,039)	(266,226,266)	(162,556,687)
Purchase of property, plant and equipment		(115,907,604)	(91,642,095)	(237,477,311)	(169,530,410)
Proceeds on disposal of property, plant and equipment		8,849,905	9,437,914	12,675,546	12,774,203
Purchase of intangible assets including goodwill		(410,000)	-	(42,178,328)	(4,290,878)
Investments in subsidiaries and joint ventures		(38,580,373)	(1,074,538)	8,606	-
Investment in outside shareholders' interest		-	-	745,221	-
Loan to special purpose entity		716,984	41,040	-	-
Business combination disposal	35	-	-	-	-
Proceeds on disposal of other investments		3,291,126	(3,559,360)	-	(1,509,602)
Cash flows from financing activities		76,701,747	32,565,786	166,658,023	98,429,418
Share capital		32,962	-	2,341	984
Share premium		65,708,726	(1,350,000)	1,832,114	(366,485)
Increase in loans to group companies		(38,227,373)	(9,728,479)	-	-
Increase in other loans		454,398	-	-	-
Increase / (decrease) in interest-bearing borrowings		48,733,034	43,644,265	164,823,568	98,794,919
Change in cash and cash equivalents		(51,710,481)	(10,019,396)	(69,457,130)	(6,776,132)
Cash acquired on business combination		62,350	-	6,681,907	-
Cash and cash equivalents at start of year		(1,613,263)	8,406,133	2,705,854	9,481,986
Cash and cash equivalents at end of year	14	(53,261,394)	(1,613,263)	(60,069,369)	2,705,854

ACCOUNTING POLICIES

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the following principal accounting policies, which comply with International Financial Reporting Standards and the Companies Act of South Africa, and are consistent with those of the previous year.

These accounting policies are consistent with those of the previous year, except as set out in note 2.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the groups accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.1.

1.1 Significant judgements

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and judgements made relate to:

Property, plant and equipment

The useful lives and residual values of items of property, plant and equipment are assessed annually in order for depreciation to be provided. The useful lives and residual values of assets may vary depending on various factors.

Details in respect of useful lives are disclosed in note 1.2.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The determination of what constitutes a significant component requires judgement. Management has grouped a number of significant items together with similar useful lives and depreciation methods. Where management have considered the cost of a particular item of property, plant and equipment to be significant with different useful lives, or depreciation methods, these items have been separately depreciated.

Inventory

Any stock that is physically identified as slow moving, damaged or obsolete is written off when discovered.

A significant portion of the group's inventory relates to aggregate that is held in large stockpiles at various plants. The volume quantification is considered complex and requires a degree of judgement and estimation. Management has used expert independent surveyors in order to quantify the volume of aggregate on hand.

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. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value-in-use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Leases

Management has applied its judgement to classify all lease agreements that the group is party to as operating leases, as they do not transfer substantially all the risks and rewards of ownership to the group. Furthermore, as the operating lease in respect of premises is only for a relatively short period of time, management has made a judgement that it would not be meaningful to classify the lease into separate components for the land and for the buildings for the current lease, and the agreement will be classified in its entirety as an operating lease.

Decommissioning and quarry rehabilitation

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

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

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

ACCOUNTING POLICIES

Taxation

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

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

Fair value estimation

The carrying value less any 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.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the group; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or, replace part thereof. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Day to day expenses incurred on property, plant and equipment is expensed directly in profit or loss for the period. Major maintenance that meets the recognition criteria is capitalised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of items, other than land, to their residual values, over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the group.

Where an item comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment and depreciated over their estimated useful lives.

Depreciation is charged on a straight-line basis, and the estimated useful lives applied to each class of fixed assets is as follows:

Land	No depreciation provided
Buildings	20 - 50 years
Plant and equipment	1 - 15 years
Rehabilitation assets	15 years
Vehicles	5 - 10 years
Office equipment and furniture	5 - 10 years
Computer equipment and software	2 - 3 years

The depreciation charge for each period is recognised in profit or loss.

Derecognition occurs when an item of property, plant and equipment is disposed of, or when it is no longer expected to generate any further economic benefits.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item.

When a decision is made by the directors that an item of property, plant and equipment will be disposed of, and the requirements of IFRS 5, Non-Current assets Held for Sale and Discontinued Operations, are met, then those specific assets will be presented separately on the face of the balance sheet. The assets will be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets shall cease.

1.3 Decommissioning and quarry rehabilitation

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

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

ACCOUNTING POLICIES

1.4 Goodwill

Goodwill is initially measured at cost, being the excess of the business combination over the company's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities. Subsequently goodwill is carried at cost less any accumulated impairment. The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss. Internally generated goodwill is not recognised as an asset. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight-line basis over their useful lives.

The amortisation period and the amortisation method for intangible assets are reviewed every year end. Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite, is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Finite useful life intangible assets are amortised on a straight-line basis over their useful life. They are only tested for impairment when an indication of impairment exists.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Brands	10 years
Customer contracts and relationships	3 years
Mining licences and rights	30 years

1.6 Investments in subsidiaries

Group annual financial statements

On acquisition the group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell. The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company, and its subsidiaries. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

ACCOUNTING POLICIES

1.7 Investments in joint ventures

Group annual financial statements

In respect of its interests in jointly controlled operations, the group recognises in its annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

Profits and losses resulting from contributions or sale of assets to joint ventures are only recognised to the extent of other venturers' interests in the joint venture.

Company annual financial statements

In the company's separate annual financial statements, an investment in a joint venture is carried at cost less any accumulated impairment.

1.8 Investments in associates

Group annual financial statements

An investment in an associate is carried at cost including share of profit of associate.

Company annual financial statements

An investment in an associate is carried at cost less any accumulated impairment.

1.9 Inventories

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

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of assets

The group assesses at each balance sheet date 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.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

This impairment test is performed during the annual period and at the same time every period.

- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill 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 other than goodwill 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 treated as a revaluation increase.

ACCOUNTING POLICIES

1.11 Financial instruments

Initial recognition and measurement

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are recognised initially at fair value. In the case of financial assets or liabilities not classified as at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value. An asset that is subsequently measured at cost or amortised cost is recognised initially at its fair value on the trade date. Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is not recognised for assets carried at cost or amortised cost, other than impairment losses.

Subsequent measurement

After initial recognition financial assets are measured as follows:

- loans and receivables and held-to-maturity investments are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.
- financial assets classified as available-for-sale or at fair value through profit or loss, including derivatives, are measured at fair values. Fair value, for this purpose, is market value if listed, or a value arrived at by using appropriate valuation models, if unlisted.

After initial recognition financial liabilities are measured as follows:

- financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value.
- other financial liabilities are measured at amortised cost using the effective interest method.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- where financial assets and financial liabilities are carried at amortised cost, a gain or loss is recognised in profit or loss through the amortisation process and when the financial asset or financial liability is derecognised or impaired.
- a gain or loss on a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.
- a gain or loss on an available-for-sale financial asset is recognised directly in equity, through the statement of changes in equity, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Derecognition of financial instruments

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

The particular recognition methods adopted are disclosed in the individual policies stated below:

Investments

Unlisted investments are classified as available-for-sale financial instruments and are reflected at fair value and gains and losses are recognised in equity. Profits or losses on disposal are reflected in the income statement. When the security is disposed of or determined to be impaired the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement. Trade and other receivables are classified as loans and receivables.

ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Trade and other payables are classified as other financial liabilities.

Loans to and from group companies

These include loans to and from holding companies, fellow subsidiaries and subsidiaries. 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. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.12 Taxation

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 assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities, using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

Deferred taxation is provided using a balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. A deferred tax liability is recognised for all taxable temporary differences, unless specifically exempt. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused credits can be utilised.

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 that have been enacted or substantively enacted by the balance sheet date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.13 Leased assets

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 balance sheet 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 balance sheet as a finance lease obligation.

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 liability. This liability is not discounted.

ACCOUNTING POLICIES

1.14 Revenue recognition

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. Interest is recognised, in profit or loss, using the effective interest rate method.

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

1.15 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Interest on borrowings to finance the purchase and development of self-constructed assets is included in the cost of the asset to the extent it accrues to the period of production and development. Such borrowing costs are capitalised net of any investment income arising from the temporary investment of funds that are surplus pending such expenditure.

All other borrowing costs are expensed to the income statement.

1.16 Employee benefits

The group operates a defined contribution plan which is available to all eligible employees. The plan is funded by company and employee contributions. The plan is governed by the Pension Funds Act and is managed by a major insurance company. The group's contributions to the plan are charged to the income statement in the year to which they relate.

The Group does not provide post retirement healthcare benefits for employees.

1.17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits held on call with banks, investment in money market instruments and bank overdrafts.

1.18 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the company reacquires its own equity instruments, those treasury shares are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Shares in the company held by the Share Incentive Trust are classified as treasury shares. The cost of these shares is deducted from equity. The number of shares held is deducted from the number of issued shares and the weighted average number of shares in the determination of earnings per share. Dividends received on treasury shares are eliminated on consolidation.

ACCOUNTING POLICIES

1.19 Share based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions, the goods or services received are measured, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly, are measured by reference to the fair value of the equity instruments granted.

If the share based payments granted do not vest until the counterparty completes a specified period of service, company accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight line basis over the vesting period).

If the share based payments vest immediately the services received are recognised in full.

1.20 Cost of sales

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

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

1.21 Comparative figures

Comparative figures have been restated where necessary in the interest of fair presentation. See note 37 for a reconciliation of restatements made.

1.22 Earnings per share

Basic earnings per share is calculated by dividing the net profit by the weighted average number of shares in issue during the year. The shares in the employee trust which have not yet been paid for are treated as treasury shares and excluded from the weighted average number of shares in the earnings per share calculation. They are subsequently treated as a dilution when calculating the diluted earnings per share.

2 NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has not adopted any standards and interpretations that are effective for the current financial year and that are relevant to its operations.

2.2 Standards and interpretations early adopted

The group has early adopted the following standards and interpretations for the first time in the 2009 annual financial statements:

IAS 23 (Revised) Borrowing Costs

The revision requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The effective date of the standard is for years beginning on or after 01 January 2009.

The standard had no impact on the annual financial statements.

