D A W N

Distribution and Warehousing Network Limited

Annual Financial Statements

2014

Contents to the ANNUAL FINANCIAL STATEMENTS

LEVEL OF ASSURANCE

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

AUDITORS

PricewaterhouseCoopers Inc.
Registered Auditors

PREPARER

JAI Ferreira CA(SA)
Financial Director

PUBLISHED

13 October 2014

Statement of COMPLIANCE by the COMPANY SECRETARY

We certify that the Company has lodged with the Companies and Intellectual Property Commission (CIPC) in respect of the year ended 30 June 2014, all such returns as required to be lodged by a public company in terms of the Companies Act as amended, and that all such returns are true, correct and up to date.

iThemba Governance and Statutory Solutions (Pty) Ltd
Company Secretary

Johannesburg
13 October 2014

Statement of RESPONSIBILITY and APPROVAL by the Board of Directors

as at 30 June 2014

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the 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 Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. 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 ("IFRS") and are presented in terms of the disclosure requirements as set out in the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and the requirements of the Companies Act, 2008. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the next 12 months and, in the light of this review and the current financial position, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future. The going concern basis has therefore been adopted in preparing the annual financial statements.

The external auditors are responsible for independently auditing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Group's external auditors and their report is presented on page 14.

The annual financial statements set out on pages 3 to 111, which have been prepared on the going concern basis, were approved by the Board of Directors on 13 October 2014 and were signed on its behalf by:

RL Hiemstra	**DA Tod**	**JAI Ferreira**
Chairman	*Chief Executive Officer*	*Financial Director*

AUDIT COMMITTEE report

as at 30 June 2014

The Audit Committee was established with terms of reference from the Board. The Audit Committee terms of reference are available for inspection at the Company's registered office.

PURPOSE

The Audit Committee meets three times during the financial year to discuss issues of accounting, auditing, internal controls and financial reporting.

The Audit Committee's Terms of Reference deals adequately with its membership, authority and duties.

The Committee is responsible for reviewing the functioning of the internal control system, the reliability and accuracy of the financial information provided by management as well as that provided for dissemination to other users of financial information, whether the Group should continue to use the services of the current external auditors, any accounting or auditing concerns identified as a result of the external audit, the Group's compliance with legal and regulatory provisions, its Memorandum of Incorporation, Code of Ethical Conduct and by-laws.

The Committee has an independent role with accountability to both the Board and shareholders. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The duties of the Audit Committee include reviewing the scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors. Where the auditors supply non-audit services to the Group, the Audit Committee reviews the nature and extent of such services, seeking to balance the maintenance of objectivity and value for money.

The Committee considers whether or not the interim report should be subject to an independent review by the auditors. It also reviews the annual financial statements and the appropriateness of the accounting policies adopted by the Group.

The Committee fulfils an oversight role of the risk management process and specifically oversees:

- financial reporting risks;
- internal financial controls;
- fraud risks as it relates to financial reporting; and
- IT risks as it relates to financial reporting.

Further information on risk policies, strategies, management and indicators appear on pages 73 to 76 and in the Corporate Governance Report on pages 87 to 92 of the Integrated Report.

YEAR UNDER REVIEW

The Audit Committee has met periodically to consider and to act upon its statutory duties and functions and the Board confirms that the Committee has during the review year performed the duties mandated to it by the Board.

The Committee oversaw the integrated reporting process and, in particular, the Committee:

- regarded all factors and risks that may impact on the integrity of the Integrated Report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, as well as any evidence that brings into question previously published information and forward-looking statements or information;
- reviewed the annual financial statements and summarised integrated information;

Audit Committee report

continued

- commented in the annual financial statements on the financial statements, the accounting practices and the effectiveness of the internal financial controls with regard to:
  - accounting policies adopted and any changes in accounting policies and practices;
  - significant financial estimates based on judgement which are included in the annual financial statements;
  - the appropriateness of major adjustments processed at the interim stage and at year-end;
  - the going concern assumption;
  - compliance with both local and international accounting standards;
  - whether the annual financial statements present a balanced and understandable assessment of the Group's position, performance and prospects;
  - the directors' statement included in the annual financial statements, including the statement on effectiveness of the systems of internal control;
- reviewed the disclosure of sustainability issues in the Sustainability Report and in the Integrated Report to ensure that it is reliable and does not conflict with the financial information;
- recommended the Integrated Report for approval by the Board;
- reviewed the content of the summarised financial information for whether it provides a balanced view; and
- engaged the external auditors to provide assurance on the summarised financial information.

The duties performed and responsibilities discharged during the year under review also included:

- the annual review of the terms of reference;
- reviewing the expertise, resources and experience of the Group's finance function, the results of which are disclosed on page 6;
- considering the performance of the Chief Financial Officer (refer page 6);
- evaluating the independence of the Group's external auditors;
- reviewing significant cases of employee conflicts of interest, misconduct or fraud;
- considering other topics defined by the Board from time to time and investigating any activity, which the Committee in its sole discretion, considers to fall within the scope of its powers; and
- reviewing compliance with legal, statutory and regulatory matters, particularly the Companies Act, No 71 of 2008, as amended, and King III.

The Board has assigned oversight of the Group's risk management function to the Risk Committee. The Chairman of the Audit Committee is also the Chairman of the Risk Committee and ensures that information relevant to these committees is transferred regularly. The Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

The Audit Committee terms of reference have been reviewed and the scope thereof has been broadened to be fully compliant with the requirements of King III and the Companies Act no 71 of 2008, as amended.

WHISTLE-BLOWING

The Code of Ethical Conduct and whistle-blowing policy are intended to assist individuals who believe they have discovered serious malpractice or impropriety to take the appropriate action. The Committee is assured that these arrangements provide for proportionate and independent investigation of matters reported and for suitable follow-up action. The Committee is satisfied that instances of whistle-blowing were appropriately dealt with during the year under review. Copies of the Code of Ethical Conduct and Whistle-Blowing Policy are available on the Company's website www.dawnltd.co.za.

Audit Committee report

continued

MEMBERSHIP

The Audit Committee comprised independent non-executive directors Messrs OS Arbee (Chairman), LM Alberts and RL Hiemstra during the 2014 financial year. Mr RL Hiemstra, the Chairman of the Board, is a member of the Audit Committee as the Board, on recommendation of the Nomination Committee, believes that the benefits of his extensive financial skills and knowledge outweigh any other consideration. Shareholders approved the appointment of the Audit Committee members for the 2014 financial year at the annual general meeting held on Tuesday, 26 November 2013. These directors' brief curriculum vitae can be found on page 15 of the Integrated Report. Shareholder approval on the re-appointment of the above members for the 2015 financial year will be sought at the annual general meeting to be held on Friday, 5 December 2014.

The Board is satisfied that the directors' integrity, impartiality and objectivity are not in any way compromised and as such satisfies the requirements of section 94(4) of the Companies Act, 2008.

Attendance at meetings held during the period 1 July 2013 to 30 June 2014 was as follows:

	5 Sept 2013	5 Mar 2014	17 Jun 2014
OS Arbee	√	√	√
LM Alberts	√	√	√
RL Hiemstra	√	√	√

The external auditors and appropriate members of executive management attend the meetings by invitation. Internal Audit attends Audit Committee meetings and provides reports to the Committee.

EXTERNAL AUDIT

In terms of the Companies Act, the Committee had nominated PricewaterhouseCoopers Inc as the independent auditor and Mr DJ Fouche as the designated partner, for appointment for the 2014 audit. This appointment was approved by shareholders at the annual general meeting on 26 November 2013. The Committee has satisfied itself through enquiry that the auditor of DAWN is independent as defined by the Companies Act 2008, as amended, and as per the standards stipulated by the auditing profession.

Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate the claim to independence.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, nature and scope of the audit function and audit plan for the 2014 financial year. The budgeted 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 4 on page 42 of the 2014 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 and approved by the Committee. Meetings are held with the auditor where management is not present and no matters of concern were raised. The external auditors have unrestricted access to the Chairman of the Audit Committee.

The Committee has again nominated, for approval at the annual general meeting to be held on Friday, 5 December 2014, PricewaterhouseCoopers Inc as the external auditor. The current designated auditor, Mr DJ Fouche, is retiring and the designated audit partner for appointment for the F2015 audit is Mr I Buys. The Committee confirms that the auditor and designated auditor are accredited by the JSE Limited.

INTERNAL AUDIT

The Group Internal Audit function operates within defined terms of reference in accordance with the Internal Audit Charter and the Chief Audit Executive reports to the Director: Risk and Compliance Officer on day-to-day activities and functionally to the Chairman of the Audit Committee. The Internal Audit function is regarded as being sufficiently independent of activities audited. The Internal Audit plan is reviewed and adjusted on a continuous basis to ensure effectiveness and is based on the relevant degree of inherent risk. The Internal Audit plan for the 2014 financial year was reviewed and approved by the Audit Committee.

In compliance with King III, the Board, through its Audit Committee, will ensure that the Internal Audit function is subject to independent quality review at periods of at least once every three years, with the first review conducted in October 2013.

Audit Committee report

continued

INTERNAL CONTROL

The Group maintains systems of internal control, which include financial, operational and compliance controls.

The Board of directors is accountable for establishing appropriate risk and control policies. Executive management is responsible for monitoring, reviewing and communicating these controls and policies through the organisation. Corrective actions are taken to address control deficiencies and other opportunities for improving the systems, as they are identified. The Board, operating through its Audit Committee, provides oversight of the financial reporting process.

All processes have been in place for the year under review and up to the date of the approval of the annual financial statements and the directors are not aware of and there is no known material breakdown in the functioning of the internal financial controls that has occurred during the year under review to render the control environment ineffective.

ANNUAL FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Audit Committee has reviewed the accounting policies and the financial statements of the Group and the Company and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

The Audit Committee fulfilled its mandate and recommended the annual financial statements for the year ended 30 June 2014 for approval to the Board. The Board approved the annual financial statements on pages 7 to 111 on 13 October 2014 and the financial statements will be open for discussion at the annual general meeting.

EVALUATION OF THE GROUP FINANCIAL DIRECTOR AND THE FINANCE FUNCTION

The Audit Committee confirms that it has satisfied itself of the appropriateness of the expertise and experience of the Chief Financial Officer of the Group, Mr JAI Ferreira.

