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 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP	Audited 28 February 2019 R'000	Audited 28 February 2018 R'000
Revenue	269,662	339,387
Gross profit	56,703	71,762
Other operating expenses	(55,585)	(131,635)
Loss before taxation	(16,535)	(37,560)
Taxation	(4,456)	6,632
Loss from continuing operations	(20,991)	(30,928)
Profit from discontinued operations	1,584	307
Loss for the year	(19,407)	(30,621)
Total comprehensive loss for the year	(19,266)	(22,334)
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)	(7.79)	(11.46)
Headline and diluted headline loss per share (cents)	(8.58)	(5.31)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP	Audited 28 February 2019 R'000	Audited 28 February 2018 R'000
ASSETS		
Non-Current Assets	246,258	272,579
	246,258	272,579
Inventories	13,538	16,075
Trade and other receivables	30,213	35,111
Loans to group companies	221	-
Cash and cash equivalents	533	1,709
	44,505	52,895
Assets of disposal groups	-	3,746
Total Assets	290,763	329,220
EQUITY AND LIABLITIES		
Equity		
Share capital	178,357	178,357
Reserves	47,272	49,951
Accumulated loss	(231,513)	(214,926)
	(5,884)	13,382
Trade and other payables	168,682	157,352
Current tax payable	55	55
Bank overdraft	1,742	2,112
Other current Liabilities	84,927	60,866
	255,406	220,385
Total Liabilities	296,647	315,838
Total Equity and Liabilities	290,763	329,220
Number of ordinary shares in issue at year end	273,037,963	273,037,963
Net asset value per share (cents)	(2.18)	4.96
Net tangible asset value per share (cents)	(2.83)	4.08

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 2018	273	178,084	178,357	49,951	(214,926)	13,382
Loss for the year	-	-	-	-	(19,407)	(19,407)
Other comprehensive (loss) income for the year	-	-	-	(93)	234	141
Transfer between reserves	-	-	-	(2,586)	2,586	-
Balance on 28 February 2019	273	178,084	178,357	47,272	(231,513)	(5,884)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 28 February 2019 R'000	Audited 28 February 2018 R'000
Cash generated from operations	45,941	58,420
Interest income	353	570
Cash flows from discontinued operations	(699)	-
Net cash flows from operating activities	45,595	58,990
Cash flows from investing activities	14,655	1,646
Cash flows utilised in financing activities	(61,056)	(51,026)
Total cash movement for the year	(806)	10,510
Cash and cash equivalents at beginning of the year	(403)	(10,913)
Cash and cash equivalents at end of the year	(1,209)	(403)

NOTES TO THE FINANCIAL INFORMATION

OVERVIEW

The directors of WG Wearne present the Group's annual financial results for the year ended 28 February 2019 ("the 2019 year" or "2019").

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.

The trading of Wearne shares on the Johannesburg Stock Exchange Limited 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 on 28 September 2022 was 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 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.

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 2019 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 2019.

These audited condensed consolidated financial statements for the year ended 28 February 2019 have been audited by HLB CMA (South Africa) Inc.

TRADING RESULT

The Group’s revenue was 20,5% lower for the current financial year compared to the year ended 28 February 2018. Cost of sales was also 20.4% lower, the combined effect resulting in a decrease in gross profit of R15m (2017: (R26,1m)) or 21% (2018: (57,4%)). Other operating expenses decreased by R76m or 58%.

AUDITOR'S OPINION

The auditors issued an unqualified audit opinion for the year ended 28 February 2019. A copy of the auditor’s audit report is available for inspection at the Company’s registered office.

SEGMENTAL REPORTING

The group's business segments and segmental information presented represent the primary basis of segment reporting. The segment reporting is based on the main product lines of the group, reflects the operating model 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.

No single customer represented more than 10% of the group's revenue in 2019. In 2018 one customer represented 17.49% of 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 **2019**	**Aggregates**	**Ready mixed**	**Shared services and contracting**	**Total continuing operations**
Total revenue	166,762	130,122	34,578	331,462
Internal revenue	(26,131)	(1,091)	(34,578)	(61,800)
External revenue	**140,631**	**129,031**	**19,526**	**269,662**
Cost of sales	(94,390)	(111,417)	(7,152)	(212,959)
Gross profit	**46,241**	**17,614**	**-**	**56,703**
Other income	2,402	487	3,102	5,991
Operating expenses	(33,340)	(16,720)	(5,525)	(55,585)
Share of losses in joint venture	(282)	-	-	(282)
Share of losses in associate	(136)	-	-	(136)
Operating (loss) profit	**(14,885)**	**1,381**	**(9,575)**	**6,691**
Investment income	-	-	2,582	2,582
Finance costs	(2,351)	(459)	(22,998)	(25,808)
Profit (loss) before tax from continuing operations	**12,534**	**922**	**(29,991)**	**(16,535)**
Depreciation and amortisation	(8,575)	(3,441)	(4,499)	(16,515)
Property, plant and equipment and intangible assets	170,546	41,045	26,888	238,479
Total assets	**92,497**	**40,783**	**157,540**	**290,820**
Total liabilities	**(99,280)**	**(65,804)**	**(131,579)**	**(296,663)**

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.