IFRS 8 Operating segments

IFRS 8 (AC 145) replaces IAS 14 (AC 115) Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The effective date of the standard is for years beginning on or after 01 January 2009.

The standard had no material impact on the annual financial statements.

2.3 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2009. The group expects to adopt these standards for the first time in the 2010 annual financial statements.

IAS 1 (Revised) Presentation of Financial Statements

The main revisions to IAS 1 (AC 101):

- require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income.
- require the presentation of a balance sheet at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes.
- require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income. The disclosures may be presented on the face of the statement of comprehensive income or in the notes.
- allow dividend presentations to be made either in the statement of changes in equity or in the notes only.
- have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows.' These new titles will be used in International Financial Reporting Standards, but are not mandatory for use in 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 annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 Financial Instruments: Disclosures

The amendment relates to changes in the Implementation Guidance of the Standard. 'Total interest income' was removed as a component of finance costs from paragraph IG13. This was to remove inconsistency with the requirement of IAS 1 (AC101) Presentation of Financial Statements which precludes the offsetting of income and expenses.

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

May 2008 Annual Improvements to IFRS's: Amendments to IAS 8 Accounting Policies Changes in Accounting Estimates and Errors

The amendment clarified that Implementation Guidance related to any Standard is only mandatory when it is identified as an integral part of the Standard.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 16 Property, Plant and Equipment

The term 'net selling price' has been replaced with 'fair value less cost to sell' in the definition of recoverable amount.

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

May 2008 Annual Improvements to IFRS's: Amendments to IAS 23 Borrowing Costs (as revised in 2007)

The description of specific components of borrowing costs has been replaced with a reference to the guidance in IAS 39 (AC 133) Financial Instruments: Recognition and Measurement on effective interest rate.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

2.4 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2009 or later periods unless otherwise stated, but are not relevant to its operations:

IFRIC 13 Customer Loyalty Programmes.

The effective date of the interpretation is for years beginning on or after 01 July 2008

IFRIC 16 Hedges of a Net Investment in a Foreign Operation.

The effective date of the interpretation is for years beginning on or after 01 October 2008

IFRIC 15 Agreements for the construction of Real Estates

IFRS 2 Amendment: IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations

IAS 32 and IAS 1 Financial Instruments: Presentation and Presentation of Financial Statements Amendment: Puttable Financial Instruments and obligations Arising on Liquidation.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 1 (AC 101) Presentation of Financial Statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 10 (AC 107) Events after the Reporting Period.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 16 (AC 123) Property, Plant and Equipment.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 7 (AC 118) Statement of Cash Flows.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 18 (AC 111) Revenue.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 19 (AC 116) Employee Benefits.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 20 (AC 134) Accounting for Government Grants and Disclosure of Government Assistance.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 27 (AC 132) Consolidated and Separate Financial Statements.

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 (AC 144) Financial Instruments: Disclosures; IAS 32 (AC 125) Financial Instruments: Presentation; IAS 28 (AC 110) Investments in Associates and IAS 31 (AC 119) Interests in Joint Ventures.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 28 (AC 110) Investments in Associates.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 29 (AC 124) Financial Reporting in Hyperinflationary Economies.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 34 (AC 127) Interim Financial Reporting.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 36 (AC 128) Impairment of Assets.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 38 (AC 129) Intangible Assets.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 39 (AC 133) Financial Instruments: Recognition and Measurement.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 40 (AC 135) Investment Property and IAS 16 (AC 123) Property, Plant and Equipment.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 41 (AC 137) Agriculture.

IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Amendment for determining cost of investment in the separate financial statements on first time adoption

IAS 18 Revenue: Consequential amendments

IAS 21 The Effects of Changes in Foreign Exchange Rates: Consequential amendments

IAS 36 Impairment of Assets: Consequential amendments

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for accounting periods beginning on or after 01 July 2009:

IFRS 3 (Revised) Business Combinations.

IAS 27 (Amended) Consolidated and Separate Financial Statements

IAS 7 Statement of Cash flows: Consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements

IAS 28 Investments in Associates: Consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements

IAS 31 Interests in Joint Ventures: Consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements

IAS 12 Income Taxes – consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements.

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 5 (AC 142) Non-current Assets Held for Sale and Discontinued Operations.

IAS 39 Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items.

Amendment to IAS 39 (AC 133) and IFRS 7 (AC 144): Reclassification of Financial Assets

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

3 PROPERTY, PLANT AND EQUIPMENT

Comprises the following classes:

COMPANY	2009			2008		
	Cost Price	Accumulated Depreciation	Carrying Value	Cost Price	Accumulated Depreciation	Carrying Value
Owned assets	R	R	R	R	R	R
Land and buildings	173,836,753	2,000	173,834,753	119,843,298	105,614	119,737,684
Site rehabilitation	-	-	-	9,422,617	2,592,165	6,830,452
Plant and equipment	165,568,247	37,722,417	127,845,830	185,411,687	51,141,535	134,270,152
Vehicles	10,518,282	3,065,248	7,453,034	17,897,547	7,620,494	10,277,053
Office furniture and equipment	106,892	12,734	94,158	2,352,635	923,108	1,429,527
Computer equipment and software	1,111,042	455,889	655,153	3,512,690	1,749,018	1,763,672
Plant under construction	-	-	-	3,762,310	-	3,762,310
	351,141,216	41,258,288	309,882,928	342,202,784	64,131,934	278,070,850

GROUP	2009			2008		
	Cost Price	Accumulated Depreciation	Carrying Value	Cost Price	Accumulated Depreciation	Carrying Value
Owned assets	R	R	R	R	R	R
Land and buildings	183,053,432	26,222	183,027,210	120,017,816	105,614	119,912,202
Site rehabilitation	8,706,510	463,722	8,242,788	10,155,727	2,620,675	7,535,052
Plant and equipment	304,214,199	44,555,729	259,658,470	201,331,570	51,989,069	149,342,501
Vehicles	186,721,434	51,277,798	135,443,636	148,155,909	41,780,358	106,375,551
Office furniture and equipment	2,687,224	989,668	1,697,556	2,408,961	929,661	1,479,300
Computer equipment and software	3,313,027	849,371	2,463,656	3,567,024	1,772,709	1,794,315
Plant under construction	4,635,707	-	4,635,707	3,762,310	-	3,762,310
	693,331,533	98,162,510	595,169,023	489,399,317	99,198,086	390,201,231

The carrying amounts can be reconciled as follows:

COMPANY	Start of year	Additions	Acquired in business combinations	Transfers	Disposals	Depreciation	End of year
Carrying value	R	R	R	R	R	R	R
Land and buildings	119,737,684	55,097,862	-	-	(971,683)	(29,110)	173,834,753
Site rehabilitation	6,830,452	-	-	-	(6,517,356)	(313,096)	-
Plant and equipment	134,270,152	58,822,741	-	629,146	(50,138,721)	(15,737,488)	127,845,830
Vehicles	10,277,053	867,022	-	(629,146)	(1,776,528)	(1,285,367)	7,453,034
Office furniture and equipment	1,429,527	141,386	-	-	(1,316,174)	(160,581)	94,158
Computer equipment and software	1,763,672	978,597	-	-	(1,430,193)	(656,923)	655,153
Plant under construction	3,762,310	-	-	-	(3,762,310)	-	-
	278,070,850	115,907,608	-	-	(65,912,965)	(18,182,565)	309,882,928

GROUP	Start of year	Additions	Acquired in business combinations	Transfers	Disposals	Depreciation	End of year
Carrying value	R	R	R	R	R	R	R
Land and buildings	119,912,202	63,168,340	-	-	-	(53,332)	183,027,210
Site rehabilitation	7,535,052	1,456,044	-	-	-	(748,308)	8,242,788
Plant and equipment	149,342,501	80,519,683	54,284,017	629,146	(3,360,085)	(21,756,794)	259,658,468
Vehicles	106,375,551	36,854,950	15,999,622	(629,146)	(4,183,727)	(18,973,614)	135,443,636
Office furniture and equipment	1,479,300	350,499	1,009,625	-	(9,586)	(1,132,280)	1,697,558
Computer equipment and software	1,794,315	1,403,156	282,285	-	14,177	(1,030,277)	2,463,656
Plant under construction	3,762,310	873,397	-	-	-	-	4,635,707
	390,201,231	184,626,069	71,575,549	-	(7,539,221)	(43,694,605)	595,169,023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

A schedule of the group's land and buildings, as required by paragraph 22(3) of Schedule 4 of the Companies Act of South Africa, may be inspected by members at the group's registered office in Cresta, Randburg.

Land and buildings pledged as security

Portion 56 of erf 247, Potchindustria held by WG Wearne Limited

Erf 4038, Bethlehem held by WG Wearne Limited

Remaining extend of portion 31 (a portion of portion 1) of the farm Middelvlei number 225, Randfontein held by WG Wearne Limited

Erf 730, Spartan (vacant land) held by WG Wearne Limited

For detail on property, plant and equipment secured by instalment sale agreements, refer to note 19.

4 INTANGIBLE ASSETS

Comprises the following classes:

COMPANY	2009			2008		
	Cost Price	Impairments	Carrying Value	Cost Price	Impairments	Carrying Value
Owned assets	R	R	R	R	R	R
Mining licenses and rights	410,000	-	410,000	-	-	-

GROUP	2009			2008		
	Cost Price	Amortisation	Carrying Value	Cost Price	Amortisation	Carrying Value
Owned assets	R	R	R	R	R	R
Brands	2,003,624	100,181	1,903,443	-	-	-
Customer contracts and relationships	3,081,962	513,660	2,568,302	-	-	-
Mining licenses and rights	36,078,759	505,307	35,573,452	-	-	-
Goodwill	38,185,776	-	38,185,776	6,709,516	-	6,709,516
	79,350,121	1,119,148	78,230,973	6,709,516	-	6,709,516

The carrying amounts can be reconciled as follows:

COMPANY	Start of year	Additions	Acquired in business combinations	Disposals	Impairments	Amortisation	End of year
Carrying value	R	R	R	R	R	R	R
Mining licenses and rights	-	410,000	-	-	-	-	410,000

GROUP	Start of year	Additions	Acquired in business combinations	Disposals	Impairments	Amortisation	End of year
Carrying value	R	R	R	R	R	R	R
Brands	-	-	2,003,624	-	-	(100,181)	1,903,443
Customer contracts and relationships	-	-	3,081,962	-	-	(513,660)	2,568,302
Mining licenses and rights	-	410,000	35,668,759	-	-	(505,307)	35,573,452
Goodwill	6,709,516	-	31,476,260	-	-	-	38,185,776
	6,709,516	410,000	72,230,605	-	-	(1,119,148)	78,230,973

Mining licences

Mining licenses of the company represent costs incurred to date in respect of the conversion from old to new order mining licences. This process is not yet complete, and as such, the assets are not yet available for use.