The Audit Committee has considered, and has satisfied itself of, the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the finance function.

ASSURANCE

The Audit Committee is satisfied that DAWN has optimised the assurance coverage obtained from management and internal and external assurance providers in accordance with an appropriate combined assurance model.

APPROVAL

The Report of the Audit Committee has been approved by the Board of Directors of DAWN.

Signed for and on behalf of the Audit Committee

O. Arbee

OS Arbee
Chairman of the Audit Committee

13 October 2014

DIRECTORS' report

for the year ended 30 June 2014

The directors take pleasure in presenting their report, which forms part of the audited consolidated and separate financial statements for the year ended 30 June 2014. The annual financial statements presented on pages 15 to 111 set out fully the financial position, results of operations and cash flows of the Group for the year ended 30 June 2014.

GROUP RESULTS SUMMARY

	2014 R'000	Restated 2013 R'000	% change
Statement of Financial Position			
Total assets	**3 612 836**	3 017 595	20
Total liabilities	**1 792 944**	1 550 418	16
Financial gearing ratio (%)	**32,57**	8,67	>100
Net asset value per share (cents)	**647,25**	625,62	3
Net tangible asset value per share (cents)	**572,49**	509,91	12
Income Statement			
Revenue	**4 435 948**	3 763 476	18
Operating profit before impairment and derecognitions	**107 043**	93 068	15
Impairments and derecognitions	**(26 582)**	(677)	>100
Operating profit	**80 461**	92 391	(13)
Net finance charges	**(58 278)**	(27 432)	>100
Share of (loss)/profit in investments accounted for using the equity method	**(18 763)**	17 763	> (100)
Income tax expense	**(14 760)**	(17 244)	(14)
Profit from discontinued operations (attributable to owners of the parent)	**92 859**	93 535	(1)
Attributable earnings	**74 135**	156 296	(53)
Headline earnings	**117 606**	155 005	(24)
Earnings per share (cents)	**31,6**	66,7	(53)
Headline earnings per share (cents)	**50,1**	66,1	(24)

The Group's operations are classified into three main operating segments, namely Building, Infrastructure and Solutions. The most prominent markets in which the Building segment operates are the residential market and the recorded and unrecorded additions and alterations markets, whereas the Infrastructure segment carries its dominant exposure to the civils sector, specifically the water- and sewer-related infrastructure and allied market activity.

Details of the segmental analysis of the Group are set out in note 2 of the annual financial statements.

On 1 July 2013, the accounting policy for joint ventures was changed to be in line with the requirements of IFRS 11. Previously, investments in joint ventures were proportionately consolidated by the Group. In terms of IFRS 11, proportionate consolidation is no longer allowed. The equity method of accounting for investments in joint ventures has been adopted by the Group and comparative results have been restated accordingly.

On 23 May 2014, the DAWN Board decided to enter into a transaction with Grohe Luxembourg Four SA (Grohe) for the acquisition by Grohe of a 51% interest in the Watertech Companies (Cobra Watertech Proprietary Limited, ISCA Proprietary Limited, Vaal Sanitaryware Proprietary Limited, Libra Bathrooms Proprietary Limited, Apex Valves South Africa Proprietary Limited and Exipro Manufacturing Proprietary Limited). This resulted in DAWN accounting for the Watertech Companies as an asset held-for-sale and accordingly, in terms of IFRS 5, these entities have been disclosed as a disposal group. The Income Statement was restated for the 2013 financial year with the net operating profit from the disposal group shown below the tax line, with the same treatment in respect of the current year.

Directors' report

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for the year ended 30 June 2014

The effects of the treatment in terms of IFRS 5 on the consolidated Income Statement is shown below:

	2014 (Decrease)/ increase	2013 (Decrease)/ increase
Revenue	**(756 280)**	(683 771)
Operating profit	**(143 392)**	(151 391)
Profits from discontinued operations	**92 859**	93 535

There was no impact on attributable earnings for both the 2014 and 2013 financial years as a result of the treatment in terms of IFRS 5.

No restatement of the Statement of Financial Position was performed for the prior year. The Statement of Financial Position for the current year includes both the disposal group's assets and liabilities as held-for-sale. The Statement of Cash Flows reflects both the continuing operations and disposal group's cash flows aggregated.

Apex Valves South Africa Proprietary Limited, which forms part of the disposal group held-for-sale, was an associate of the Group up to 1 February 2013. The restatement resulted in the associate's profits (R0,9 million) and amortisation (R0,1 million) being disclosed under the 'profits from discontinued operations' line in the Income Statement for the prior year.

Income Statement

Group revenue increased by 18% to R4,4 billion (F2013: R3,8 billion), supported by a 3% improvement in volumes and a 7% inflation in the Group's selling prices with acquisitions contributing 8%. Operating profit improved by 15% to R107,0 million (F2013: R93,1 million), before the impact of impairments and derecognitions. Unfortunately, due to the persistently tough building market, the Group had to impair the carrying value of goodwill on two businesses, DAWN Kitchen Fittings (impaired by R33,6 million) and AST (impaired by R7,8 million). The Group also had to account for a once-off gain on Sangio Pipe as part of the step-up to 100% holding at year-end. Net impairments and de-recognitions totalled R26,5 million.

After impairments, the Group operating profit amounted to R80,5 million, which was down 13% from the prior year's R92,4 million.

The Group's operating margin was maintained at 2,4%. Due to tough market conditions, the Building margin halved to 1,7% while Infrastructure's improved margin of 4,4% was within the target guided at the interim stage. Solutions saw a decrease in margin to 2,2%.

Operating expenses increased by 17,6% including acquisitions. Excluding acquisitions, operating expenses grew by 10,4%.

Net finance cost increased to R58,3 million. Average net debt for the period increased to R613 million, mainly as a result of the substantial R194 million capital expenditure programme, acquisitions and start-up funding of R71 million and funding of the working capital expansion of R218 million.

Income from associates and joint ventures performed disappointingly at a loss of R18,8 million, with poor performances from both Building and Infrastructure segments, as outlined in the operational overview.

Earnings per share, mainly as a result of the impairments outlined, was down 53% from 66,7 cents per share to 31,6 cents per share and headline earnings per share was down 24% from 66,1 cents per share to 50,1 cents per share.

Statement of Financial Position

Due to the accounting requirements in respect of the Grohe transaction, the businesses held-for-sale are now no longer accounted for in the respective lines of the Statement of Financial Position.

The Group's pre-Grohe net working capital amounted to 90 days. Post the transaction, the remaining subsidiaries' working capital no longer has such long lead times and reduced to 50 days.

This has resulted in working capital as a percentage of revenue improving from 20% to 15%. The Group's new maximum threshold for this ratio is 15%.

Although up from last year's 41 days, the 50 days' net working capital in F2014 is within the Group's new working capital target of 55 days.

Debtor days were 58 days, slightly above the Group's 55 days target due to strong revenue growth.

Directors' report

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for the year ended 30 June 2014

The Group's objective is to have stock days covered by creditors' days. The F2014 stock days increased to 67 days due to the impact of inflation based on the weakening of the Rand against other major currencies and due to the stock build-up in Trading as a result of the erratic second-half building market. Volatile market conditions make it very difficult to efficiently run a factory, resulting in the trading companies carrying more inventory than optimal.

The Group will not be in this position in future on the Building segment side following the sale of control of the factories to Grohe.

Creditor funding declined to 75 days, which more than covered stock days.

Statement of cash flows

In line with IFRS requirements, the held-for-sale businesses of Watertech and Sanitaryware are still accounted for as under the control of DAWN in the statement of cash flows.

Therefore, cash generated before working capital changes from all DAWN-controlled operations amounted to R334 million, up 2% year-on-year. EBITDA amounted to R327 million.

As outlined in the Statement of Financial Position, the Group's working capital increased by R218,3 million.

Investing activities included:

- the acquisition of Swan Plastics and Exipro Manufacturing, the step-up in holdings in Sangio Pipe and Fibrex and the start-up ventures of WiiN, IPS & Distribution, AST Tanzania and AST Democratic Republic of the Congo. All of this totalled R71 million; and
- R194 million of total capital expenditure, of which R153 million was expansionary capital expenditure. Total capital expenditure included the roll-out of the Group's new Enterprise Resource Planning system of R50 million, the increase in the Group's logistics capability of R20 million and the Vaal automation project of R60 million. Benefits from these projects will flow from the new financial year. The Group also awaits the pay-out of R30 million of Manufacturing Competitiveness Enhancement Programme government grants from the Department of Trade and Industry.

Financing activities include the refinancing of the Group's borrowing facilities, as well as raising the required funding for the planned investing activities.

The closing cash balance was R121,8 million against R116,2 million last year.

The Group's policy is to pay dividends once per year, on an approximately four times cover. This year the cover was temporarily reduced to two times to maintain a dividend of 16,5 cents per share. This decision is supported by the expected R150 million net cash inflow (R880 million gross) after the Grohe transaction, the elimination of high capital expenditure and working capital-heavy businesses as well as the current expansionary capital expenditure programmes coming to an end over the next six months.

REVIEW OF ACTIVITIES

The Building segment contributed 44% to Group revenue. The building market remained extremely tough. Although price increases assisted a revenue improvement of 8% to R2,1 billion, profit before interest and taxation (PBIT) was down 45% to R36,2 million (2013: R66,1 million) and headline earnings per share down 20%.

The Infrastructure segment contributed 47% to Group revenue. The segment performed relatively well, with revenue up by 30% to R2,2 billion (2013: R1,7 billion) and PBIT up 69% to R99,3 million (2013: R58,7 million) and headline earnings per share up 6% from 19,8 cents per share to 21,1 cents per share. This performance was achieved despite the R9 million direct impact on PBIT due to the protracted mining strike in the second half.

The DAWN Solutions segment contributed 9% to Group revenue. DAWN Solutions' revenue of R433,0 million increased by 18,5% and PBIT was down 31% from R14,0 million to R9,6 million.

ACQUISITIONS DURING THE YEAR

On 1 July 2013, a 49% shareholding was purchased in IPS & Distribution and Proprietary Limited. IPS & Distribution is a start-up business focusing on the wholesale and distribution of pipe, pipe fittings and hardware to the agricultural sector.

