WG WEARNE LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1994/005983/06)
(Share Code: WEA ISIN Code: ZAE000078002)
JSE Code: WEA
("Wearne" or "the Company" or "the Group")

AUDITED CONDENSED CONSOLIDATED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP	**Audited 28 February 2018 R'000**	**Audited 28 February 2017 Restated R'000**
Revenue	339,387	389,440
Gross profit	71,762	45,602
Other operating expenses	(131,635)	(63,869)
Loss before taxation	(37,560)	(20,294)
Taxation	6,632	(6,099)
Loss from continuing operations	(3,928)	(26,393)
Profit from discontinued operations	307	909
Loss for the year	(30,621)	(25,484)
Total comprehensive loss for the year	(22,334)	(732)
Weighted average shares in issue	273 037 963	273 037 963
Treasury shares	(3 355 250)	(3 355 250)
Number of shares	**269 682 713**	**269 682 713**
Loss per share attributable to equity holders of the Group:		
Basic and diluted basic loss per share (cents)	(11.46)	(9.79)
Headline and diluted headline loss per share (cents)	(5.31)	(14.48)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP	Audited 28 February 2018 R'000	Audited 28 February 2017 Restated R'000
ASSETS		
Non-Current Assets	272,579	274,032
Deferred tax	-	1,851
	272,579	275,883
Inventories	16,075	17,967
Trade and other receivables	35,111	51,684
Cash and cash equivalents	1,709	640
	52,895	70,291
Assets of disposal groups	3,746	7,877
Total Assets	329,220	354,051
EQUITY AND LIABLITIES		
Equity		
Share capital	178,357	178,357
Reserves	49,951	41,664
Accumulated loss	(214,926)	(184,305)
	13,382	35,716
Trade and other payables	157,352	100,386
Other Current Liabilities	63,033	131,370
	220,385	231,756
Liabilities of disposal groups	-	584
Total Liabilities	315,838	318,335
Total Equity and Liabilities	329,220	354,051
Number of ordinary shares in issue at year end	273,037,963	273,037,963
Net asset value per share (cents)	4.96	13.24
Net tangible asset value per share (cents)	4.08	11.71

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital R'000	Share premium R'000	Total Share capital R'000	Revaluation reserves R'000	Accumulated Loss R'000	Total equity R'000
Balance on 28 February 2017	273	178,084	178,357	41,664	(184,305)	35,716
Other comprehensive income for the year	-	-	-	8,287	-	8,287
Loss for the year	-	-	-	-	(30,621)	(30,621)
Balance on 28 February 2018	273	178,084	178,357	49,951	(214,926)	13,382

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

GROUP	Audited 28 February 2018 R'000	Audited 28 February 2017 Restated R'000
Cash generated from operations	59,510	26,180
Interest income	570	129
Net cash flows from operating activities	60,080	26,309
Cash flows from investing activities	1,646	43,395
Cash flows utilised in financing activities	(61,786)	(68,549)
Total cash movement for the year	(60)	1 155
Cash and cash equivalents at beginning of the year	(21,704)	(22,859)
Cash and cash equivalents at end of the year	(21,764)	(21,704)

NOTES TO THE FINANCIAL INFORMATION

OVERVIEW

The directors of WG Wearne present the Group's annual financial results for the year ended 28 February 2018 ("the 2018 year" or "2018").

WG Wearne Limited is incorporated in South Africa and the principal activities of the company and its subsidiaries are the mining, manufacturing, marketing and transport of crushed stone, sand and ready-mixed concrete in the Gauteng, North-West, Limpopo and KwaZulu-Natal Provinces, all of which are in the Republic of South Africa. Contracting services are also offered throughout the country. There have been no material changes to the nature of the group's business from the prior year.

Wearne has been suspended since July 2018 because of not releasing its financial statements for the years ended 28 February 2018, 2019, 2020 and 2021. The release of the results for the year ended 28 February 2018 is the first step in submitting the outstanding financial statements with a view to having the listing reinstated. The audit fieldwork for the year ended 28 February 2019 is substantially completed and draft financial statements are currently being finalised and should be released by October 2022. Audit fieldwork for the year ended 28 February 2020 is in progress at the time of this statement.

The audit fieldwork for the years ended 28 February 2021 and 2022 will commence as soon as 2020 has been finalised. It is envisaged the outstanding financial information for those years will be released by 28 February 2023.

As part of the re-structuring plan developed in the 2016 financial year, the Precast Division (concrete manufactured products segment) was identified as non-core to the operations of the group and the transaction was the group's first step to divest of its non-core assets. Consideration of R20 million for Plant and Equipment was received from the sale in 2017. In addition, raw materials and finished goods were disposed of at the lower of cost or net realisable value on 60-day terms after the deduction of advanced payments were received up to the effective date. All other assets and all the liabilities were excluded from the transaction.