Mining licenses of the group include amounts related to the acquisition of the shares of Portland Holdings (Proprietary) Limited and its subsidiaries.

Brands

Market-related intangible assets, brands, include amounts related to the acquisition of the shares of Portland Holdings (Proprietary) Limited and its subsidiaries.

Customer contracts and relationships

Customer-related intangible assets, customer contracts and relationships, include amounts related to the acquisition of the shares of Portland Holdings (Proprietary) Limited and its subsidiaries.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

Goodwill

Goodwill additions relate to the acquisition of the business of Willowsfountain Quarry (Proprietary) Limited, and the shares of Portland Holdings (Proprietary) Limited and its subsidiaries.

For details on the above amounts acquired in business combinations, refer to note 5.

Impairment review of goodwill

Significant goodwill amounts and the cash generating units to which they relate are detailed below:

	Unit allocated	Carrying amount R
WG Wearne Logistics (Proprietary) Limited	Transport service revenue stream	2,418,638
Wearne Quarries Limpopo (Proprietary) Limited	Aggregate product revenue stream	4,290,878
Wearne Quarries Natal (Proprietary) Limited	Aggregate product revenue stream	2,476,260
Portland Readymix (Proprietary) Limited	Readymix product revenue stream	29,000,000

The recoverable amounts of the goodwill identified above have been determined on the basis of value in use calculations. Value in use calculations use cash flow projections based on 2010 financial year, approved by management, extrapolated at rates between 20% and 30% for a further four years. This five year cumulative cash flow was discounted using a weighted average cost of capital of 14.10%.

Key assumptions used in value in use calculations include budgeted transport and quarry margins and budgeted transport and quarry revenue streams. Such assumptions are based on historical results adjusted for anticipated future growth. These assumptions are a reflection of managements past experience in the market in which these units operate.

Based on the above assumptions, management's calculations of recoverable amounts were greater than the carrying amounts.

Management believes that any reasonable possible change in any of its key assumptions would not cause the aggregate carrying amounts to exceed aggregate recoverable amounts.

Sensitivity analysis

If the revised estimated pre-tax discount rate applied to the discounted cash flows had been 10% less favourable than management's estimates, the group would not need to reduce the carrying value of goodwill. IAS 36 does not permit reversing an impairment loss for goodwill.

5 GOODWILL

Acquisition of business

On 1 May 2008, the company acquired the business operations of Willowsfountain Quarry (Proprietary) Limited, and placed that business in the newly-formed and wholly-owned company, Wearne Quarries Natal (Proprietary) Limited. That business operates an aggregate quarrying operation in Pietermaritzburg, KwaZulu-Natal. The acquisition in the prior year relates to the purchase of the business of Tzaneen Quarry (Proprietary) Limited.

The company paid R10 000 000 in cash, and is to settle the balance of the purchase price by way of the allotment of 1 000 000 shares at R3.00 per share in 2 equal tranches of 500 000 shares each, at the end of April 2009, and April 2010.

GROUP	2009 R	2008 R
Cost of business acquired	13,000,000	15,000,000
Add legal costs of business combination	-	73,873
	13,000,000	15,073,873
Less deemed interest on deferred payment	523,740	782,995
Adjusted cost of business acquired	12,476,260	14,290,878
Less fair value of assets acquired:	10,000,000	10,000,000
Property, plant and equipment	10,000,000	8,900,000
Inventory	-	1,100,000
Goodwill arising from business combination	2,476,260	4,290,878

After due consideration of the fair values of the assets acquired, these were determined to be their carrying values at the date of acquisition. No reconciliation of fair values to carrying values of the net assets is therefore presented.

No separately identifiable assets could be distinguished from goodwill on acquisition, which amounts represent the future income earning capacity of the business.

Investment in subsidiaries

On 1 September 2008, the company acquired the entire issued share capital of Portland Holdings (Proprietary) Limited (Portland), which company has controlling interests in various companies that together operate aggregate, read-mix concrete and hollowcore slabs businesses in Durbanville in the Western Cape.

An additional amount which shall not exceed R60 million will also be paid to the vendors for Portland Hollowcore Slabs (Proprietary) Limited, a new company recently established, after the 31 August 2010 profit after tax has been finally agreed.

The purchase price of the Portland acquisition was settled by way of the issue of 32 461 617 company shares at R1.95 per share.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

GROUP	2009	2008
	R	R
Value of shares allotted	63,300,153	-
Add legal, advisory and competition commission costs of business combination	2,708,345	-
	66,008,498	-
Less loans acquired from vendors	30,445,937	-
Adjusted cost of investment in subsidiary	35,562,561	-
Less fair value of assets acquired:	53,035,433	-
Non-current tangible assets at carrying values	60,957,383	-
Fair-value adjustment to non-current tangible assets acquired	618,166	-
Goodwill at carrying value	29,000,000	-
Intangible assets determined on business combination: marketing-related	2,003,625	-
Intangible assets determined on business combination: customer-related	3,081,962	-
Intangible assets determined on business combination: contract-related	35,668,759	-
Deferred tax on fair-value adjustments to tangible and intangible assets on business combination	(11,584,303)	-
Cash acquired	6,681,907	-
Other net liabilities	(73,392,066)	-
Negative goodwill arising from business combination	(17,472,872)	-

The negative goodwill amounts above is included in other income in the income statements of the group for the year.

This amount arose as a result of the market value of the company's shares declining between the date on which the share purchase agreement was concluded and the acquisition date

6 INVESTMENTS IN SUBSIDIARIES

	2009	COMPANY 2008
	R	R
Unlisted shares at cost less amounts written off	38,580,273	3,010,391
Net amounts owing by (to) subsidiaries	123,837,235	(5,363,858)
	162,417,508	(2,353,467)

A schedule of subsidiaries of the company is set out in Annexure A.

The loans to and from group companies are interest-free, unsecured and have no fixed terms of repayment.

For detail on the cession of the above loans as security for overdraft facilities provided to the group, refer to note 30.

Credit quality of loans to and from group companies

No credit ratings for loans to and from group companies have been performed.

Fair value of loans to and from group companies

Loans from group companies are of a short-term nature and arise from trade. They are stated at their nominal value.

Loans to group companies are stated at their nominal value.

There is no material difference between the fair value of loans to and from group companies and their book values.

Loans to and from group companies past due but not impaired

Loans to and from group companies are neither past due, nor impaired. As loans to and from group companies do not have any terms of repayment, there are no loans that are past their due date. All loans to group companies were considered recoverable and hence have not been impaired or provided for.

Subordination of loans to subsidiaries

Loans to various subsidiaries have been subordinated in favour of the other creditors of those companies, in the amount of R17 300 000 (2008: RNIL).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

7 INVESTMENTS IN JOINT VENTURES

Entity name	Issued capital R	Percentage held %	Shares at cost R	2009	2008
				Loan to/(from) joint venture R	Loan to/(from) joint venture R
Wearne Bricks (Proprietary) Limited	100	50	50	1,770,450	1,770,450
Wearne Drilling and Blasting (Proprietary) Limited	100	50	50	(3,906,239)	-
				(2,135,789)	1,770,450

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

Credit quality of loans to joint ventures

No credit ratings for loans to joint ventures have been performed.

Fair value of loans to joint ventures

Loans to joint ventures are stated at their nominal value.

There is no material difference between the fair value of loans to joint ventures and their book values.

Loans to joint ventures past due but not impaired

Loans to and from group companies are neither past due, nor impaired. As loans to and from group companies do not have any terms of repayment, there are no loans that are past their due date. All loans to group companies were considered recoverable and hence have not been impaired or provided for.

The interest of the holding company in the aggregate after tax profits of the joint ventures amounted R2 286 230 (2008: Loss of R135 670).

Summary of the group's interest in the joint ventures:

	2009	2008
	R	R
Non current assets	3,735,962	4,275,015
Current assets	4,959,987	1,295,678
Long-term liabilities - interest bearing	(2,095,767)	(2,667,736)
Current liabilities - non-interest bearing	(4,449,522)	(3,038,577)
Revenue	14,456,554	3,057,307
Investment income	173,708	36,742
Expenses	(12,344,032)	(3,229,719)
Net profit (loss)	2,286,230	(135,670)
Cash flows from operating activities	3,221,670	(326,321)
Cash flows from investing activities	(2,619,218)	(4,497,157)
Cash flows from financing activities	(557,655)	5,060,125

8 INVESTMENT IN ASSOCIATE

Entity name	Issued capital R	Percentage held %	Shares at cost R	COMPANY	
				2009	2008
				Loan to/(from) associate R	Loan to/(from) associate R
Senatla Structures (Proprietary) Limited	100	49	49	-	-

This company is dormant.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

9 AVAILABLE FOR SALE INVESTMENTS

	Type of investment	COMPANY		GROUP	
		2009	2008	2009	2008
		Market value	Market value	Market value	Market value
		R	R	R	R
Financial institution					
Held by WG Wearne Limited - Stanlib Wealth Management Limited	Unit trust	1,869,291	1,913,060	1,869,291	1,913,060
Held by WG Wearne Rehabilitation Trust - Stanlib Wealth Management Limited	Unit trust	-	3,247,357	3,331,440	3,296,277
		1,869,291	5,160,417	5,200,731	5,209,337

The fair values of quoted investments are based on the quoted market price.

Fair values are determined annually at balance sheet date.

The maximum exposure to credit risk at the reporting date is the fair value of the debt securities classified as available for sale.

The Stanlib Wealth Management Limited investment held by WG Wearne Limited has been ceded as security to Shell South Africa Marketing (Proprietary) Limited for credit facilities granted by that company.