Effective 1 August 2013, a 51% shareholding was acquired in Swan Plastics Proprietary Limited for a total consideration of R20 million. Swan Plastics Proprietary Limited specialises in the manufacture of PVC pipes and fittings. The provisional amount of net assets acquired amounted to R35,5 million (including identifiable intangible assets).

A 49% shareholding was acquired in Exipro Manufacturing Proprietary Limited, a producer of plumbing brassware, for a total consideration of R5 million with effect from 1 March 2014.

Directors' report

continued

for the year ended 30 June 2014

An additional 15,67% shareholding in Fibrex S.A.R.L. was acquired on 1 April 2014 for a consideration of R11,2 million, adding to the 33,33% interest previously held. The total interest in Fibrex S.A.R.L. is 49% and the investment continues to be accounted for as an associate.

On 1 June 2014 Sangio Pipe Proprietary Limited repurchased its shares held by the majority shareholder (51%). This resulted in the Group obtaining 100% of Sangio Pipe Proprietary Limited, previously an associate. Consequently, Sangio Pipe Proprietary Limited was derecognised as an associate and was subsequently re-recognised as a subsidiary of the Group in line with the requirements of IFRS 3(R). A gain of R14,8 million was recognised as a result of measuring at fair value the equity interest held before the business combination. The amount of net assets acquired amounted to R16,5 million.

DISPOSAL GROUP HELD-FOR-SALE

On 30 June 2014, Grohe and DAWN entered into an agreement whereby Grohe would acquire a 51% interest in the Watertech Companies. As part of the preparatory steps, the Watertech companies were transferred from DAWN to Main Street 1254 Proprietary Limited, a newly formed subsidiary, on 31 July 2014. Grohe will acquire 51% of the shares of Main Street 1254 Proprietary Limited on the effective date, which is expected to be 31 October 2014, or on a date as agreed between Grohe and DAWN, but not later than 30 April 2015.

The acquisition consideration for the transaction will be R880 million, to be settled in cash. Proceeds of the transaction shall be applied by DAWN to repay debt and to acquire businesses as they are identified in DAWN's areas of core competency.

SPECIAL RESOLUTIONS

At the annual general meeting of the Company held on 26 November 2013, shareholders approved three special resolutions.

- Special resolution number 1 granted the Company a general authority for the repurchase of its own shares.
- Special resolution number 2 approved the non-executive directors' fees for the 2013 financial year.
- Special resolution number 3 granted the Company the authority to provide financial assistance to any company or corporation which is related or inter-related to the Company in terms of the requirements of section 45 of the Companies Act, No 71 of 2008.

At the forthcoming annual general meeting of the Company to be held on Friday, 5 December 2014, the special resolutions above will again be presented to shareholders for approval.

DIVIDEND

The Board declared a gross dividend of 16,5 cents per ordinary share, out of income reserves, for the year ended 30 June 2014 (2013: 16,5 cents).

The dividend will be subject to the Dividends Tax that was introduced with effect from 1 April 2012. In accordance with paragraphs 11.17(a)(i) and (x) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The local Dividend Tax rate is 15% (fifteen per centum);
- The net local dividend amount is 14,025 per ordinary share for shareholders liable to pay the Dividend Tax;
- No Secondary Tax on Companies (STC) credits will be utilised;
- DAWN has 242 242 904 ordinary shares in issue (which includes 7 726 146 treasury shares); and
- DAWN's income tax reference number is 9375171718.

In compliance with the requirements of Strate the following dates are applicable:

Last date to trade "CUM" dividend	Friday, 21 November 2014
Trading "EX" dividend commences	Monday, 24 November 2014
Record date	Friday, 28 November 2014
Dividend payment date	Monday, 1 December 2014

No dematerialisation or rematerialisation of share certificates will be allowed during the period Monday, 24 November 2014 to Friday, 28 November 2014, both days inclusive.

Directors' report

continued

for the year ended 30 June 2014

SHARE CAPITAL

Further details of the authorised and issued share capital of the Company are provided in note 21 to the annual financial statements.

DAWN SHARE SCHEME

The aggregate number of shares available to the scheme at year-end, but not issued, is outlined below. All the shares have been taken up.

	2014 '000	2013 '000
Aggregate number of shares available to the scheme	**18 793**	18 793
Shares issued	**(16 191)**	(16 131)
Shares available, but not issued	**2 602**	2 662

DIRECTORS

Full details of directors	Nationality	Official	Date of appointment
RL Hiemstra ^	South African	Independent Non-Executive Chairman	30 June 1998
DA Tod *	South African	Chief Executive Officer	30 June 1998
M Akoojee **	South African		23 June 2011
LM Alberts ^	South African	Lead Independent Director	30 August 2001
OS Arbee ^	South African		15 December 2004
JA Beukes *	South African		20 August 1998
JAI Ferreira *	South African	Chief Financial Officer	30 November 2007
DM Mncube ^	South African		1 May 2014
VJ Mokoena **	South African		22 June 2011
RD Roos *	South African		14 December 2013
SD Mthembi-Mahanyele ^	South African		1 May 2010 (resigned 11 September 2013)

** Executive   ** Non-executive   ^ Independent non-executive*

In terms of the Company's Memorandum of Incorporation, Messrs RL Hiemstra and JA Beukes retire by rotation at the forthcoming annual general meeting. The retiring directors are eligible and available for re-election.

SECRETARY

The secretary of the Company is iThemba Governance and Statutory Solutions (Pty) Ltd.

DIRECTORS' SHAREHOLDING

The directors held in aggregate direct and indirect beneficial interests of 7,2% (2013: 7,2%) in the issued share capital of the Company at the end of the reporting period. The Company has not been notified of any material change in these interests during the period 30 June 2014 to the date of this report.

Directors' report

continued

for the year ended 30 June 2014

The beneficial interest, direct and indirect, of the directors in office at the date of this report is as follows:

	Number of ordinary shares		
	Beneficial		
	Direct	Indirect	Total
At 30 June 2014	12 502 075	4 916 315	17 418 390
At 30 June 2013	12 502 075	4 916 315	17 418 390
Directors	12 476 235	4 659 829	17 136 064
Executive directors	9 508 362	4 659 829	14 168 191
JA Beukes	3 403 231	–	3 403 231
JAI Ferreira	296 837	–	296 837
RD Roos	306 877	–	306 877
DA Tod	5 501 417	4 659 829	10 161 246
Non-executive directors	2 967 873	–	2 967 873
LM Alberts	1 766 285	–	1 766 285
RL Hiemstra	1 197 998	–	1 197 998
VJ Mokoena	3 590	–	3 590
Prescribed officers	25 840	256 486	282 326
CJ Bishop	–	256 486	256 486
GD Kotzee	5 000	–	5 000
PJ van Niekerk	20 840	–	20 840

DIRECTORS' EMOLUMENTS

Details of the directors' emoluments are set out in note 46 on pages 102 and 103.

DIRECTORS' INTEREST IN CONTRACTS

No material contracts involving directors' interest were entered into during the current year.

SHAREHOLDING ANALYSIS

A graphical presentation of the Company's shareholding is set out on page 55 of the Integrated Report with full disclosure being outlined on pages 112 and 113.

SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

Details of the holding Company's interest in subsidiaries, associate companies and joint ventures are set out on pages 110 and 111 of the annual financial statements. Details of indebtedness to the holding Company are set out on page 101 of the annual financial statements.

EVENTS AFTER THE REPORTING PERIOD

Apex Valves South Africa Proprietary Limited

Subsequent to the year-end, DAWN acquired the remaining 39,53% shareholding in Apex Valves South Africa Proprietary Limited for a purchase consideration of R6 million, payable on 31 October 2014. This resulted in the Group obtaining 100% control over Apex Valves.

Directors' report

continued

for the year ended 30 June 2014

Pro-Max Welding Consumables Proprietary Limited

A 60% share was acquired in Pro-Max Welding Consumables Proprietary Limited (Pro-Max) for a provisional cash consideration of R5,9 million. The cash consideration to be paid is dependent on Pro-Max meeting certain targets as set out in the sale of shares agreement between the Group and Pro-Max. Pro-Max specialises in the manufacturing and distribution of welding equipment and consumables. The effective date of the transaction was 1 July 2014. The provisional amount of net assets acquired amounted to R2,9 million. The initial accounting of the business combination had not been finalised at the time of authorisation of the annual financial statements for issue.

Watertech Companies

Shareholders are referred to a notice of general meeting announcement dated 18 August 2014 in relation to a category 1 acquisition of a 51% indirect interest in the Watertech Companies by Grohe, together with a call option in favour of Grohe to acquire an additional 24,1% indirect shareholding in the Watertech Companies from DAWN after a 10-year period, and if such option is exercised by Grohe, or Grohe's indirect shareholding has otherwise increased to 75,1% and the option for DAWN to sell its remaining 24,9% interest in the Watertech Companies to Grohe.

The general meeting of DAWN shareholders was held on Monday, 15 September 2014. The special resolution and the ordinary resolution, as set out in the notice of general meeting to shareholders, dated 18 August 2014, were unanimously approved by shareholders present or represented and voting at the meeting.

At the date of the annual financial statements, Competition Commission approval had not yet been obtained. Shareholders will be notified when all the conditions precedent have been met.

Dividend

The Board declared a dividend of 16,5 cents per ordinary share, from income reserves, in respect of the year ended 30 June 2014 (2013: 16,5 cents per ordinary share). The dividend was declared on 9 October 2014.

Other

Management is not aware of any other material events that occurred subsequent to the end of the reporting period. There has been no material change in the Group's contingent liabilities since the year-end.

AUDITORS

The auditors, PricewaterhouseCoopers Inc, have indicated their willingness to continue in office for the ensuing year. The Audit Committee has satisfied itself of the independence of the auditors. The current designated auditor, Mr DJ Fouche, is retiring and the designated auditor for F2015 is Mr I Buys. The Audit Committee has satisfied itself of Mr I Buys' independence. A resolution to reappoint them as auditors will be proposed at the next annual general meeting scheduled to take place on Friday, 5 December 2014.