The remeasurement of the disposal group to fair value up to the date of disposal was not considered material to the Group.

Also, as part of the re-structuring plan developed in the previous financial year the Board decided prior to year-end on 28 February 2018 to dispose of the Brandvlei Quarry as a going concern which was announced on SENS on 04 April 2017. Brandvlei's assets and liabilities were reclassified as a disposal group held for sale in the statement of financial position. The property, plant and equipment of Brandvlei were revalued to their fair value less costs to sell of R3,7 million. The Group retained a 25% interest in the Brandvlei quarry.

The remeasurement of the disposal group as at 28 February 2018 was not considered material to the Group.

BASIS OF PREPARATION

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for audit reports and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require audit reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

The audited condensed consolidated financial statements are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets where required or permitted by IFRS.

These audited condensed consolidated financial statements incorporate the financial results of the Company and its subsidiaries.

The preparation of the audited condensed consolidated financial statements for the year ended 28 February 2018 was supervised by WG Wearne's Chief Executive Officer, SJ Wearne. The directors take full responsibility for the preparation of these audited condensed consolidated financial statements for the year ended 28 February 2018.

These audited condensed consolidated financial statements for the year ended 28 February 2018 have been audited by HLB CMA (South Africa) Inc.

TRADING RESULT

The Group's revenue was 12.9% lower for the current financial year compared to the year ended 28 February 2017. However, cost of sales was also 22.2% lower resulting in an increase in gross profit of R26,16m (2017: (R62,49m)) or 57.4% (2017: (137%)). Other operating expenses increased by R67,76m or 106,1% of which R46,76m pertains to impairment losses on property plant and equipment. If the impairment losses are excluded the increases in operating expenses reduces to 32.9%.

The Group had no material capital commitments for the purchase of property, plant and equipment as at 28 February 2018.

AUDITOR'S OPINION

The auditors issued a qualified audit opinion for the year ended 28 February 2018. A copy of the auditor's audit report is available for inspection at the Company's registered office. The audit was qualified due to the qualification on opening balances and non-current assets held for sale, a disclaimer on financial performance and cash flows and a material uncertainty based on going concern.

SEGMENTAL REPORTING

The group's business segments and segmental information presented represent the primary basis of segment reporting. The segment reporting reflects the operating model of the group based on product lines and is consistent with the way the business is managed and reported internally to the chief operating decision maker for the respective financial years. The segment reports exclude results from discontinued operations and non-current assets held for sale.
The basis on which the reporting segments have been separated is consistent with the prior year.

One customer represented 11% of the group's revenues. There are no non-current assets belonging to the group that are domiciled outside of South Africa. There is no revenue from foreign countries.

Segmental reporting **2018**	**Aggregates**	**Ready mixed**	**Shares services and contracting**	**Total continuing operations**
Total revenue	165,651	223,147	63,802	452,600
Internal revenue	(37,243)	(75,970)	-	(113,213)
External revenue	**128,408**	**147,177**	**63,802**	**339,387**
Cost of sales	(117,934)	(151,135)	1,444	(267,625)
Gross profit (loss)	**10,474**	**(3,958)**	**65,246**	**71,762**
Other income	775	44	28,851	29,670
Operating expenses	(16,584)	(15,178)	(99,873)	(131,635)
Operating (loss)	**(5,335)**	**(19,092)**	**(5,776)**	**(30,203)**
Investment income	-	-	24,560	24,560
Finance costs	(2,466)	(1)	(29,450)	(31,917)
Loss before tax from continuing operations	**(7,801)**	**(19,093)**	**(10,666)**	**(37,560)**
Depreciation and amortisation	(8,435)	(7,023)	(8,795)	(24,253)
Impairments			(46,766)	(46,766)
Impairment reversals			20,043	20,043
Property, plant and equipment and intangible assets	190,833	33,415	35,937	260,185
Total assets	**218,336**	**42,811**	**68,073**	**329,220**
Total liabilities	**(91,724)**	**(65,392)**	**(158,722)**	**(315,838)**

NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations. There was no material impact on the future implementation of any of these standards.

Standard/ Interpretation:	Effective date: Years beginning on or after
• Amendments to IFRS 12: Annual Improvements to IFRS 2014 - 2016 cycle	01 January 2017
• Amendments to IAS 7: Disclosure initiative	01 January 2017
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017

Standards and Interpretations early adopted

The group has chosen to early adopt the following standards and interpretations. Details of the adoption of these standards has been outlined in detailed annual financial statements.