The Stanlib Wealth Management Limited Unit Trust held by the WG Wearne Rehabilitation Trust is not available for use by the group, other than for its intended use for site rehabilitation in accordance with the trust deed, and the directions of the Department of Mineral and Energy.

10 INVENTORIES

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
The amounts attributable to the different categories are as follows:				
Fuel, tyres and spare parts	2,170,292	2,841,904	3,066,607	2,841,904
Raw materials	-	3,199,975	6,509,610	3,199,975
Finished goods	-	19,531,179	26,886,857	22,076,853
	2,170,292	25,573,058	36,463,074	28,118,732

11 TRADE AND OTHER RECEIVABLES

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Gross trade receivables	30,873,379	84,611,878	84,988,697	90,611,983
Provision for doubtful debts	(5,981,671)	(4,485,123)	(10,184,150)	(4,485,123)
Net trade receivables	24,891,708	80,126,755	74,804,547	86,126,860
Prepayments	-	-	209,966	523,416
Other receivables	1,279,481	1,306,168	4,749,519	1,575,522
	26,171,189	81,432,923	79,764,032	88,225,798

Trade and other receivables pledged as security.

For detail on the cession of trade receivables as security for overdraft facilities provided to the group refer to note 30.

Credit quality of trade receivables

Trade receivables comprise a widespread customer base. The table below shows the balances of the five major trade receivables at the balance sheet date. There are no other debtors with balances in excess of 5% of the company's trade receivable balance. No credit ratings were obtained for trade receivables.

	COMPANY		GROUP	
	Credit limit	Balance	Credit limit	Balance
At 28 February 2009	R	R	R	R
Debtor A	6,000,000	5,039,658	3,000,000	2,497,445
Debtor B	4,000,000	3,172,044	3,000,000	2,480,549
Debtor C	3,000,000	2,450,112	2,000,000	1,824,744
Debtor D	2,000,000	1,062,654	2,000,000	1,593,041
Debtor E	2,000,000	919,387	2,000,000	1,503,922

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

	Credit limit	Balance	Credit limit	Balance
At 29 February 2008	R	R	R	R
Debtor A	6,000,000	4,825,249	6,000,000	4,825,249
Debtor B	5,000,000	4,079,504	5,000,000	4,079,504
Debtor C	5,000,000	3,222,089	5,000,000	3,222,089
Debtor D	5,000,000	2,772,777	5,000,000	2,772,777
Debtor E	2,500,000	2,210,684	2,500,000	2,210,684

	COMPANY		GROUP	
	2009	2008	2009	2008
The table below shows the ageing of trade receivables:	R	R	R	R
Less than 30 days	12,624,990	45,186,418	43,624,213	49,098,493
31 to 60 days	7,261,038	17,487,254	15,869,904	18,506,440
61 to 90 days	57,903	3,619,366	4,169,566	3,883,949
91 to 120 days	165,428	4,374,812	5,532,905	4,670,304
Over 120 days	10,764,020	13,944,028	15,792,109	14,452,797
	30,873,379	84,611,878	84,988,697	90,611,983

It is the policy of the company to allow for 30 days payment terms.

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of trade and other receivables

There is no material difference between the fair value of trade and other receivables and their book value.

Trade and other receivables past due but not impaired

Trade receivables which are past due are not considered to be impaired, except as below.

The ageing of amounts past due but not impaired are as per the ageing table above.

Group trade and other receivables impaired

As of 28 February 2009, receivables of R10 184 150 (2008: R4 485 123) were impaired and provided for.

Company trade and other receivables impaired

As of 28 February 2009, receivables of R5 981 671 (2008: R4 485 123) were impaired and provided for.

	COMPANY		GROUP	
	2009	2008	2009	2008
The ageing of these receivables is as follows:	R	R	R	R
Less than 3 months	-	-	1,448,306	-
3 to 6 months	-	-	2,754,173	-
Over 6 months	5,981,671	4,485,123	5,981,671	4,485,123
	5,981,671	4,485,123	10,184,150	4,485,123

	COMPANY		GROUP	
	2009	2008	2009	2008
Reconciliation of provision for impairment of trade and other receivables	R	R	R	R
Opening balance	4,485,123	3,318,097	4,485,123	3,318,097
Provision for impairment	2,682,901	1,989,234	6,885,380	1,989,234
Interest charged	-	94,503	-	94,503
Unused amounts reversed	(1,186,353)	(916,711)	(1,186,353)	(916,711)
Closing balance	5,981,671	4,485,123	10,184,150	4,485,123

12 LOAN TO SPECIAL PURPOSE ENTITY

	COMPANY	
	2009	2008
	R	R
The WG Wearne Share Incentive Scheme	4,414,969	5,131,953

This loan currently bears interest at a rate of 13% per annum (the official interest rate in terms of the Seventh Schedule to the Income Tax Act of South Africa), is unsecured and has no fixed terms of repayment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

Credit quality of loan to special purpose entity

No credit ratings for loans to special purpose entities have been performed.

Fair value of loans to special purpose entity

There is no material difference between the fair value of loans to special purpose entities and their book values.

Loans to special purpose entities past due but not impaired

Loans to special purpose entities are neither past due, nor impaired. As loans to special purpose entities do not have any terms of repayment, there are no loans that are past their due date. All loans to special purpose entities were considered recoverable and hence have not been impaired or provided for.

13 LOANS TO (FROM) AFFILIATED ENTITIES

	COMPANY	
	2009	2008
	R	R
Quarry and Mining SA (Proprietary) Limited	(196,824)	257,574

This loan is interest-free, unsecured and had no fixed terms of repayment.

The loan is to a company with which a jointly controlled operation was conducted.

Credit quality of loan to affiliated entity

No credit rating of loans to affiliated entities had been performed.

Fair value of loans to affiliated entity

There is no material difference between the fair value of loans to affiliated entities and their book values.

Loans to affiliated entity past due but not impaired

Loans to affiliated entities were neither past due, nor impaired. As loans to and from affiliated entities do not have any terms of repayment, there are no loans that are past their due date. All loans to affiliated entities were considered recoverable and hence had not been impaired nor provided for.

14 CASH AND CASH EQUIVALENTS

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Cash and cash equivalents consist of:				
Cash on hand	7,247	91,589	1,840,308	87,508
Bank balances	(53,268,641)	(1,704,852)	(61,909,677)	2,618,346
	(53,261,394)	(1,613,263)	(60,069,369)	2,705,854

There is no material difference between the fair value cash and cash equivalents and their book value.

Refer to note 30 for detail on undrawn facilities available for future operating activities and commitments.

No credit ratings of the banks have been obtained.

15 SHARE CAPITAL

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Authorised:				
500 000 000 (2008: 500 000 000) ordinary par value shares of 0.1 cent each	500,000	500,000	500,000	500,000
Issued:				
182 961 617 (2008: 150 000 000) ordinary par value shares of 0.1 cents	182,962	150,000	182,659	150,000
Less adjustment for treasury shares held in the Share Incentive Scheme:				
3 406 250 (2008: 3 550 000) ordinary par value shares of 0.1 cent each	-	-	(3,406)	(3,550)
Adjusted issued:	182,962	150,000	179,253	146,450
182 961 617 Ordinary shares of 0.1 cents each at end of year	182,659	150,000	179,253	146,450

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

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

The directors have 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.

16 SHARE PREMIUM

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Balance at beginning of year	81,067,393	82,417,393	77,096,143	82,417,393
500 000 ordinary par value shares issued at a premium of 299.9 cents	2,499,500	-	2,499,500	-
32 461 617 ordinary par value shares issued at a premium of 1.949 cents	63,267,691	-	63,267,692	-
Share issue expenses	(58,465)	(1,350,000)	(58,465)	(1,350,000)
Premium on shares repurchased	-	-	(215,687)	-
Premium on shares issued to Share Incentive Scheme participants	-	-	(391,234)	(3,971,250)
Balance at end of year	146,776,119	81,067,393	142,197,948	77,096,143

17 NON-DISTRIBUTABLE RESERVES

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Share-based payment expense	242,375	120,687	242,375	120,687
Fair-value adjustment to available-for-sale assets	(196,833)	-	(342,168)	-
	45,542	120,687	(99,793)	120,687

18 ENVIRONMENTAL OBLIGATIONS

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Balance at beginning of year	13,896,671	12,794,011	14,663,993	12,794,011
Adjustments for:				
additional sites (restorations)	-	141,171	(866,572)	874,281
additional sites on business combinations	-	-	2,813,018	-
unwinding of discount	480,744	961,489	1,287,422	995,701
obligations transferred to subsidiaries	(14,377,415)	-	-	-
Balance at end of year	-	13,896,671	17,897,861	14,663,993

The group is obliged to restore mining sites at the end of their productive lives to a condition acceptable to the regulatory authorities. These liabilities are provisions for estimated future restoration costs, discounted to their present value.

19 INTEREST-BEARING BORROWINGS

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Secured loans:				
ABSA Bank Limited - term loan	22,065,628	28,839,073	22,065,628	28,839,073
ABSA Bank Limited - revolving loan	50,732,832	1,995,827	50,732,832	1,995,827
Tzaneen Quarry (Proprietary) Limited	-	-	2,396,838	4,500,942
Willowsfontain Quarry (Proprietary) Limited	-	-	2,757,984	-
	72,798,460	30,834,900	77,953,282	35,335,842
Less current portion at amortised cost	(18,219,330)	(5,665,169)	(18,219,330)	(5,665,169)
Non-current portion at amortised cost	54,579,130	25,169,731	59,733,952	29,670,673

The term loan bears interest at a fixed rate of 11.78% per annum and is repayable in monthly instalments of R730 251 over the next 3 years.

The revolving loan bears interest at a rate linked to the prime interest rate (14% per annum at year-end), and is repayable in monthly instalments over the next 5 years. The current monthly instalment is R1 530 881.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

These loans are secured by mortgage bonds amounting to R103 000 000 registered over certain of the group's land and buildings per note 3.

The loans from Tzaneen Quarry (Proprietary) Limited and Willowsfontain Quarry (Proprietary) Limited, bear interest at a rate linked to the prime-overdraft rate, are secured by Wearne Limited shares, and are to be repaid over the next two years.