INDEPENDENT AUDITOR'S report

To the shareholders of Distribution and Warehousing Network Limited

We have audited the consolidated and separate financial statements of Distribution and Warehousing Network Limited set out on pages 15 to 111, which comprise the consolidated and separate Statements of Financial Position as at 30 June 2014, and the consolidated and separate Income Statements, consolidated and separate Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Distribution and Warehousing Network Limited as at 30 June 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2014, we have read the Directors' report, Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: **DJ Fouche**
Registered Auditor
2 Eglin Road
Sunninghill
2157

13 October 2014

Consolidated and separate INCOME STATEMENTS

for the year ended 30 June 2014

		GROUP		COMPANY	
	Note	2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
Revenue	3	**4 435 948**	3 763 476	**–**	–
Cost of sales	4	**(3 413 417)**	(2 891 692)	**–**	–
Gross profit		**1 022 531**	871 784	**–**	–
Operating expenses	4	**(929 835)**	(797 872)	**(6)**	–
Administrative and selling expenses		**(528 777)**	(460 682)	**–**	–
Distribution and warehousing expenses		**(395 396)**	(330 337)	**–**	–
Other operating expenses		**(5 662)**	(6 853)	**(6)**	–
Other operating income	5	**14 347**	19 156	**603 045**	–
Operating profit before impairments and derecognition of investments		**107 043**	93 068	**603 039**	–
Impairment of intangible assets	4	**(41 424)**	–	**–**	–
Net gain/(loss) on derecognition of previously held interests	4	**14 842**	(677)	–	–
Operating profit		**80 461**	92 391	**603 039**	–
Finance income	6	**8 795**	20 028	**43 053**	–
Finance expenses	7	**(67 073)**	(47 460)	**(29 938)**	–
Profit after net financing costs		**22 183**	64 959	**616 154**	–
Share of (loss)/profit in investments accounted for using the equity method	15,16	**(18 763)**	17 763	–	–
Profit before taxation		**3 420**	82 722	**616 154**	–
Income tax expense	9	**(14 760)**	(17 244)	**(3 671)**	–
(Loss)/profit from continuing operations		**(11 340)**	65 478	**612 483**	–
Profit from discontinued operations (attributable to owners of the parent)	20	**92 859**	93 535	**–**	–
Profit for the year		**81 519**	159 013	**612 483**	–
Profit attributable to:					
Owners of the parent		**74 135**	156 296	**–**	–
Non-controlling interests		**7 384**	2 717	**–**	–
		81 519	159 013	**–**	–

The notes as set out on pages 21 to 109 are an integral part of these consolidated financial statements.

Consolidated and separate statements of COMPREHENSIVE INCOME

for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
Profit for the year	**81 519**	159 013	**612 483**	–
Other comprehensive income – to be subsequently reclassified to profit or loss:				
Exchange differences on translating foreign operations	**3 686**	3 517	**–**	–
Effects of cash flow hedges	**4 095**	906	**–**	–
Hedge movement through equity	**–**	106	**–**	–
Recycling of hedge through profit/(loss)	**4 095**	800	**–**	–
Effects of retirement benefit obligations	**(280)**	–	**–**	–
Tax related to components of other comprehensive income	**(1 191)**	(254)	**–**	–
Total other comprehensive income	**6 310**	4 169	**–**	–
Total comprehensive income	**87 829**	163 182	**612 483**	–
Total comprehensive income attributable to:				
Owners of the parent	**80 445**	160 465	**–**	–
Non-controlling interests	**7 384**	2 717	**–**	–
	87 829	163 182	**–**	–
Total comprehensive income attributable to equity shareholders arising from:				
Continuing operations	**(12 414)**	66 930	**–**	–
Discontinued operations	**92 859**	93 535	**–**	–
	80 445	160 465	**–**	–

The notes as set out on pages 21 to 109 are an integral part of these consolidated financial statements.

Consolidated and separate statements of FINANCIAL POSITION

for the year ended 30 June 2014

		GROUP			COMPANY	
	Note	2014 R'000	Restated 2013 R'000	Restated 2012 R'000	2014 R'000	2013 R'000
ASSETS						
Non-current assets						
Property, plant and equipment	12	**208 621**	423 455	367 837	**–**	–
Intangible assets	13	**175 326**	271 354	238 574	**–**	–
Investments in subsidiaries	14	**–**	–	–	**586 676**	580 339
Investments in joint ventures	15	**50 357**	52 246	41 386	**–**	–
Investments in associates	16	**91 526**	103 526	93 771	**–**	–
Deferred tax assets	28	**39 560**	52 210	56 964	**–**	–
		565 390	902 791	798 532	**586 676**	580 339
Current assets						
Inventories	17	**665 107**	929 631	786 219	**–**	–
Trade and other receivables	18	**1 007 731**	909 867	807 219	**1 172 613**	–
Cash and cash equivalents	19	**154 123**	269 579	228 581	**80**	–
Derivative financial instruments	26	**223**	5 338	644	**–**	–
Current tax assets		**7 988**	389	1 540	**4**	–
		1 835 172	2 114 804	1 824 203	**1 172 697**	–
Assets of disposal group classified as held-for-sale	20	**1 212 274**	–	–	**–**	–
Total assets		**3 612 836**	3 017 595	2 622 735	**1 759 373**	580 339
EQUITY AND LIABILITIES						
Equity						
Capital and reserves attributable to equity holders of the Company						
Share capital	21	**2 422**	2 422	2 422	**2 422**	2 422
Share premium	21	**373 748**	373 748	373 748	**373 748**	373 748
Retained income		**1 093 315**	1 057 932	901 636	**776 814**	204 169
Treasury shares	22	**(6 733)**	(6 733)	(6 733)	**–**	–
Share-based payment reserve	23	**40 256**	49 593	23 677	**–**	–
Hedging reserve		**–**	(2 826)	(3 478)	**–**	–
Foreign currency translation reserve		**2 413**	(1 273)	(4 718)	**–**	–
Change in ownership reserve	24	**(17 989)**	(17 086)	(16 564)	**–**	–
Retirement benefit obligation reserve		**(202)**	–	–	–	–
Share capital and reserves		**1 487 230**	1 455 777	1 269 990	**1 152 984**	580 339
Non-controlling interests	24	**35 756**	11 400	2 099	**–**	–
Total equity		**1 522 986**	1 467 177	1 272 089	**1 152 984**	580 339
LIABILITIES						
Non-current liabilities						
Borrowings	25	**447 090**	215 745	154 425	**400 000**	–
Deferred profit	27	**18 425**	26 150	31 943	**–**	–
Deferred tax liabilities	28	**22 804**	22 684	24 519	–	–
Retirement benefit obligation	30	**5 820**	5 462	6 141	**–**	–
Derivative financial instruments	26	**–**	3 080	7 008	**–**	–
		494 139	273 121	224 036	**400 000**	–
Current liabilities						
Trade and other payables	29	**986 574**	1 060 653	849 997	**52**	–
Borrowings	25	**303 943**	195 866	258 578	**206 337**	–
Derivative financial instruments	26	**23**	93	928	**–**	–
Deferred profit	27	**5 393**	5 793	5 793	**–**	–
Current tax liabilities		**2 872**	14 892	11 314	**–**	–
		1 298 805	1 277 297	1 126 610	**206 389**	–
Total liabilities		**1 792 944**	1 550 418	1 350 646	**606 389**	–
Liabilities of disposal group classified as held-for-sale	20	**296 906**	–	–	**–**	–
Total equity and liabilities		**3 612 836**	3 017 595	2 622 735	**1 759 373**	580 339

The notes as set out on pages 21 to 109 are an integral part of these consolidated financial statements.

Consolidated statement of
CHANGES IN EQUITY – Group

for the year ended 30 June 2014

	Attributable to owners of the parent											
	Share capital R'000	Share premium R'000	Treasury shares R'000	Share-based payment reserve R'000	Hedging reserve R'000	Foreign currency translation reserve R'000	Change in ownership reserve R'000	Retirement benefit obligation reserve R'000	Retained earnings R'000	Equity attributable to Company R'000	Non-controlling interest R'000	Total R'000
Balance at 1 July 2012	2 422	373 748	(6 733)	23 677	(3 478)	(4 718)	(16 564)	–	901 636	1 269 990	2 099	1 272 089
Total comprehensive income for the year	–	–	–	–	652	3 445	–	–	156 296	160 393	2 955	163 348
Profit for the year	–	–	–	–	–	–	–	–	156 296	156 296	2 955	159 251
– Continuing operations	–	–	–	–	–	–	–	–	62 761	62 761	2 717	65 478
– Discontinued operations	–	–	–	–	–	–	–		93 535	93 535	238	93 773
Other comprehensive income	–	–	–	–	652	3 445	–	–	–	4 097	–	4 097
Total contributions by and distributions to owners of the Company recognised directly in equity	–	–	–	25 916	–	–	(522)	–	–	25 394	6 346	31 740
Share-based payment charge	–	–	–	25 916	–	–	–	–	–	25 916	–	25 916
Dividends paid to non-controlling| interests	–	–	–	–	–	–	–	–	–	–	(1 430)	(1 430)
Change in ownership reserve – control not lost	–	–	–	–	–	–	(522)	–	–	(522)	–	(522)
Business combinations	–	–	–	–	–	–	–	–	–	–	7 776	7 776
Balance at 30 June 2013 (Restated)	2 422	373 748	(6 733)	49 593	(2 826)	(1 273)	(17 086)	–	1 057 932	1 455 777	11 400	1 467 177
Balance at 1 July 2013 (Restated)	**2 422**	**373 748**	**(6 733)**	**49 593**	**(2 826)**	**(1 273)**	**(17 086)**	**–**	**1 057 932**	**1 455 777**	**11 400**	**1 467 177**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**2 826**	**3 686**	**–**	**(202)**	**74 135**	**80 445**	**8 469**	**88 914**
Profit for the year	–	–	–	–	–	–	–	–	74 135	74 135	8 469	82 604
– Continuing operations	–	–	–	–	–	–	–	–	(18 724)	(18 724)	7 384	(11 340)
– Discontinued operations	–	–	–	–	–	–	–	–	92 859	92 859	1 085	93 944
Other comprehensive income	–	–	–	–	2 826	3 686	–	(202)	–	6 310	–	6 310
Dividends paid	–	–	–	–	–	–	–	–	(38 752)	(38 752)	–	(38 752)
Total contributions by and distributions to owners of the Company recognised directly in equity	–	–	–	(9 337)	–	–	(903)	–	–	(10 240)	15 887	5 647
Share-based payment charge	–	–	–	3 351	–	–	–	–	–	3 351	–	3 351
Share-based payment – vesting of options	–	–	–	(12 688)	–	–	–	–	–	(12 688)	–	(12 688)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(3 031)	(3 031)
Change in ownership reserve – control not lost	–	–	–	–	–	–	(903)	–	–	(903)	–	(903)
Business combinations	–	–	–	–	–	–	–	–	–	–	18 918	18 918
Balance at 30 June 2014	**2 422**	**373 748**	**(6 733)**	**40 256**	**–**	**2 413**	**(17 989)**	**(202)**	**1 093 315**	**1 487 230**	**35 756**	**1 522 986**
Note	21	21	22	23			24				24	

The notes as set out on pages 21 to 109 are an integral part of these consolidated financial statements.