Standard/ Interpretation:	Effective date: Years beginning on or after
• IFRS 16 Leases	01 January 2019
• IFRS 9 Financial Instruments	01 January 2018
• IFRS 15 Revenue from Contracts with Customers	01 January 2018
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018

Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and may be relevant to the Group. The standards and interpretations are mandatory for the group's accounting periods beginning on or after 01 March 2018 or later periods. These standards will be implemented in the applicable year for which they are mandatory.

There is unlikely to be a material impact on the future implementation of any of these standards.

Standard/ Interpretation:	Effective date: Years beginning on or after
• Deferred tax related to assets and liabilities arising from	
• a single transaction Amendments to IAS 12	01 January 2023
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023
• Classification of Liabilities as Current or Non-Current –	
• Amendment to IAS 1	01 January 2023
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022
• Definition of a business - Amendments to IFRS 3	01 January 2020

- Presentation of Financial Statements: Disclosure initiative — 01 January 2020
- Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative — 01 January 2020
- Long-term Interests in Joint Ventures and Associates - Amendments to IAS 28 — 01 January 2019
- Amendments to IFRS 3 Business Combinations:
- Annual Improvements to IFRS 2015 - 2017 cycle — 01 January 2019
  Amendments to IFRS 11 Joint Arrangements:
- Annual Improvements to IFRS 2015 - 2017 cycle — 01 January 2019
  Amendments to IAS 12 Income Taxes:
- Annual Improvements to IFRS 2015 2017 cycle — 01 January 2019
  Amendments to IAS 23 Borrowing Costs:
- Annual Improvements to IFRS 2015 2017 cycle — 01 January 2019
- Uncertainty over Income Tax Treatments — 01 January 2019

FINANCIAL RESULTS OF DISCONTINUED OPERATIONS

As noted in the overview above the Precast division was sold during the financial year ended 28 February 2017 and a decision was taken to sell the Brandvlei Quarry and accordingly was reclassified as a non-current asset held for sale in the annual financial statements for the year ended 28 February 2018.

Carrying value of assets and liabilities at date of disposal,

	Audited 28 February 2018 R'000	**Audited 28 February 2017 R'000**
Assets of disposal groups		
Property, plant and equipment	3,746	14,459
Inventories	-	60
	3,746	7,877
Liabilities of disposal groups		
Provisions	-	584
Bank overdraft		

	Audited 28 February 2018 R'000	**Audited 28 February 2017 R'000**
Profit and loss	2,773	14,553
Revenue	(2,100)	(10,071)
Cost of sales		
Gross profit	673	4,482
Other income	-	557
Operating expenses	(366)	(2,791)
Finance costs	-	(1,339)
Profit before taxation	186	909
Finance costs		
Net profit after taxation	186	909

STATEMENT OF GOING CONCERN

The directors believe that the company and the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis.

Subsequent to 28 February 2018 the group sold the Muldersdrift Quarry business as a going concern for R9 million on 03 December 2019. A three-year lease agreement for the land of the Muldersdrift Quarry was also signed. These funds were used to enter into a settlement agreement for the outstanding amount that was owed to ABSA bank. The settlement agreement was signed on 4 February 2020. An initial payment of R10 million was made together with monthly payments until the full balance was settled.

A sale of Letting Enterprise agreement to the value of R 32.5 million and a sale of Mining Right Agreement to the value of R8 million were also signed with tenant of the Property on 3 December 2019. The conditions precedent on these two agreements was unfortunately not met and the agreements were cancelled. The group is currently looking for a new buyer of the property and mining right which will become available when the current lease expires on 3 December 2022.

On 5 March 2021 a new consolidated five- year loan agreement was signed with the Industrial Development Corporation of South Africa. In terms of the new loan agreement the loan is repayable in monthly instalments with a bullet payment once the Muldersdrift property is sold.

The group is also in discussions with SARS regarding the outstanding debts owed to SARS. The outcome of these discussions is subject to the sale of the Muldersdrift property.

All the above turnaround initiatives as well as further restructuring of the Ready Mixed Concrete business has led the directors to believe that company and group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the company and group. The ability of the company and group to continue as a going concern is dependent on several factors. The most significant of these is the on-going Nedbank invoice Discounting facility, as well as SARS acceptance of the compromise proposal.
The consolidated and separate annual financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments, will occur in the ordinary course of business.

SHARE CAPITAL

There has been no change in the share capital during 2018.

DIVIDEND POLICY

The Group will not pay a dividend for the 2018 year.

CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments for capital expenditure at 28 February 2018.

FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated annual financial statements for the year ended 28 February 2017.