Secured loans are carried at amortised cost.

There is no material difference between the fair value of secured loans and their book value.

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Instalment sale liabilities				
ABSA Bank Limited	11,861,939	14,931,713	45,593,532	41,811,594
First National Bank Limited	49,708,362	34,120,765	124,131,799	100,488,706
Imperial Bank Limited	-	-	6,663,180	-
Nedbank Limited	53,252,198	45,103,876	104,345,165	48,806,915
Standard Bank Limited	-	-	2,380,819	3,480,957
	114,822,499	94,156,354	283,114,495	194,588,172
Less current portion at amortised cost	(28,407,062)	(20,108,162)	(77,121,529)	(41,771,292)
Non-current portion at amortised cost	86,415,437	74,048,192	205,992,966	152,816,880

These liabilities are secured in terms of instalment sale agreements over property, plant and equipment with a carrying value in the company of R120 998 214 (2008: R81 550 672), and in the group of R300 307 301 (2008: R185 081 954).

The amounts owing to ABSA Bank Limited bear interest at a range of fixed rates. The balance of these liabilities bear interest at market rates linked to the prime interest rate, and are repayable in monthly instalments. Current monthly instalments by the company are R3 370 288 (2008: R2 677 993), and by the group are R8 339 023 (2008: R5 422 637), over periods ranging from 1 to 5 years.

Instalment sale liabilities are carried at amortised cost.

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

All financial liabilities held at amortised cost are denominated in South African rands.

20 DEFERRED TAXATION

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
The deferred taxation balance is attributable to the following				
Accelerated capital allowances for tax purposes	16,495,807	16,478,362	58,522,201	26,458,130
Provisions	(666,494)	(636,019)	(1,580,267)	(690,969)
Debtors payments in advance	-	(245,766)	(1,153,583)	(245,766)
Assessed losses	(6,942,406)	-	(22,874,232)	(4,696,986)
Deferred taxation liability	8,886,907	15,596,577	32,914,119	20,824,409

Deferred tax reconciliation

Net deferred taxation liability at start of year	15,596,577	9,720,817	20,824,409	13,168,855
Movements during the year due to:	(6,709,670)	5,875,760	12,089,710	7,655,554
Accelerated capital allowances for tax purposes	6,100,471	7,952,176	27,561,660	13,265,454
Business combination acquisition	-	-	4,768,845	-
Prior year adjustment	-	-	(156,786)	-
IFRS 3 business acquisition	-	-	(322,053)	-
Provisions	(30,475)	(292,819)	(830,229)	(347,770)
Debtors payments in advance	245,766	(245,766)	(804,679)	(245,766)
Disposals to subsidiary company (Income Tax Act, S45)	(6,083,026)	(1,202,631)	-	-
Assessed losses	(6,942,406)	-	(18,127,048)	(4,562,266)
Tax rate change	-	(335,200)	-	(454,098)
Net deferred taxation liability at end of year	8,886,907	15,596,577	32,914,119	20,824,409
Current assets	-	-	2,046,948	67,294
Current liabilities	(8,886,907)	(15,596,577)	(34,961,067)	(20,891,703)
	(8,886,907)	(15,596,577)	(32,914,119)	(20,824,409)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

21 TRADE AND OTHER PAYABLES

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Trade payables	13,425,438	50,846,752	62,589,193	59,016,169
Trade accruals	2,641,852	2,810,065	4,055,038	3,411,745
Payroll accruals	1,893,956	4,035,856	6,355,059	5,593,054
Receipts in advance	899,870	4,002,483	1,013,944	4,349,047
Other payables	751,352	643,343	5,547,977	1,321,560
	19,612,468	62,338,499	79,561,211	73,691,575

Other payables includes amounts owing to fellow joint venturers, arising on the proportionate consolidation of those joint ventures, as follows:

Fellow joint venturers of Wearne Bricks (Proprietary) Limited	-	-	24,750	24,750
Fellow joint venturers of Wearne Drilling and Blasting (Proprietary) Limited	-	-	2,534,961	-

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

The balance of other payables includes value-added tax and other miscellaneous minor items.

Trade and other payables are not interest bearing and are stated at their nominal value.

The book value of trade and other payables is considered to be in line with their fair value at balance sheet date.

22 RISK MANAGEMENT

The board of directors have approved strategies for the management of financial risks, which are in line with corporate objectives. These guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks that the company faces.

The major guidelines of this policy are the following:

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

The group's activities expose it to a variety of financial risks: market risk (including 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 principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

The following tables summarise the carrying amounts of financial assets recorded at year end by IAS 39 category.

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Cash and bank balances	7,247	91,589	1,840,308	2,705,854
Available-for-sale				
Investments	1,869,291	5,160,417	5,200,731	5,209,337
Loans and receivables				
Loans to group companies	130,022,854	10,386,211	-	-
Loans to affiliated entities	-	257,574	-	-
Trade and other receivables	26,171,189	81,432,923	79,764,032	88,225,798
	156,194,043	92,076,708	79,764,032	88,225,798

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

The following tables summarise the carrying amounts of financial liabilities recorded at year end by IAS 39 category:

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Bank overdraft	53,268,641	1,704,852	61,909,677	-
Amortised cost				
Borrowings	187,620,959	124,991,254	361,067,777	229,924,014
Trade and other payables	19,612,468	62,338,499	79,561,211	73,691,575
	207,233,427	187,329,753	440,628,988	303,615,589
Other financial liabilities				
Loans from group companies	3,906,439	8,847,666	-	-

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, and 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.

The tables below analyse the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

COMPANY	2009			2008		
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	R	R	R	R	R	R
Borrowings	67,062,115	63,663,912	96,628,772	39,484,788	36,943,853	77,325,845
Trade and other payables	18,861,116	-	-	62,338,499	-	-
Loans from group companies	3,906,439	-	-	8,847,666	-	-
Bank overdraft	53,268,641	-	-	1,704,852	-	-
	143,098,311	63,663,912	96,628,772	112,375,805	36,943,853	77,325,845

GROUP	2009			2008		
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	R	R	R	R	R	R
Borrowings	129,042,037	113,134,983	164,132,880	74,920,523	71,392,017	133,109,494
Trade and other payables	74,013,235	-	-	73,691,575	-	-
Bank overdraft	61,909,677	-	-	-	-	-
	264,964,949	113,134,983	164,132,880	148,612,098	71,392,017	133,109,494

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

At present the group expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments the group expects the operating activity to generate sufficient cash inflows.

In addition, the group holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

Interest rate risk

The group's exposure to interest rate risk mainly concerns financial liabilities/assets. Liabilities/assets are fixed rate, floating rate and non-interest bearing. At present the group does not hold loans and receivables that are long-term in nature. The following table analyses the breakdown of liabilities/(assets) by type of interest rate:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

COMPANY	2009		2008	
	Fixed	Floating	Fixed	Floating
	R	R	R	R
Borrowings	33,927,567	153,693,392	45,766,613	79,224,641
Bank overdraft	-	53,268,641	-	1,704,852
Loan to special purpose entity	-	(4,414,969)	-	(5,131,953)
	33,927,567	202,547,064	45,766,613	75,797,540

GROUP	2009		2008	
	Fixed	Floating	Fixed	Floating
	R	R	R	R
Borrowings	67,659,160	293,408,617	72,646,494	157,277,520
Bank overdraft	-	61,909,677	-	-
	67,659,160	355,318,294	72,646,494	157,277,520

Sensitivity Analysis

Company

A hypothetical increase/decrease in interest rates by 50 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R729 169 (2008: R269 081).

A hypothetical increase/decrease in interest rates by 100 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R1 458 339 (2008: R538 163).

Group

A hypothetical increase/decrease in interest rates by 50 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R1 279 146 (2008: R558 335).

A hypothetical increase/decrease in interest rates by 100 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R2 558 292 (2008: R1 116 670).

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 rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The group's borrowings at variable rate are denominated in South African rands.

Credit risk

Credit risk is managed on a group basis.

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

The trade receivables customer base is widespread. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Individual risk limits are set based on internal/external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Credit guarantee insurance is purchased when deemed appropriate. Refer to note 11 for details on the quality and provision for impairment of trade receivables.

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

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Loans to group companies	130,022,854	10,386,211	-	-
Loans to affiliated entities	-	257,574	-	-
Trade and other receivables	26,171,189	81,432,923	79,764,032	88,225,798
Cash and cash equivalents	7,247	91,589	1,840,308	2,705,854
	156,201,290	92,168,297	81,604,340	90,931,652

The company is exposed to a number of guarantees for the overdraft facilities of the group. Refer to note 30 for additional details.

Foreign exchange risk

The group has no direct foreign exchange exposure.

Price risk

The group is exposed to equity securities price risk because of investments held by the company and classified on the balance sheet as available for sale. The group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

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

Impact on other components of equity:

	COMPANY		GROUP	
	2009	2008	2009	2008
Financial instrument	R	R	R	R
Unit trust	67,294	143,462	187,226	187,162

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available for sale.