Consolidated statement of CHANGES IN EQUITY – Company

for the year ended 30 June 2014

	Share capital R'000	Share premium R'000	Retained income R'000	Total R'000	Total equity R'000
Balance at 1 July 2012	2 422	373 748	204 169	580 339	580 339
Balance at 1 July 2013 (Restated)	**2 422**	**373 748**	**204 169**	**580 339**	**580 339**
Total comprehensive income for the year	**–**	**–**	**612 483**	**612 483**	**612 483**
Profit for the year	**–**	**–**	**612 483**	**612 483**	**612 483**
Dividends	**–**	**–**	**(39 838)**	**(39 838)**	**(39 838)**
Balance at 30 June 2014	**2 422**	**373 748**	**776 814**	**1 152 984**	**1 152 984**
Note	21	21			

The notes as set out on pages 21 to 109 are an integral part of these consolidated financial statements.

Statements of CASH FLOWS

for the year ended 30 June 2014

		GROUP		COMPANY	
	Note	2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
Cash flows from operating activities					
Cash generated from operations	34	**115 762**	294 511	**46**	–
Finance income		**8 498**	10 170	**43 053**	–
Finance expense		**(92 727)**	(54 723)	**(29 938)**	–
Income tax paid	35	**(69 975)**	(46 402)	**(3 675)**	–
Dividends received		**–**	–	**20 000**	–
Net cash (utilised in)/generated from operating activities		**(38 442)**	203 556	**29 486**	–
Cash flows from investing activities					
Additions to property, plant and equipment	36	**(148 658)**	(95 696)	**–**	–
Additions and development of intangible assets	38	**(45 417)**	(28 120)	**–**	–
Proceeds on disposals of property, plant and equipment	37	**16 338**	7 153	**–**	–
Acquisition of businesses		**(37 160)**	(6 901)	**–**	–
Treasury shares purchased		**(12 688)**	–	**–**	–
Proceeds from joint ventures and associates		**28 823**	6 430	**–**	–
Loan advances granted to joint ventures and associates		**(59 646)**	(8 981)	**–**	–
Proceeds from sale of investment in DPI Ichweba		**–**	1 000	**–**	–
Loan advances to other Group entities		**–**	–	**(589 568)**	–
Net cash utilised in investing activities		**(258 408)**	(125 115)	**(589 568)**	–
Cash flows from financing activities					
Proceeds from borrowings		**607 995**	2 084	**600 000**	–
Repayment of borrowings		**(167 087)**	(17 910)	**–**	–
Government grants recognised	39	**11 216**	–	**–**	–
Instalment sale payments		**(17 161)**	(18 238)	**–**	–
Finance lease payments		**(11 304)**	(8 152)	**–**	–
Transactions with non-controlling interest holders		**–**	(522)	**–**	–
Dividends paid to non-controlling interest holders		**(3 031)**	(1 430)	**–**	–
Dividends paid		**(38 752)**	–	**(39 838)**	–
Net cash generated by/(utilised in) financing activities		**381 876**	(44 168)	**560 162**	–
Total cash movement for the year		**85 026**	34 273	**80**	–
Translation effects on foreign cash and cash equivalents balances		**577**	1 087	**–**	–
Cash and cash equivalents of disposal group held-for-sale at end of the year	20	**(80 063)**	–	**–**	–
Cash and cash equivalents at beginning of the year		**116 225**	80 865	**–**	–
Cash and cash equivalents at end of the year	19	**121 765**	116 225	**80**	–

The notes as set out on pages 21 to 109 are an integral part of these consolidated financial statements.

Notes to the ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act, as amended. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.25 to the accounting policies.

Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current financing. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Accounting policy developments

Accounting policy developments include new standards issued, amendments to standards, and interpretations issued on current standards. These developments resulted in the first-time adoption of new and revised Standards which require additional disclosures.

Standards, amendments and interpretations effective in 2014

Amendment to IFRS 1 – First-time adoption on government loans

This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.

The amendment had no impact on the Group.

Amendment to IFRS 7 Financial Instruments: Disclosures – Asset and Liability offsetting

The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

The amendment had no impact on the Group.

Notes to the annual financial statements

continued

for the year ended 30 June 2014

IAS 19 – Employee benefits

The IASB has issued an amendment to IAS 19, 'Employee benefits', which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.

The amendment has been adopted by the Group. Refer to note 30.

IFRS 10 – Consolidated financial statements

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

The standard has been adopted by the Group.

IFRS 11 – Joint arrangements

This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

The standard has been adopted by the Group. The financial statements have been restated to this effect. Refer to note 15.

IFRS 12 – Disclosures of interests in other entities

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.

The standard has been adopted by the Group.

IFRS 13 – Fair value measurement

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

The standard has been adopted by the Group.

IAS 27 (revised 2011) – Separate financial statements

This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

The revision has been adopted by the Group.

IAS 28 (revised 2011) – Associates and joint ventures

This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

The revision has been adopted by the Group.

Amendment to the transition requirements in IFRS 10 – Consolidated financial statements, IFRS 11 – Joint Arrangements, and IFRS 12 – Disclosure of interests in other entities

The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted – for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition.

The amendment has been adopted by the Group.

Notes to the annual financial statements

continued

for the year ended 30 June 2014

IFRIC 20 – Stripping costs in the production phase of a surface mine

In surface mining operations, entities may find it necessary to remove mine waste materials (‘overburden’) to gain access to mineral ore deposits. This waste removal activity is known as ‘stripping’. The Interpretation clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently.

The interpretation is not applicable to the Group.

Standards and amendments issued but not effective

The Group has evaluated the effect of all new standards, amendments and interpretations that have been issued but which are not yet effective. Based on the evaluation, management does not expect these standards, amendments and interpretations to have a significant impact on the Group’s results and disclosures. The expected implications of applicable standards, amendments and interpretations are dealt with below.

IFRS 9 – Financial Instruments (2009)

This IFRS is part of the IASB’s project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

Management is currently considering the effect of the change. No significant impact is expected.

IFRS 9 – Financial Instruments (2010)

The IASB has updated IFRS 9, ‘Financial instruments’ to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, ‘Financial instruments: Recognition and measurement’, without change, except for financial liabilities that are designated at fair value through profit or loss.

Management is currently considering the effect of the change. No significant impact is expected.

Amendments to IFRS 9 – Financial Instruments (2011)

The IASB has published an amendment to IFRS 9, ‘Financial instruments’ that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

The amendment will currently have no impact on the Group.

Amendments to IAS 32 – Financial Instruments: Presentation

The IASB has issued amendments to the application guidance in IAS 32, ‘Financial instruments: Presentation’, that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the Statement of Financial Position continue to be different from US GAAP.

This amendment is not considered to be significant for the Group.

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Amendment to IAS 39 on novation of derivatives

The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9, 'Financial Instruments'.

This amendment is not considered to be significant for the Group.

IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets'

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.

Management is currently considering the effect of the amendments. No significant impact is expected.

Amendments to IFRS 10, 'consolidated financial statements', IFRS 12 and IAS 27 for investment entities

The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics.

Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make.

The amendments are not expected to have an impact on the Group.

IFRS 14

The IASB has issued IFRS 14, 'Regulatory deferral accounts' ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.

The standard will currently have no impact on the Group.

Amendment to IAS 19 regarding defined benefit plans

These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Management is currently considering the effect of the amendment. No significant impact is expected.

Annual Improvements Project

Improvements to IFRSs were issued in May 2012 by the IASB as part of the 'annual improvements process' resulting in the following amendments to standards issued, but not effective for 30 June 2014 year-ends:

The following standards have been affected by the project:

- IFRS 1 – First-Time Adoption of International Financial Reporting Standards
- IAS 1 – Presentation of Financial Statements
- IAS 16 – Property, Plant and Equipment
- IAS 32 – Financial Instruments: Presentation
- IAS 34 – Interim Financial Reporting

Management is currently considering whether any of these changes have an effect on the Group.

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Improvements to IFRSs were issued in December 2013 by the IASB as part of the 'annual improvements process' resulting in the following amendments to standards issued, but not effective for 30 June 2014 year-ends:

The following standards have been affected by the project:

- IFRS 2 – Share-based payment
- IFRS 3 – Business combinations
- IFRS 8 – Operating segments
- IFRS 13 – Fair value measurement
- IAS 16 – Property, plant and equipment
- IAS 38 – Intangible assets
- IAS 24 – Related party disclosures

Management is currently considering whether any of these changes have an effect on the Group.

Interpretations of International Financial Reporting Standards issued but not yet effective for 30 June 2014 year-ends

IFRIC 21 – Accounting for levies

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses diversity in practice around when the liability to pay a levy is recognised.

The above interpretation is not applicable to the Group.

1.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to effect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investments in subsidiaries are carried at cost in the separate financial statements of the parent company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a business is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of the exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent changes in equity. Total comprehensive income is attributed to non-controlling interest even if it results in the non-controlling interest having a deficit balance.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Costs also include direct attributable costs of investments.

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The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Refer to pages 110 to 111 for a list of the subsidiaries.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests, that do not result in a loss of control, as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Associates

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes intangible assets (net of any accumulated impairment loss) identified on acquisition (refer note 16).

The Group's share of its associates' post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the Income Statement.

Refer to page 110 for a list of the associates.

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Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 July 2013. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investment. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's interest in jointly controlled entities is accounted for by applying the equity method. In applying the equity method, account is taken of the Group's share of accumulated retained earnings and movements in reserves from the effective dates on which the companies became joint ventures and up to the effective dates of disposal. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the current assets, or an impairment loss.