Standard/ Interpretation:	**Effective date: Years beginning on or after**
• Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycle	01 January 2018
• Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle	01 January 2018
• Foreign Currency Transactions and Advance Consideration	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 2019 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 Amendments to IFRS 11 Joint Arrangements:	01 January 2019
• Annual Improvements to IFRS 2015 - 2017 cycle Amendments to IAS 12 Income Taxes:	01 January 2019
• Annual Improvements to IFRS 2015 2017 cycle Amendments to IAS 23 Borrowing Costs:	01 January 2019
• Annual Improvements to IFRS 2015 2017 cycle	01 January 2019
• Uncertainty over Income Tax Treatments	01 January 2019

FINANCIAL RESULTS OF DISCONTINUED OPERATIONS

Brandvlei quarry

The board decided prior to the year ended 28 February 2017 to dispose of the Brandvlei quarry as a going concern which was announced on SENS on 04 April 2017. The remaining assets and liabilities were classified as a disposal group held for sale in the prior year. The group has retained a 25% interest in the Brandvlei quarry through an investment in an associate.

Carrying value of assets and liabilities at date of disposal

	Audited 28 February 2019 R'000	**Audited 28 February 2018 R'000**
Assets of disposal groups		
Property, plant and equipment	-	3,746
	-	3,746

Profit and loss	Audited 28 February 2019 R'000	Audited 28 February 2018 R'000
Revenue	-	2,773
Cost of sales	(699)	(2,100)
Gross profit	-	673
Other income	2,283	-
Other expenses	-	(366)
Profit before and after taxation	1,584	307

STATEMENT OF GOING CONCERN

The directors believe that the company and group have 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. The directors have satisfied themselves that the company and group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

We draw attention to the fact that at 28 February 2019, the group had accumulated losses of R 231 million (2018: 215 million) and the company had accumulated losses of R 170 million (2018: 166 million). 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.

After 28 February 2019 the group sold the Muldersdrift Quarry business as a going concern for R9 million on 3 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 has also submitted a compromise proposal to SARS regarding the outstanding debts owed to SARS. The outcome of the compromise proposal is subject to the sale of the Muldersdrift property. Currently SARS are waiting for the sale of the property to materialise.

All the 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 ongoing Nedbank invoice discounting facility, as well as SARS acceptance of the compromise proposal.

SHARE CAPITAL

There has been no change in the share capital during 2019.

DIVIDEND POLICY

The Group will not pay a dividend for the 2019 year.

CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments for capital expenditure at 28 February 2019.

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 2019.

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 Limpopo (Pty) Ltd
h) Noordvaal Crushers (Pty) Ltd
i) Wearne Share Incentive Trust

COMPANY	**Audited 28 February 2019 R'000**	**Audited 28 February 2019 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 Ready Mixed Concrete (Pty) Ltd	1,339	-
Amounts included in trade receivables from joint ventures		
Wearne Quarries Natal (Pty) Ltd	565	-
RELATED PARTY TRANSACTIONS		
Revenue received from subsidiaries		
Wearne Aggregates (Pty) Ltd	18,286	33,905
Wearne Ready Mixed Concrete (Pty) Ltd	16,210	14,364

Other income received from related parties		
Wearne Ready Mixed Concrete (Pty) Ltd	-	70
Purchases from subsidiaries		
Wearne Aggregates (Pty) Ltd	-	(395)
Wearne Ready Mixed Concrete (Pty) Ltd	-	(77 883)
Purchases from other related parties		
Senatla Structures (Pty) Ltd	-	(39)
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 2019 R'000**	**Audited 28 February 2018 R'000**
SJ Wearne	1,869	1,787
JJ Bierman	610	985
DA Oosthuizen	448	-

Non-Executive Directors

Fees for services as directors	**2019 R'000**	**2018 R'000**
WP van der Merwe	240	240
TS Chauke	183	200
MM Patel	200	140

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
DA Oosthuizen	Executive	Appointed 01 September 2018, resigned 23 April 2019
MBA Hoosen	Non-executive Independent	Appointed 13 August 2019, resigned 24 June 2021

EVENTS AFTER THE REPORTING PERIOD

On the 23 March 2020 a nationwide lockdown in South Africa was announced following the worldwide outbreak of the Covid-19 pandemic. The directors have considered the ongoing and future economic impact and implications of Covid-19 to the company and group and are sufficiently satisfied that the company will continue as a going concern in the foreseeable future and that there is no impact on the fair value assessments of the financial instruments held by the company and group at 28 February 2019.

On the 24 February 2021, the Minister of Finance announced several tax policy proposals, including a reduction in the corporate tax rate from 28% to 27%. This will affect the group in the 2024 financial year and may affect deferred tax from the 2021 financial year onwards.

Stable electricity supply remains a challenge of which the impact has increased due to ongoing loadshedding implemented by Eskom, negatively affecting the ability to operate plants effectively, and increased costs resulting from the use of generators where possible.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

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
22 November 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