23 REVENUE

	COMPANY		GROUP	
	2009	2008	2009	2008
Revenue comprises the following major classes	R	R	R	R
Sales of goods	234,599,675	381,823,436	455,662,284	393,504,588
Rendering of services and rentals	130,162,555	121,449,046	131,339,896	139,184,053
	364,762,230	503,272,482	587,002,180	532,688,641

24 NET INTEREST PAID

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Interest paid				
Bank overdraft and loans	10,203,731	4,346,184	10,251,906	5,089,020
Instalment sale liabilities	15,075,265	9,550,278	33,313,222	18,210,253
Unwinding of discount on environmental obligation	480,744	961,489	1,287,422	995,701
Discounting of cost of sales	3,079,732	3,907,177	9,201,657	3,628,047
Interest on deferred payment on business combinations	-	-	686,846	-
Other	28,173	7,541	77,776	324,360
Interest received				
WG Wearne Share Incentive Scheme	(677,093)	(643,190)	(678,015)	(643,190)
Discounting of revenue	(4,285,731)	(5,940,822)	(12,125,768)	(6,067,172)
Interest on loans to subsidiaries	(5,055,169)	-	-	-
Bank	-	-	(164,401)	(2,593)
Other	(385,541)	(135,894)	(811,121)	(224,478)
	18,464,111	12,052,763	41,039,524	21,309,948

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

25 OPERATING PROFIT

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Profit before tax is disclosed after				
crediting:				
Profit on disposal of property, plant and equipment	530,367	274,208	1,187,411	1,103,887
Dividends received	79,232	89,383	143,007	105,548
Excess on acquisition	-	-	17,472,872	-
and after charging:				
Auditors remuneration -	30,000	601,224	162,507	661,224
- audit fees	-	450,000	132,507	510,000
- other services	30,000	151,224	30,000	151,224
Directors emoluments for -				
- services as directors	25,000	18,000	25,000	18,000
- managerial services	3,254,974	4,050,530	4,792,984	4,998,558
basic salary	2,378,743	2,681,419	3,916,753	3,629,447
incentive bonuses	-	500,000	-	500,000
travel	367,769	383,881	367,769	383,881
retirement funding	324,904	314,742	324,904	314,742
medical aid	147,466	135,908	147,466	135,908
share based payment expense	36,092	34,580	36,092	34,580

26 TAXATION

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
South African normal tax				
Current tax	-	7,342,922	3,518,364	7,342,922
Local income tax - current period	-	7,284,796	3,518,364	7,284,796
Capital gains tax	-	58,126	-	58,126
Prior period adjustments	-	-	-	-
Deferred tax	(607,479)	7,078,391	(7,751,560)	7,655,554
Originating and reversing temporary differences	6,334,927	7,413,591	10,375,488	12,671,918
Assessed losses	(6,942,406)	-	(18,127,048)	(4,562,266)
Changes in tax rates	-	(335,200)	-	(454,098)
Charge against income	(607,479)	14,421,313	(4,233,196)	14,998,476

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Reconciliation of the applicable tax to the effective tax				
Profit before tax	(2,484,914)	54,856,929	(5,074,810)	54,926,839
Income tax at the statutory rate of 28% (2008: 29%)	(695,776)	15,908,509	(1,420,947)	15,928,783
Adjustments for:	88,297	(1,487,196)	(2,812,249)	(930,307)
Income not subject to tax	(43,972)	(1,050,211)	(5,144,230)	(759,683)
Expenses not deductible for tax	132,269	384,022	2,331,981	812,889
Special tax allowances	-	(322,113)	-	(336,286)
Capital gains tax	-	58,126	-	58,126
Deferred tax rate change on current temporary differences	-	(221,820)	-	(251,159)
Deferred tax rate change	-	(335,200)	-	(454,194)
Effective tax	(607,479)	14,421,313	(4,233,196)	14,998,476

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

27 EARNINGS AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on earnings of (R761 751) (2008: R39 928 363) and a weighted average number of shares in issue of 162 977 532 (2008: 145 484 381)

The weighted average number of shares is calculated before taking into account the effect of setting off 3 452 750 (2008: 3 568 881) treasury shares held by the share incentive scheme against the issued share capital. The calculation of diluted earnings per ordinary share is based on diluted earnings of (R761 751) (2008: 39 928 363) and a weighted average number of shares in issue of 168 097 405 (2008: 150 053 262), after taking into account the treasury shares.

	COMPANY		GROUP	
	2009	2008	2009	2008
Reconciliation between earnings and diluted earnings	R	R	R	R
Attributable profit to equity holders of the company per the income statement	-	-	(761,751)	39,928,363
Diluted earnings	-	-	(761,751)	39,928,363
Earnings per share (cents)	-	-	(0.47)	27.45
Diluted earnings per share (cents)	-	-	(0.45)	26.61

28 HEADLINE EARNINGS AND DILUTED HEADLINE EARNINGS PER SHARE

The calculation of headline earnings per ordinary share is based on headline earnings of (R18 337 204) (2008: R39 144 603) and a weighted average number of shares in issue of 162 977 532 (2008: 145 484 381)

The weighted average number of shares is calculated before taking into account the effect of setting off 3 452 750 (2008: 3 568 881) treasury shares held by the share incentive scheme against the issued share capital.

The calculation of diluted headline earnings per ordinary share is based on diluted headline earnings of (R18 337 204) (2008: 39 144 603) and a weighted average number of shares in issue of 168 097 405 (2008: 150 053 262), after taking into account the treasury shares.

	COMPANY		GROUP	
	2009	2008	2009	2008
Reconciliation of headline earnings	R	R	R	R
Attributable profit to equity holders of the company per the income statement	-	-	(761,751)	39,928,363
Adjustments for:				
IFRS 3 profit on purchases of subsidiary	-	-	(16,647,788)	-
IAS 16 profit on disposal of property, plant and equipment	-	-	(927,665)	-
Headline and diluted headline earnings	-	-	(18,337,204)	39,928,363
Headline earnings per share (cents)	-	-	(11.25)	26.91
Diluted headline earnings per share (cents)	-	-	(10.91)	26.09

29 RELATED PARTY INFORMATION

The company has the following related party relationships:

Controlling entities	Shareholders
Controlled entities	Subsidiaries as set out in Annexure A
Executive directors	SJ Wearne, JC Wearne, OJG Harvey, N Heyns
Joint ventures	Wearne Bricks (Proprietary) Limited Wearne Drilling and Blasting (Proprietary) Limited
Associates	Senatla Structures (Proprietary) Limited
Entities controlled by the directors	Makro-Sand (Proprietary) Limited
Special purpose entities	WG Wearne Rehabilitation Trust WG Wearne Share Incentive Scheme

Transactions with related parties:

A schedule of transactions with subsidiaries of the company and the WG Wearne Share Incentive Scheme is set out in Annexure A.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

Transactions with other related parties were as follows:

Transaction type	Related party	COMPANY	
		2009	2008
		R	R
Rehabilitation contributions paid to	WG Wearne Rehabilitation Trust	-	1,110,733
Sale of goods to	Wearne Bricks (Proprietary) Limited	(2,086,785)	(655,244)
Services received from	Wearne Drilling and Blasting (Proprietary) Limited	5,025,420	-
Assets sold to	Wearne Drilling and Blasting (Proprietary) Limited	(8,441)	-
Services received from	Makro-Sand (Proprietary) Limited	36,055	516,422

These transactions were made on commercial terms and conditions and at market rates.

Related party loan accounts:

A schedule of loan balances with subsidiaries of the company is set out in Annexure A.

Loan balances with other related parties

Related party relationship	COMPANY	
	2009	2008
	R	R
Owing by:		
Wearne Bricks (Proprietary) Limited joint venture	1,770,450	1,770,450
Owing to:		
Wearne Drilling and Blasting (Proprietary) Limited joint venture	(3,906,239)	-
	(2,135,789)	1,770,450

Amounts included in trade receivables /(payables) regarding related parties

A schedule of trade receivable and trade payable balances with subsidiaries of the company is set out in Annexure A.

Trade receivable /(payable) balances with other related parties were as follows:

Related party relationship	COMPANY	
	2009	2008
	R	R
Trade receivables:		
Wearne Drilling and Blasting (Proprietary) Limited joint venture	687,253	-
Wearne Bricks (Proprietary) Limited joint venture	-	187,191
Trade payables:		
Makro-Sand (Proprietary) Limited entity controlled by the directors	-	(37,131)
Pretty Much Everything CC entity controlled by the directors	-	(486,405)
	687,253	(336,345)

For disclosure of compensation to directors, refer to note 36.

30 CONTINGENT LIABILITIES

The group has a multi-optional facility from Nedbank Limited in the amount of R70 000 000 by way of overdraft, short term loan or letter of guarantee facility. This facility is repayable on demand and bears interest at the prime overdraft rate. As security for the facility, the bank holds:

Unrestricted first cession of all present and future book debts.

Cession of coface debtors insurance policy.

Unlimited inter-linking suretyships including a cession of loan funds in favour of the bank between the company and its subsidiary companies.

First covering bonds for R1 930 000 over fixed property owned by the company, supported by a pledge and cession of a Santam policy.

First and second covering bonds totalling R390 000 over fixed property owned by the company, supported by a pledge and cession of a Santam Policy.

The company stands as guarantor to ABSA Bank Limited for R5 000 000 facilities provided to joint venture company, Wearne Bricks (Proprietary) Limited,

Nedbank Limited has provided guarantees on behalf of the company in the amount of R3 034 226 in favour of Eskom.

A contingent liability of R9 148 765 exists for secondary tax on companies based on the accumulated profits of the group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

31 COMMITMENTS

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Capital commitments				
Contracts placed in respect of capital expenditure	-	37,729,813	-	53,784,433

It is intended to finance capital expenditure from existing borrowing facilities and from working capital generated.

The future minimum lease payments under non-cancellable operating leases are as follows:

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Operating lease commitments:				
Due in 1 year	4,804,524	998,077	6,903,989	4,088,755
Due in 2 - 5 years	8,636,243	3,485,312	8,916,088	5,626,499
More than 5 years	-	-	-	149,745
	13,440,767	4,483,389	15,820,077	9,864,999

32 EMPLOYEE BENEFITS

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Defined contribution plans				
Contributions expensed	2,487,596	1,641,600	4,503,595	2,864,054

33 NOTES TO THE CASH FLOW STATEMENT

	COMPANY		GROUP	
	2009	2008	2009	2008
	R	R	R	R
Reconciliation of taxation paid during the year				
Charge in income statement	607,479	(14,421,313)	4,233,196	(14,998,476)
Adjustment for deferred tax	(626,644)	7,078,391	(7,908,346)	7,655,554
Movement in taxation balance	(4,452,098)	1,702,842	(1,854,986)	1,269,523
Payments made	(4,471,263)	(5,640,080)	(5,530,136)	(6,073,399)

34 SEGMENT REPORT

The group's business segments and segmental information presented below 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.