Under the equity method, the investment in joint ventures is initially recognised in the Statement of Financial Position at cost. Subsequent to acquisition date the carrying amount of the investment is adjusted with changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not amortised or separately tested for impairment. The share of the results of operations of joint ventures is reflected in profit or loss. This is the profit or loss attributable to equity holders of joint ventures and is therefore profit after tax and non-controlling interests in the subsidiaries of joint ventures. Accounting policies of joint ventures have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on the Group's investments in joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investments in joint ventures are impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of joint ventures and its carrying value and recognises the amount in profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal, is recognised in profit or loss.

Refer to page 111 for a list of the joint ventures.

Common control transactions

Where applicable, common control transactions are accounted for on a predecessor accounting basis.

1.3 Black Economic Empowerment ("BEE")

Shares were issued to Ukhamba at par value during December 2004. These shares vested upon issuance. The Group elected to apply the exemption available in IFRS 1 to share-based payment transactions. The BEE transaction with Ukhamba was therefore not subject to the provisions of IFRS 2 as the rights to the shares were granted and vested prior to 1 January 2005.

1.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions. The chief operating decision-maker has been identified as the Executive Committee.

1.5 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Rands, which is the Company's functional and presentation currency.

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Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency balances are translated into the functional currency using the exchange rates prevailing at the Statement of Financial Position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the Income Statement within 'other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Income Statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. If a foreign entity were to be sold, such exchange differences would be recognised in the Income Statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

1.6 Property, plant and equipment

Property, plant and equipment are tangible assets held by the Group for use in supply of goods or for administrative purposes and are expected to be used during more than one period.

Land and buildings comprise mainly of factories and offices. Land and buildings are shown at historical cost less depreciation for buildings and impairments. Property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

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Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Item		Estimated useful life
Buildings		10 to 25 years
Plant and machinery		10 to 25 years
Furniture and fixtures		3 to 5 years
Motor vehicles	– delivery	6 years; 20% residual
	– other	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the Income Statement.

1.7 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisition of subsidiaries is included in 'intangible assets'.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in profit or loss, in the Income Statement, and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Trademarks, brand names, customer relationships and software

Trademarks, brand names, customer relationships and software are recognised at fair value of the intangible assets acquired in business combinations. Certain trademarks and brand names have been assessed by management as indefinite useful life intangible assets.

These indefinite life intangible assets are tested for impairment annually. Separately acquired trademarks and licenses are shown at historical cost.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

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

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for the year ended 30 June 2014

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives. The useful lives of trademarks, brand names, customer relationships and software are assessed annually. The trademarks and brand names have estimated useful lives of between ten and twenty years and the customer relationships' useful lives have been estimated between five and ten years. The software has an estimated useful life of between five and eight years.

The useful lives of the above assets are reviewed at each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite will be accounted for as a change in an accounting estimate. Subsequently impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment (for indefinite life trademarks).

Impairment of non-financial assets

Assets that have indefinite useful lives or intangible assets that are still in development are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The identified cash-generating units are not bigger than the identified operating segments. Non-financial assets other than goodwill that could suffer potential impairment are reviewed for possible reversal of the impairment at each reporting date.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

1.8 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the conditions attached to the grant.

Government grants relating to assets are deducted against the carrying amount of the assets.

1.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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1.10 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; and
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated Income Statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated Income Statement.

1.11 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Financial assets and liabilities at fair value through profit or loss
- Loans and receivables

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit and loss are financial assets and liabilities held for trading. These financial assets and liabilities are classified in this category if acquired principally for the purpose of selling or settling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets and liabilities in this category as current assets and liabilities if they are expected to be settled within 12 months, otherwise they are classified as non-current.

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Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

The fair value of various derivative instruments used for hedging purposes is disclosed in note 26.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedge – interest rate swap

The effective portion of changes in the fair value of interest rate swaps that are designed and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement within finance income/cost. Amounts accumulated in equity are reclassified to profit or loss for the period when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Income Statement within finance income/loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is amortised to profit or loss over the period to maturity. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

Fair value hedge – Foreign Exchange Contracts

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributed to the hedged risk.

Trade and other receivables

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business. If collection is expected within one year (or in the normal operating cycle is longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the recoverable amount. The amount of the provision is recognised in the Income Statement within other 'operating expenses'. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

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Other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise loans to Group companies which are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Cash and bank overdraft balances per the bank statement at the reporting date are reflected as the Cash and Overdraft balance.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Loans to/(from) Group companies

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

Loans to Group companies are classified as loans and receivables.

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

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the Group has the positive intention and ability to hold to maturity are classified as held to maturity.

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is predominantly determined on a weighted average cost basis.

However, for the manufacturing entities mainly standard costing is used which is evaluated against the first-in first-out (FIFO) method, the trading entities mainly use the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, transport and handling costs, other direct costs and related production overheads (based on normal operating capacity) and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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1.13 Disposal groups held for sale

Disposal groups are classified as assets and liabilities held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered to be highly probable. They are stated at the lower of the carrying amount and fair value less cost to sell.

In respect of the elimination of intercompany balances and intercompany transactions, the Group elected to view the situation post-disposal. The Group determined whether the arrangements between the continuing and discontinuing operations will continue subsequent to the disposal. If the arrangement is expected to continue, it recorded the sales and costs in continuing operations and, therefore, recorded the elimination entries in discontinued operations. This would give an indication of the results of the continuing business on an ongoing basis. The results of the discontinued operation would include only those revenues and costs that will be eliminated from the Group on disposal.

1.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1.15 Treasury shares

Shares in the Company held by wholly owned subsidiaries, are classified as treasury shares and are held at cost on consolidation. These shares are disclosed as a deduction from the issued and weighted average number of shares and the cost price of these shares is deducted from the Group's equity.

Dividends received on treasury shares are eliminated on consolidation.

1.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the Statement of Financial Position date.

1.17 Tax

Current income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.18 Employee benefits

Pension obligations

The Group pays fixed contributions into a defined contribution plan (a defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund)). The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays the contributions to publicly administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the Income Statement when they are due.

Other post-employment obligations

The Group provides post-employment medical care for certain of their retirees. The expected costs of these benefits are accrued over the period of employment using a methodology similar to that of defined benefit pension plans. Typically, defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Statement of Financial Position in respect of defined benefit post-retirement medical aid obligations is the present value of the defined benefit obligation at Statement of Financial Position date adjusted for actuarial gains or losses.

The present value of the expected future defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. The expected costs of these benefits are accrued over the period of employment.

Actuarial profit and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to profit or loss in the period in which they arise.

Valuations of these obligations are carried out on a periodic basis by professionally qualified independent actuaries using the projected unit credit method. The post-employment obligations are not funded.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the Statement of Financial Position date are discounted to present value.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Notes to the annual financial statements

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for the year ended 30 June 2014

Short-term employee benefits

Employee entitlements to annual leave and long service awards are recognised when they accrue to employees.

An accrual is made for the estimated liability for annual leave and long service awards as a result of services rendered by employees up to the Statement of Financial Position date.

Share incentive scheme

The Group also operates a share incentive scheme through Share Appreciation Rights, Long-Term Incentive Plans and Deferred Bonus Plans. In terms of these schemes the beneficiaries are offered incentives for contributing towards the Group's overall performance with specific reference to earnings growth expectations and share performance in comparison to peer groups. These schemes have vesting periods of three years and lapse after seven years, if not exercised. The Group's intention is to settle these schemes with equity. IFRS 2 (share-based payments) is applied to account for these schemes. The IFRS 2 value is recognised in the Income Statement over the vesting period attached to each tranche of allocations. An IFRS 2 equity reserve is created in anticipation of settling the obligations created in terms of the abovementioned equity-settled schemes.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity.

1.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

1.20 Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Sales of goods

The vertically integrated Group manufactures and distribute products through its operating segments namely, the Building and Infrastructure segments. Building focuses on the manufacture and distribution of quality branded sanitaryware, plumbing, hardware and kitchen products to building merchants, on a wholesale basis.

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for the year ended 30 June 2014

Infrastructure focuses on engineering and civil products, including pipes and pipe fittings, for a range of customers, including local and provincial governments and contractors. Refer to the segment note (note 2) for businesses in the respective segments.

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and all risks and rewards associated with them have been transferred from the entity to the customer, there is no further Group management involvement in the products and collectability of the related receivables is reasonably assured. Sales are recorded net of volume discounts. Sales are recorded based on prices specified in sales contracts, net of volume discounts. Volume discounts are assessed based on anticipated annual purchases.

Products are often sold with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

Services rendered

Services rendered are recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided. Services rendered by the Solutions segment comprise of various logistical, IT, marketing, packaging and HR services to mainly in-group companies. Refer to the segment note (note 2).

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. When a loan receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

1.21 Cost of sales

Cost of sales includes the historical cost of merchandise and overheads appropriate to the distribution thereof.

1.22 Leases

Finance leases

The Group leases certain property, plant and equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower or the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables. The interest element of the finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Depreciation is recognised over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

Deferred profit on sale-and-operating leaseback transactions

Profit in respect of properties sold in terms of sale-and-operating leaseback transactions are recognised in the Income Statement on a straight-line basis over the term of the lease.

Notes to the annual financial statements

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for the year ended 30 June 2014

1.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

1.24 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.25 Critical accounting estimates and judgements

Management makes judgements, estimates and assumptions in the preparation of the financial statements that affect the disclosures and amounts of assets, liabilities, income, expenses and equity.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill and intangible assets classified as having indefinite useful lives

The Group tests annually whether goodwill and intangible assets with indefinite lives have suffered any impairment, in accordance with the accounting policy stated in note 1.7. The recoverable amounts of certain cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (refer note 13).

The Group assesses on an annual basis whether the classification of indefinite life intangible assets is appropriate. As per the Group's assessment, goodwill, trademarks and brand names are appropriately classified as indefinite life intangible assets.

Demand forecasting impacting on working capital investment

The Group has made investment in working capital based on management's assumptions and estimates of future demand for the Group's products and the customers' ability to settle outstanding debts for credit sales when it becomes due.

Residual values and useful lives

The useful economic lives and residual values of items of property, plant and equipment and tangible assets are estimated annually. The actual lives and residual values may vary depending on a variety of factors.