RELATED PARTY BALANCES AND TRANSACTIONS WG WEARNE LIMITED

SUBSIDIARIES

a) Wearne Aggregates (Pty) Ltd
b) Wearne Ready Mixed Concrete (Pty) Ltd
c) Wearne Precast (Pty) Ltd
d) Wearne Platkop Quarry (Pty) Ltd
e) Wearne Quarries Freestate (Pty) Ltd
f) Wearne Quarries Gauteng (Pty) Ltd
g) Wearne Quarries Natal (Pty) Ltd
h) Wearne Quarries Limpopo (Pty) Ltd
i) Noordvaal Crushers (Pty) Ltd
j) Wearne Share Incentive Trust

COMPANY	**Audited 28 February 2018 R'000**	**Audited 28 February 2017 R'000**
RELATED PARTY BALANCES		
Loan accounts owing by subsidiaries		
Noordvaal Crushers (Pty) Ltd	1,856	1,856
Amounts included in trade receivables from subsidiaries		
Wearne Aggregates (Pty) Ltd	-	4,247
Wearne Ready Mixed Concrete (Pty) Ltd	-	1,207
Wearne Precast (Pty) Ltd	-	8
RELATED PARTY TRANSACTIONS		
Revenue received from subsidiaries		
Wearne Aggregates (Pty) Ltd	33 905	44 080
Wearne Ready Mixed Concrete (Pty) Ltd	14 364	13 973
Wearne Precast (Pty) Ltd	-	1 107
Other income received from related parties		
Wearne Ready Mixed Concrete (Pty) Ltd	70	-
Purchases from subsidiaries		
Wearne Aggregates (Pty) Ltd	(395)	(545)
Wearne Ready Mixed Concrete (Pty) Ltd	(77 883)	(33 839)
Purchases from other related parties		
Senatla Structures (Pty) Ltd	(39)	(41)
Expenses paid to subsidiaries		
Wearne Aggregates (Pty) Ltd	(90)	-

The sales to and purchases from related parties were transactions made on terms equivalent to those that prevail in arm's length transactions.

Directors' Remuneration:

Executive	Audited 28 February 2018 R'000	Audited 28 February 2017 R'000
SJ Wearne	1,787	1,763
JJ Bierman	985	82
MC Milazi	-	564

Non-Executive Directors

Fees for services as directors	2018 R'000	2017 R'000
WP van der Merwe	240	206
TS Chauke	200	-
MM Patel	140	240

BOARD CHANGES

Director	Designation	Changes
SJ Wearne	Executive	
AJ Badenhorst	Executive	Appointed 01 March 2022
WP van der Merwe	Non-executive independent	Appointed 07 December 2011
PF Mojona	Non-executive independent	Appointed 25 January 2018
KC Maelane	Non-executive independent	Appointed 06 September 2021
NS Janse van Rensburg	Executive	Appointed 01 February 2021, resigned 28 February 2022
JJ Bierman	Executive	Resigned 10 August 2018
TS Chauke	Non-executive Independent	Appointed 22 March 2017, resigned 27 July 2018
MM Patel	Executive	Resigned 30 September 2017
DA Oosthuizen	Executive	Appointed 01 September 2018, resigned 23 April 2019
MBA Hoosen	Non-executive Independent	Appointed 13 August 2019, resigned 24 June 2021

RESTATEMENT OF THE COMPARATIVE FINANCIAL RESULTS FOR THE YEARS ENDED 28 FEBRUARY 2016 AND 28 FEBRUARY 2017

In the annual financial statements for the year ended 28 February 2018 the comparative figures for the 2017 and 2016 financial years have been restated due to the following prior period errors:

- Incorrect reporting for financing of property, plant and equipment. These were incorrectly accounted for as operating leases under IAS 17 and should have been accounted for as other financial liabilities and property, plant and equipment. None of these financing arrangements were determined to be a finance lease under IAS 17 or a lease under IFRS 16.
- Property, plant and equipment was found to have been over-depreciated.
- Intangible assets were incorrectly classified as property, plant and equipment.
- A property owned by a subsidiary was incorrectly reported as revalued in the company instead of only in the group.

- Revaluation reserves were not transferred to retained earnings on disposal of the related property, plant and equipment item.

The above errors were identified during the performance of the audit for the year ended 28 February 2018 which was performed during 2022.

APPRECIATION

The Board of directors would like to thank the employees and directors of WG Wearne for their valued contribution and support over the years.

By order of the Board
28 September 2022

John Wearne
Chief Executive Officer

CORPORATE INFORMATION

Non-executive directors: W van der Merwe * (Chairman); FJ Mojono *; K Maelane *
*Independent
Executive directors: J Wearne, A Badenhorst
Registration number: 1994/005983/06
Registered address: 1 Main Road, Aureus,Randfontein, Gauteng1759
Postal address: PO Box 192, Randfontein, 1760, Gauteng, South Africa
Company secretary: C Middlemiss
Telephone: 011 459 4500
Transfer secretaries: CTE Registry Services (Pty) Limited
Designated Adviser: Exchange Sponsors (2008) (Pty) Limited