	Business segments				
	Ready mixed concrete	Aggregates	Concrete products	Eliminations/unallocated	Consolidated group
	R	R	R	R	R
To 28 February 2009					
Revenue	420,368,655	411,013,356	10,588,438	(254,968,269)	587,002,180
Cost of sales	(351,705,077)	(326,683,776)	(8,078,101)	254,968,269	431,498,685
Gross profit	68,663,578	84,329,580	2,510,337	-	155,503,495
Operating costs	(44,466,087)	(47,214,595)	(3,437,700)	-	(95,118,382)
EBITDA	24,197,491	37,114,986	(927,363)	-	60,385,113
Depreciation	(17,311,871)	(26,395,608)	(1,106,278)	-	(44,813,757)
Profit before interest and taxation	6,885,619	10,719,378	(2,033,641)	-	15,571,356
Property, plant and equipment	142,917,293	398,894,325	46,481,934	6,875,470	595,169,023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

	Business segments					Consolidated group
	Ready mixed concrete	Aggregates	Concrete products	Eliminations/ unallocated		
To 29 February 2008	R	R	R	R	R	
Revenue	373,751,872	330,550,644	3,067,527	(174,681,402)	532,688,641	
Cost of sales	(299,660,502)	(224,496,273)	(2,557,341)	174,681,402	352,032,714	
Gross profit	74,091,370	106,054,371	510,186	-	180,655,927	
Operating costs	(39,164,282)	(34,958,797)	(792,123)	-	(74,915,201)	
EBITDA	34,927,088	71,095,574	(281,937)	-	105,740,726	
Depreciation	(13,888,157)	(17,401,809)	(266,992)	-	(31,556,958)	
Profit before interest and taxation	21,038,931	53,693,765	(548,929)	-	74,183,768	
Property, plant and equipment	98,471,220	279,332,334	5,290,339	7,107,338	390,201,231	

35 BUSINESS COMBINATION

	COMPANY		GROUP	
	2009	2008	2009	2008
Business combinations disposed of during the year	R	R	R	R
Inventory	32,608,989	-	-	-
Petty cash	(62,350)	-	-	-
Fixed assets	57,593,427	-	-	-
Deferred tax	(6,083,024)	-	-	-
Loans to group companies	(84,057,042)	-	-	-
	-	-	-	-

The company disposed of various operations to wholly owned subsidiaries on 1 September 2008 as going concerns.

36 DIRECTORS REMUNERATION

Year ended 28 February 2009	Basic	Incentive bonus	Travel	Retirement funding	Medical aid	Share-based payment	Total
	R	R	R	R	R	R	R
Executive							
SJ Wearne	1,100,199	-	104,703	81,764	55,838	10,312	1,352,816
JC Wearne	1,100,199	-	105,685	81,764	55,838	10,312	1,353,798
OJG Harvey	793,500	-	85,986	65,825	26,742	10,312	982,365
N Heyns	594,000	-	27,000	54,000	-	-	675,000
BJ Du Toit ⁽¹⁾	321,855	-	44,395	41,551	9,048	5,156	422,005
Non-executive							
B Mkhonto	10,000	-	-	-	-	-	10,000
E Moloï	15,000	-	-	-	-	-	15,000
Total	3,934,753	-	367,769	324,904	147,466	36,092	4,810,984
less: paid by subsidiaries	(1,538,010)	-	-	-	-	-	(1,538,010)
	2,396,743	-	367,769	324,904	147,466	36,092	3,272,974

⁽¹⁾ Resigned as a director on 6 November 2008

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2009

Year ended 29 February 2008	Basic	Incentive bonus	Travel	Retirement funding	Medical aid	Share-based payment	Total
	R	R	R	R	R	R	R
Executive							
SJ Wearne	1,081,608	125,000	120,542	84,672	49,368	8,645	1,469,835
JC Wearne	1,118,484	125,000	94,698	84,672	45,540	8,645	1,477,039
BJ Du Toit	858,638	125,000	88,791	77,484	16,756	8,645	1,175,314
OJG Harvey	570,717	125,000	79,850	67,914	24,244	8,645	876,370
Non-executive							
B Mkhonto	9,000	-	-	-	-	-	9,000
E Moloi	9,000	-	-	-	-	-	9,000
Total	3,647,447	500,000	383,881	314,742	135,908	34,580	5,016,558
less: paid by subsidiaries	(948,028)	-	-	-	-	-	(948,028)
	2,699,419	500,000	383,881	314,742	135,908	34,580	4,068,530
Total	3,647,447	500,000	383,881	314,742	135,908	34,580	5,016,558

37 PRIOR YEAR PRESENTATION CHANGES

Certain prior year numbers were reclassified to enhance comparability.

Reclassifications have been made to various items of revenue, cost of sales and operating costs in the prior period. These reclassifications were made so as to reflect the nature of the underlying transactions in a more meaningful manner. The reclassifications had no net impact on the profit of the group. The items reclassified, and the quantum thereof, were:

	Company			Group		
	Previously stated	Restated	Net change	Previously stated	Restated	Net change
	R	R	R	R	R	R
Income statement						
Revenue	508,492,219	503,272,482	(5,219,737)	538,804,545	532,688,641	(6,115,904)
Cost of sales	(368,685,589)	(355,267,787)	13,417,802	(368,038,380)	(352,032,714)	16,005,666
Other income	4,112,834	3,343,800	(769,034)	2,053,083	2,053,019	(64)
Operating costs	(56,729,522)	(66,192,198)	(9,462,676)	(62,609,093)	(74,915,201)	(12,306,108)
Net interest paid	(14,086,408)	(12,052,763)	2,033,645	(23,726,358)	(21,309,948)	2,416,410
Profit before taxation			-			-
Cash flow statement						
Cash generated from operations	63,848,963	61,815,318	(2,033,645)	87,045,346	84,628,936	(2,416,410)
Net interest paid	(14,086,408)	(12,052,763)	2,033,645	(23,726,358)	(21,309,948)	2,416,410
Cash flows from operating activities			-			-

ANNEXURE A

SCHEDULE OF INVESTMENTS IN AND RELATED PARTY TRANSACTIONS WITH SUBSIDIARIES

WG WEARNE LIMITED (Registration No. 1994/00593/06)

ANNUAL FINANCIAL STATEMENTS AND GROUP ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2009

	Issued capital	Interest		Cost of shares		Loan amounts owing by / (to) subsidiary		Amounts included in trade receivables / (payables)		Net profit / (loss) after tax attributable to the group		Services rendered to subsidiaries		Services rendered by subsidiaries		Interest received from subsidiaries		Sale of assets to subsidiaries		
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
Subsidiaries (Direct)																				
Noordkwaal Crushers (Proprietary) Limited	16 000	100	100	1	152619	152619	-	-	-	-	-	-	-	-	-	-	-	-	-	
Portland Holdings (Proprietary) Limited	1,540,100	100	100	-	35,562,561	-	-	21,208	-	-	-	-	-	-	-	-	-	-	-	
Shebaz Investments (Proprietary) Limited	100	100	100	3,650	216,205	216,205	-	-	-	-	-	-	-	-	-	-	-	-	-	
WG Wearne Logistics (Proprietary) Limited	3	100	100	3,000,000	3,221,450	(8,847,666)	86,764	3,292,168	2,195,486	4,322,401	11,376,326	56,593,938	59,009,397	738,803	-	-	-	-	-	
Wearne Platkopp Quarry (Proprietary) Limited	100	100	100	100	(100)	(100)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Wearne Precast (Proprietary) Limited	100	77	100	6,770	5,075,427	1,064,099	73,056	(1,886,932)	-	131,048	-	-	-	283,577	-	-	-	-	-	
Wearne Quarries Free State (Proprietary) Limited	100	100	100	100	5,880,955	-	1,082,399	(1,850,250)	-	3,446,758	-	-	-	325,750	-	-	-	2,085,090	-	
Wearne Quarries Gauteng (Proprietary) Limited	100	100	100	3,245	12,161,039	-	8,980,593	(5,175,771)	-	16,421,995	-	-	-	665,197	-	-	-	11,729,398	-	
Wearne Quarries Limpopo (Proprietary) Limited	100	100	100	100	22,102,692	1,724,374	5,986,952	(1,305,210)	(458,189)	9,975,932	-	-	-	1,333,889	-	-	-	9,327,331	-	
Wearne Quarries Natal (Proprietary) Limited	100	100	100	100	4,640,179	542,716	1,042,654	(1,845,347)	-	3,922,543	-	-	-	197,697	-	-	-	-	-	
Wearne Ready Mixed Concrete (Proprietary) Limited	100	100	100	3,445	36,382,811	-	729,099	(4,627,974)	-	2,868,734	-	-	-	1,510,255	-	-	-	28,340,149	-	
Subsidiaries (Indirect)																				
Portland Aggregate Sales (Proprietary) Limited	200	100	-	-	-	-	-	254,202	-	-	-	-	-	-	-	-	-	-	-	
Portland Concrete Pumps (Proprietary) Limited	100	100	-	-	-	-	-	413,190	-	-	-	-	-	-	-	-	-	-	-	
Portland Hollowcore Slabs (Proprietary) Limited	100	100	-	-	202,993	-	-	(2,312,488)	-	-	-	-	-	-	-	-	-	-	-	
Portland Quarry (Proprietary) Limited	100	85	-	-	1,739,671	-	-	(632,423)	-	-	-	-	-	-	-	-	-	-	-	
Portland Readymix (Proprietary) Limited	600	100	-	-	1,615,357	-	-	(1,707,347)	-	-	-	-	-	-	-	-	-	-	-	
Portland Sand Mines (Proprietary) Limited	100	70	-	-	-	-	-	(9,447)	-	-	-	-	-	-	-	-	-	-	-	
Special purpose entities																				
WG Wearne Share Incentive Scheme	-	-	-	-	4,414,969	5,131,953	-	-	-	-	-	-	-	-	-	-	677,093	643,190	-	
WG Wearne Rehabilitation Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTALS					38,580,272	3,010,391	128,252,204	(231,905)	18,001,517	(17,272,421)	1,737,297	41,089,411	11,376,326	57,001,268	59,009,397	5,732,261	643,190	643,190	51,481,968	51,481,968

ANNEXURE B

SHAREHOLDER ANALYSIS TABLES

Register date: 27 February 2009

Issued Share Capital: 182 961 617 shares

Shareholder spread	No. of shareholders	%	No. of Shares	%
1 - 1 000 shares	381	15.38	259,328	0.14
1 001- 10 000 shares	1,457	58.80	6,954,959	3.80
10 001- 100 000 shares	559	22.56	16,220,851	8.87
100 001- 1 000 000 shares	61	2.46	21,292,085	11.64
1 000 001 shares and over	20	0.81	138,234,394	75.55
	2,478	100.00	182,961,617	100.00