IFRS 2

Equity-settled schemes

IFRS 2 adjustments were calculated based on option pricing models for the share option schemes in operation. The charge is based on certain assumptions applied to the calculation models such as vesting period, conditions, risk free rate, volatility factors and dividend yields. Based on management's earnings projections, it is estimated that the current and projected non-market vesting conditions relating to tranches 1 to 4 of the Share Appreciation Rights ("SARs") scheme are unlikely to be achieved. Previous IFRS 2 charges have therefore been reversed to the Income Statement and no additional charges have been made for the SARs. Refer to the share incentive schemes (equity settled) note (note 23) for the major assumptions made on the new share incentive scheme.

Notes to the annual financial statements

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for the year ended 30 June 2014

Deferred profit

The deferred profit realised on the sale of property is recognised in the Income Statement on a straight line basis over the term of the lease. The term of the lease is based on management's best estimate of the period of occupation, being the shortest renewable lease period from commencement (refer note 27).

Retirement benefit obligation

Certain of the employees of DPI Plastics Proprietary Limited are entitled to post-retirement medical aid benefits. The present value of the obligation is based on the "projected unit credit basis" and depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the obligations. Actuarial valuations are carried out every three years. Additional information is disclosed in note 30.

Estimates made of contingent liabilities

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. Disclosure is made in note 33 of the contingent liabilities that the Group is exposed to.

Estimate regarding the recognition and measurement of financial instruments

The fair value of the interest rate swap described in note 42 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.

Taxation

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

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

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for the year ended 30 June 2014

2. SEGMENT INFORMATION

The operating segments are based on reports reviewed by the Executive Committee who makes the strategic decisions of the Group, and who is therefore the Chief Operating Decision-making body of the Group.

Reportable segments

The Executive Committee assesses the performance of these operating segments based on operating profit.

Head office and other reconciling items mainly comprise head office and other operating segments not meeting the quantitative thresholds required by IFRS 8.

	Building							
	Continuing operations R'000	Discon-tinued operations (3) R'000	Total R'000	Infra-structure R'000	DAWN Solutions R'000	Head Office (1) and other reconciling items R'000	Discon-tinued operations (3) R'000	Total R'000
2014 (Audited)								
Revenue	2 129 568	756 280	2 885 848	2 248 705	432 996	(375 321)	(756 280)	4 435 948
Depreciation and amortisation	(4 979)	(26 733)	(31 712)	(25 370)	(18 447)	(521)	26 733	(49 317)
Operating profit/(loss) before impairments and derecognitions	36 210	124 444	160 654	99 343	9 616	(19 178)	(143 392)	107 043
Impairments and derecognitions	(41 424)	–	(41 424)	–	–	14 842	–	(26 582)
Operating profit/(loss) after impairments and derecognitions	(5 214)	124 444	119 230	99 343	9 616	(4 336)	(143 392)	80 461
Net finance income/(expense)	(12 907)	(41 608)	(54 515)	(24 632)	(4 136)	2 932	22 073	(58 278)
Share of profit/(losses) of associates (including impairment of associate)	(21 599)	384	(21 215)	2 836	–	–	(384)	(18 763)
Tax expense	(5 793)	(16 983)	(22 776)	(21 046)	(1 722)	3 025	27 759	(14 760)
Profit/(loss) after tax from continuing operations	(45 515)	–	(45 515)	56 502	3 758	(26 085)	–	(11 340)
Profit after tax from discontinued operations	–	65 150	65 150	–	–	27 709	–	92 859
Assets	1 110 968	1 212 274	2 323 242	1 183 195	571 925	(465 526)	–	3 612 836
Liabilities	1 026 514	296 906	1 323 420	726 457	583 472	(543 499)	–	2 089 850
Capital expenditure (2)	9 762	107 494	117 256	32 821	39 331	–	(107 494)	81 914
2013 (Audited Restated)								
Revenue	1 974 384	683 711	2 658 095	1 731 121	365 421	(307 450)	(683 711)	3 763 476
Depreciation and amortisation	(4 310)	(31 164)	(35 474)	(20 951)	(15 848)	(1 335)	31 164	(42 444)
Operating profit/(loss) before impairments and derecognitions	66 081	141 135	207 216	59 342	14 036	(36 135)	(151 391)	93 068
Impairments and derecognitions	–	–	–	(677)	–	–	–	(677)
Operating profit/(loss) after impairments and derecognitions	66 081	141 135	207 216	58 665	14 036	(36 135)	(151 391)	92 391
Net finance income/(expense)	(11 461)	(22 501)	(33 962)	(11 652)	(2 183)	(2 136)	22 501	(27 432)
Share of profit/(losses) of associates (including impairment of associate)	4 086	829	4 915	13 677	–	–	(829)	17 763
Tax expense	(15 395)	(33 960)	(49 355)	(14 815)	(3 393)	14 373	35 946	(17 244)
Profit/(loss) after tax from continuing operations	43 311	–	43 311	45 875	8 460	(32 168)	–	65 478
Profit after tax from discontinued operations	–	85 265	85 265	–	–	8 270	–	93 535
Assets	2 184 405	–	2 184 405	869 508	499 956	(536 274)	–	3 017 595
Liabilities	1 468 106	–	1 468 106	530 577	508 813	(957 078)	–	1 550 418
Capital expenditure (2)	76 756	–	76 756	22 484	53 778	–	–	153 018

(1) *Other reconciling items consist of corporate and consolidation adjustments. These predominantly include elimination of intergroup sales, profits, losses and intergroup receivables and payables and other unallocated assets and liabilities contained within the vertically integrated Group. Head Office and other reconciling items is not considered to be an operating segment.*

(2) *Includes expenditure on property, plant and equipment and intangibles. Government grants received are deducted from the capital expenditure amount.*

(3) *Discontinued operations include results from the Watertech group of companies as well as consolidation and elimination adjustments related to the Watertech group of companies.*

Notes to the annual financial statements

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for the year ended 30 June 2014

2. SEGMENT INFORMATION continued

Reportable segments

The Group is organised into three reportable segments:

- **Building segment:** Consists of manufacture and wholesale trading of hardware, sanitaryware, bathroomware, plumbing, kitchen and other building materials.

  The Building segment includes the following:

  Trading

  – Wholesale Housing Supplies (trading as Saffer Bathroom & Plumbing and WHDsa)
  – DAWN Business Development – a division of Wholesale Housing Supplies (trading as Wholesale Building Materials, DAWN Power Tools, Electroline, Stability and DAWN Kitchen Fittings (trading as Roco))
  – Saffer International (a division of Wholesale Housing Supplies)
  – Wilhelm Import Network (WiiN)
  – Africa Saffer Trading (AST) – *including the associate Saffer Union West Africa*
  – Heunis Steel – *associate*

  Watertech Companies

  – Cobra Watertech
  – ISCA
  – Apex Valves
  – Vaal Sanitaryware (Ceramic)
  – Libra Bathrooms and Plexicor (Acrylic)
  – Exipro Manufacturing

- **Infrastructure segment:** Consists of manufacture and wholesale trading of engineering, civil products, piping systems, vales and related accessories.

  The Infrastructure segment includes the following:

  – DPI (trading as DPI Plastics and Incledon)
  – DPI International
  – Ubuntu Plastics
  – Swan Plastics
  – Sangio Pipe
  – Fibrex – *associate*

- **Solutions segment:** Consists of services such as warehousing, distribution, marketing, IT support, pre-packaging, merchandising and HR, provided mainly to Group companies.

  The Solutions segment includes the following:

  – DAWN Business Systems
  – DAWN Financial Solutions
  – DAWN HR Solutions
  – DAWN Logistics (DAWN Cargo and DAWN Distribution Centres)
  – DAWN Marketing & Design
  – DAWN Merchandising
  – DAWN Packaging
  – DAWN Projects

Management has determined that the operating segments are sufficiently aggregated.

Head office and other reconciling items mainly comprise head office and other operating segments not meeting the quantitative thresholds required by IFRS 8.

General

Intersegment transactions are entered into under the normal commercial terms and conditions. The revenue from external parties is measured in a manner consistent with that in the Income Statement.

Segment assets consist primarily of property, plant and equipment, intangible assets (including goodwill), investments in associates, deferred tax assets, inventories, trade and other receivables and cash and cash equivalents.

Notes to the annual financial statements

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2. SEGMENT INFORMATION continued

Segment liabilities comprise borrowings, deferred profit, deferred tax liabilities, derivative instruments, trade and other payables and income tax liabilities.

Capital expenditure comprises additions to property, plant and equipment and intangible assets (refer note 12 and 13).

The Group's reporting currency is in South African Rand. The majority of Group companies are domiciled in South Africa and mainly serve the South African market.The result of revenue from external customers in South Africa is R3,9 billion (2013: R3,4 billion) and the total revenue from external customers from other countries is R194,3 million (2013: R288,2 million).

The total of non-current assets, other than financial instruments and deferred tax assets located in South Africa, is R541,2 million (2013: R451,9 million).