Distribution of shareholders	No. of shareholders	%	No. of Shares	%
Banks	1	0.04	5,000	0.00
Close Corporations	57	2.30	1,710,537	0.93
Endowment Funds	12	0.48	137,715	0.08
Individuals	2,119	85.51	57,779,896	31.58
Insurance Companies	4	0.16	2,499,751	1.37
Investment Companies	9	0.36	6,860,610	3.75
Mutual Funds	2	0.08	3,986,509	2.18
Nominees and Trusts	175	7.06	83,522,497	45.65
Other Corporations	18	0.73	149,510	0.08
Own Holdings	76	3.03	21,335,342	11.66
Private Companies	1	0.04	500,000	0.27
Public Companies	3	0.12	1,068,000	0.58
Retirement Funds	1	0.04	3,406,250	1.86
Share Trust	2,478	99.96	182,961,617	100.00
	2,478	100.00	182,961,617	100.00

Public/Non-public shareholders	No. of shareholdings	%	No. of Shares	%
Non-public shareholders	13	0.52	83,138,650	45.44
Directors and Associates of the Company holdings	11	0.44	41,018,433	22.42
Strategic Holdings	1	0.04	38,713,967	21.16
Share Trust	1	0.04	3,406,250	1.86
Public shareholders	2,465	99.48	99,822,967	54.56
	2,478	100.00	182,961,617	100.00

Beneficial shareholders holding of 5% or more	No. of Shares	%
Samant Trust	38,713,967	21.16
Anco Besigheids Trust	14,151,720	7.73
Willchrest Besigheids Trust	14,151,720	7.73
SJ Wearne	13,107,867	7.16
JC Wearne	12,107,867	6.62
Portland Readymix Trust	10,887,930	5.95



NOTICE TO SHAREHOLDERS

WG WEARNE LIMITED

Year ended 28 February 2009

(Incorporated in the Republic of South Africa)

(Registration number 1994/005983/06)

JSE code: WEA ISIN: ZAE000078002

("Wearne" or "the Company")

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the company's shareholders will be held in the boardroom at Wearne, Stonemill Office Park, 3 Kiepersol House, 300 Acacia Road, Cresta, on Wednesday the 16th of September 2009 at 11:00 to conduct the following business:

Ordinary Resolution

1. To receive and adopt the annual financial statements of the group and the company for the financial year ended 28 February 2009 including the directors' report and the report of the auditor therein.

2. Directorate

2.1 To re-elect the following directors:

2.1.1 JC Wearne

2.1.2 B Mkhonto

who, in terms of the company's articles of association retires by rotation at the annual general meeting, but, being eligible, offer themselves for re-election.

An abbreviated curriculum vitae in respect of each director offering themselves for re-election is set out on page 11 of this annual report.

2.2 To confirm the appointment of the following directors

2.2.1 N Heyns

2.2.2 HWP Scholtz

2.2.3 MM Patel

An abbreviated curriculum vitae in respect of each director is set out on page 11 of this annual report.

3. To re-appoint RSM Betty & Dickson (Johannesburg) as independent auditor of the company for the ensuing period terminating on the conclusion of the next annual general meeting of the company and to authorise the directors to fix the auditor's remuneration for the past year.

4. To ratify the remuneration paid to the directors for the past financial year.

As special business to consider and, if deemed fit, to pass with or without modification, the following resolutions:

5. That all the unissued shares in the capital of the company be placed under the control of the directors at their discretion until the next annual general meeting of the company as a general authority in terms of section 221(2) of the Companies Act 61 of 1973, as amended ("the Act"), subject to the provisions of the Act and the Listings Requirements of the JSE Limited ("JSE").

6. That pursuant to the articles of association of the company and subject to the Act and the Listings Requirements of the JSE, the directors of the company be and are hereby authorised, by way of a general authority to allot and issue ordinary shares for cash on the following basis:

6.1 that the shares must be of a class already in issue;

6.2 the shares may only be issued or sold, as the case may be, to public shareholders as defined in the Listings Requirements of the JSE, and not to related parties;

6.3 that the shares may not in any one financial year in the aggregate exceed 50% of the company's issued shares, the number that may be issued or sold, as the case may be, being determined in accordance with paragraph 21.7 (a) of the Listings Requirements of the JSE;

6.4 that the maximum discount at which such shares may be issued or sold, as the case may be, is 10% of the weighted average traded price of such shares on the JSE over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares or any other price agreed to by the JSE.

6.5 that such authorisation be valid only until the next annual general meetings or for 15 months from the date of this resolution, whichever is the earlier date;

6.6 that an announcement giving full details, including the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and if applicable, diluted earnings and headline earnings per share, be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to the issue,

6.7. that this authority include any options / convertible securities that are convertible into an existing class of equity securities.





7. Resolved that any one director of the company or the company secretary be authorised to do all such things as are necessary and to sign all such documents issued by the company so as to give effect to the ordinary resolution and special resolution.

In terms of the Listings Requirements of the JSE, the approval of 75% majority of the votes cast in favour of this resolution by all shareholders present or represented by proxy (excluding the designated advisor (DA) and the controlling shareholders together with their associates) is required to approve this resolution.

Special resolution

8. That the company hereby approves, as a general authority contemplated in the Companies Act 61 of 1973 ("Act"), the repurchase of shares from time to time, either by the company itself or by its subsidiaries, of the company's issued shares, upon such terms and conditions and in such amounts as the directors of the company may from time to time decide, subject however to the provisions of the Act and the Listings Requirements of the JSE Limited ("JSE"), it being recorded that in terms of the listings requirements of the JSE, general repurchases of the company's shares can only be made subject to the following:

- 8.1 that the company and its subsidiaries are enabled by their articles of association to repurchase such shares;
- 8.2 that the repurchase of shares be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the company and the counterparty;
- 8.3 that the company and its subsidiaries are authorised by its members in terms of a special resolution taken at general meetings, to make such general repurchases, such authorisation being valid only until the next annual general meetings or for 15 months from the date of this special resolution, whichever is the earlier date;
- 8.4 that an announcement be made giving such details as may be required in terms of the Listings Requirements of the JSE when the company has cumulatively repurchased 3% of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of shares and for each 3% in aggregate of the initial number of that class acquired thereafter;
- 8.5 at any one time the company may only appoint one agent to effect any repurchase on the company's behalf;
- 8.6 the repurchase of shares will not affect compliance with the shareholders' spread requirements as laid down by the JSE;
- 8.7 the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20% of the company's issued share capital and a maximum of 10% in aggregate of the company's issued share capital that may be repurchased in terms of the Act, by the subsidiaries of the company, at the time this authority is given;
- 8.8 the repurchase of shares may not be made at a price greater than 10% above the weighted average of the market value of the shares as determined over the five business days immediately preceding the date on which the transaction is effected.
- 8.9 repurchases may not be made by the company and/or its subsidiaries during a prohibited period as defined by the Listings Requirements of the JSE unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period.
- 8.10 the company may not enter the market to proceed with the repurchase of its ordinary shares until the company's sponsor has confirmed the adequacy of the company's working capital for the purpose of undertaking a repurchase of securities in writing to the JSE.

The reason for this special resolution is to grant the company and its subsidiaries a generally authority to repurchase the company's shares by way of open market transactions on the JSE, subject to the Act and the Listings Requirements of the JSE.

The effect of this special resolution would be that the company and its subsidiaries will have been authorised generally to repurchase the company's shares on the open market, subject to the Act and the Listings Requirements of the JSE.

At the present time the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate.

Working capital statement

The directors are of the opinion that, after considering the effect of the maximum repurchase permitted for a period of 12 months after the date of this notice of annual general meeting:

- the company and the group will be able, in the ordinary course of business, to pay its debts;
- the assets of the company and the group will be in excess of the liabilities of the company and the group, recognised and measured in accordance with the accounting policies used in the latest annual financial statements;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes; and
- the working capital of the company and the group will be adequate for ordinary business purposes.

Disclosures required in terms of the Listings Requirements of the JSE

In terms of the Listings Requirements of the JSE, the following disclosures are required with reference to the repurchase of the company's shares as set out in the special resolution above:





Litigation statement

Other than disclosed or accounted for in this annual report, the directors of the company, whose names are given on page 16 of this annual report, are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had, in the 12 months preceding the date of this notice of annual general meeting, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names are given on page 16 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution contains all information required.

Material changes

Other than the facts and developments reported in this annual report, there have been no material changes in the affairs, financial or trading position of the group since the company's financial year end and the signature date of this annual report.

The following further disclosures required in terms of the Listings Requirements of the JSE are set out in accordance with the reference pages in the annual report of which this notice forms part:

Directors and management (refer to page 16)

Major shareholders of the company (refer to page 54) Directors' interests in the company's shares (refer to page 16)

Share capital (refer to pages 40)

Voting and attendance

Voting

On a show of hands every shareholder present in person or by proxy and if a member is a body corporate, its representative, shall have one vote and on a poll, every shareholder present in person or by proxy and if the person is a body corporate, its representative, shall have one vote for every share held or represented by him/her.

In terms of the JSE Listings Requirements, any shares held by the Company's Share Incentive Scheme may not be taken into account in determining the results of voting on ordinary resolution number 6 or special resolution number 8.

Proxies

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak, and on a poll, to vote in his/her stead.

A form of proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own-name registration who are unable to attend the annual general meeting in person. Forms of proxy must be completed and received by the transfer secretaries, by no later than 11h00 on the 14 day, September 2009. Registered certificated shareholders and dematerialised shareholders with own-name registration who complete and lodge the forms of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting to the exclusion of their appointed proxy/(ies) should such member wish to do so. Dematerialised shareholders, other than with own-name registrations, must inform their CSDP or broker of their intention to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person. This must be done in terms of agreement entered into between the shareholder and the CSDP or broker concerned.

By order of the board

OJ Le Roux

Company Secretary

13 August 2009





ADMINISTRATION

CCOMPANY SECRETARY AND REGISTERED OFFICE

Ockert Jacobus Le Roux
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email: info@wearne.co.za

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