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
INCOME STATEMENTS				
3. REVENUE				
Sale of goods	**4 334 332**	3 677 740	**–**	–
Services rendered	**101 616**	85 736	**–**	–
	4 435 948	3 763 476	**–**	–
4. EXPENDITURE BY NATURE				
Cost of sales				
Cost of goods and services sold				
Cost of inventories expensed during the year	**3 256 899**	2 769 557	**–**	–
Employee compensation and benefit expense (refer note 8)	**93 265**	60 077	**–**	–
Transportation expenses	**48 306**	47 820	**–**	–
Depreciation	**14 947**	14 238	**–**	–
	3 413 417	2 891 692	**–**	–
Operating expenses				
a. Depreciation on property, plant and equipment				
Depreciation for the Group	**39 067**	37 912	**–**	–
Less: Depreciation included in cost of sales	**(14 947)**	(14 238)	**–**	–
Less: Depreciation included in transportation expenses	**(6 572)**	(6 545)	**–**	–
	17 548	17 129	**–**	–
b. Amortisation				
Intangible assets	**10 250**	4 532	**–**	–
c. Auditors' remuneration				
Audit fees paid	**5 530**	5 704	**–**	–
Taxation services	**14**	18	**–**	–
Other services	**559**	135	**–**	–
	6 103	5 857	**–**	–

Notes to the annual financial statements

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
4. EXPENDITURE BY NATURE continued				
d. Operating lease rentals				
Land and buildings	**83 018**	71 190	**–**	–
Plant, equipment and vehicles	**10 499**	8 773	**–**	–
	93 517	79 963	**–**	–
e. Operating expenses				
Employee compensation and benefit expense (refer note 8)	**497 151**	439 030	**–**	–
Transportation expenses (including depreciation)	**123 808**	99 195	**–**	–
Security	**19 025**	14 733	**–**	–
Repairs and maintenance	**18 345**	14 828	**–**	–
Consultancy services	**15 815**	11 420	**–**	–
Computer expenditure	**14 649**	11 569	**–**	–
Travel	**13 814**	10 843	**–**	–
Telephone and fax	**13 466**	12 090	**–**	–
Insurance	**13 389**	9 355	**–**	–
Postage, printing and stationery	**10 568**	9 112	**–**	–
Legal fees	**8 853**	6 039	**–**	–
Electricity	**8 311**	7 814	**–**	–
Bank charges	**6 842**	4 584	**6**	–
Commissions to third parties	**5 780**	6 454	**–**	–
Advertising costs	**3 363**	4 434	**–**	–
Corporate Social Investment	**1 553**	2 248	**–**	–
Loss on disposal of property, plant and equipment	**5**	379	**–**	–
Profit on disposal of property, plant and equipment	**(1 336)**	(263)	**–**	–
Other expenses	**29 016**	26 527	**–**	–
	802 417	690 391	**6**	–
f. Impairments and derecognitions				
Impairment of intangible assets (refer note 13)	**41 424**	–	**–**	–
Goodwill	**38 783**	–	**–**	–
Trademarks	**2 641**	–	**–**	–
Impairments	**41 424**	–	**–**	–
Loss on derecognition of investment in DPI Ichweba	**–**	677	**–**	–
Net gain on derecognition of associate investment in Sangio Pipe	**(14 842)**	–	**–**	–
Derecognitions	**(14 842)**	677	**–**	–
	26 582	677	**–**	–
Net operating expenses	**956 417**	798 549	**6**	–
Total cost of sales, distribution costs, other operating expenses, impairments and derecognitions	**4 369 834**	3 690 241	**6**	–

Notes to the annual financial statements

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
5. OTHER OPERATING INCOME/GAINS				
Deferred profit released (refer note 27)	5 393	5 393	–	–
Management fees received – joint venture (refer note 45)	4 366	2 498	–	–
Fair value movement on interest rate swap	1 030	3 863	–	–
Rental income	467	467	–	–
Net foreign exchange gain	1	2 935	–	–
Other income	3 090	4 000	–	–
Dividends received	–	–	603 045	–
	14 347	19 156	603 045	–
6. FINANCE INCOME				
Related party finance income received (refer note 45)	3 676	2 442	43 052	–
Disposal group income received	4 099	10 501	–	–
Bank deposits	899	629	1	–
Foreign exchange gain on borrowings	–	5 964	–	–
Trade and other receivables	–	24	–	–
Other interest received	121	468	–	–
	8 795	20 028	43 053	–
7. FINANCE EXPENSES				
Bank borrowings	42 424	36 743	29 938	–
Instalment sale agreements	4 200	2 840	–	–
Finance lease agreements	1 399	644	–	–
Disposal group finance expense	616	367	–	–
Post-retirement benefit obligation interest	458	521	–	–
Trade finance	7 406	835	–	–
Hedge recycled	1 664	2 368	–	–
Revenue authorities	3 823	–	–	–
Other interest paid	5 083	3 142	–	–
	67 073	47 460	29 938	–
8. EMPLOYEE BENEFIT EXPENSE				
Salaries and wages	477 996	381 338	–	–
Pension costs – defined contribution plans	33 658	28 122	–	–
Medical aid expenses	14 097	12 118	–	–
Commissions to sales force	61 966	52 826	–	–
Net share-based payment charge	2 525	25 223	–	–
Post-retirement medical aid charge/(reversal)	174	(520)	–	–
	590 416	499 107	–	–
Included in:	590 416	499 107	–	–
Cost of sales	93 265	60 077	–	–
Operating expenses	497 151	439 030	–	–

Directors' and prescribed officers' emoluments are included in the above and also disclosed separately in note 46.

Notes to the annual financial statements

continued

for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 Number	Restated 2013 Number	**2014 Number**	2013 Number
8. EMPLOYEE BENEFIT EXPENSE continued				
Number of persons employed by subsidiaries of the Group at year-end				
Full-time	**4 150**	3 668	**–**	–
Part-time	**393**	269	**–**	–
	4 543	3 937	**–**	–
Botswana	**57**	55	**–**	–
Namibia	**61**	61	**–**	–
South Africa	**4 425**	3 821	**–**	–
	4 543	3 937	**–**	–
Continuing operations	**2 688**	2 217	**–**	–
Discontinued operations	**1 855**	1 720	**–**	–
	4 543	3 937	**–**	–

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
9. INCOME TAX EXPENSE				
Normal tax expense				
Current tax				
Local income tax – current period	**24 190**	22 615	**3 671**	–
Local income tax – recognised in current tax for prior periods	**(312)**	(3 700)	**–**	–
	23 878	18 915	**3 671**	–
Deferred tax				
Originating and reversing temporary differences – current year	**(8 722)**	(1 880)	**–**	–
Deferred tax arising from prior period adjustments	**(396)**	209	**–**	–
	(9 118)	(1 671)	**–**	–
Tax charge for the year	**14 760**	17 244	**3 671**	–

Notes to the annual financial statements

continued

for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 **%**	Restated 2013 %	**2014** **%**	2013 %
9. INCOME TAX EXPENSE continued				
Reconciliation of rate of taxation based on profit before tax and results of discontinued operations, associates and joint ventures				
South African normal tax rate	**28,0**	28,0	**28,0**	28,0
Adjusted for:				
Disallowed expenditure	**44,0**	4,4	**–**	–
– Capital items	**10,5**	4,2	**–**	–
– Impairments and derecognitions	**33,5**	0,2	**–**	–
Exempt income	**(1,3)**	(2,7)	**(27,4)**	–
Prior year adjustments				
– Current tax	**(1,4)**	(5,7)	**–**	–
– Deferred tax	**(1,8)**	0,2	**–**	–
Tax losses for which no deferred tax asset was recognised *	**(0,9)**	0,4	**–**	–
Foreign tax rate difference **	**(2,4)**	1,5	**–**	–
Withholding tax	**2,3**	0,1	**–**	–
Capital Gains Tax	**–**	0,3	**–**	–
Effective rate	**66,5**	26,5	**0,6**	28,0

* *Refer to note 28 for deferred tax assets not recognised.*

** *The effective tax rate reconciliation base rate is the South African statutory tax rate of 28%. The foreign tax rate difference adjustment relates to the difference between the South African tax rate and the various tax rates of other countries.*

Refer to note 28 for tax relating to components of other comprehensive income.

	GROUP				
	Gross R'000	**Tax R'000**	**Net before non-controlling interest R'000**	**Non-controlling interest R'000**	**Net R'000**
10. OTHER COMPREHENSIVE INCOME					
Components of other comprehensive income					
2014					
Exchange differences on translating foreign operations:					
Foreign currency translation reserve	**3 686**	**–**	**3 686**	**–**	**3 686**
Effects of cash flow hedges:					
Gains on cash flow hedges arising during the year	**4 095**	**(1 269)**	**2 826**	**–**	**2 826**
Loss on retirement benefit obligation	**(280)**	**78**	**(202)**	**–**	**(202)**
Total	**7 501**	**(1 191)**	**6 310**	**–**	**6 310**

Notes to the annual financial statements

continued

for the year ended 30 June 2014

	GROUP				
	Gross R'000	Tax R'000	Net before non-controlling interest R'000	Non-controlling interest R'000	Net R'000
10. OTHER COMPREHENSIVE INCOME continued					
Components of other comprehensive income					
2013 (Restated)					
Exchange differences on translating foreign operations:					
Foreign currency translation reserve	3 445	–	3 445	72	3 517
Effects of cash flow hedges:					
Gains on cash flow hedges arising during the year	906	(254)	652	–	652
Total	4 351	(254)	4 097	72	4 169

	GROUP	
	2014	Restated 2013
11. EARNINGS PER ORDINARY SHARE		

Basic

Basic earnings per ordinary share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company, incentive shares and held as treasury shares.

Diluted

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2014	Restated 2013
Weighted average number of ordinary shares in issue ('000)		
Number of shares in issue at the end of the year *	**241 843**	241 443
	241 843	241 443
Less: Treasury shares held in a subsidiary at the end of the year – weighted	**(7 726)**	(7 726)
Add: Deferred ordinary shares in issue at the end of the year *	**400**	800
Weighted average number of ordinary shares in issue ('000)	**234 517**	234 517
Add: Shares to be issued in terms of share incentive schemes	**5 373**	3 358
Weighted average number of ordinary shares for diluted earnings per share ('000)	**239 890**	237 875

* *During the year deferred ordinary shares were converted into ordinary shares. This resulted in an equal reduction in the total number of deferred ordinary shares in issue.*

Notes to the annual financial statements

continued

for the year ended 30 June 2014

	GROUP	
	2014	Restated 2013
11. EARNINGS PER ORDINARY SHARE continued		
Basic earnings per share (cents)	**31,62**	66,65
From continuing operations (cents)	**(7,98)**	26,76
Attributable earnings (R'000)	**(18 724)**	62 761
Weighted average number of ordinary shares in issue ('000)	**234 517**	234 517
From discontinued operations (cents)	**39,60**	39,89
Attributable earnings (R'000)	**92 859**	93 535
Weighted average number of ordinary shares in issue ('000)	**234 517**	234 517
Fully diluted earnings per share (cents)	**30,90**	65,70
From continuing operations (cents)	**(7,81)**	26,38
Attributable earnings (R'000)	**(18 724)**	62 761
Weighted average number of ordinary shares in issue ('000)	**239 890**	237 875
From discontinued operations (cents)	**38,71**	39,32
Attributable earnings (R'000)	**92 859**	93 535
Weighted average number of ordinary shares in issue ('000)	**239 890**	237 875
Headline earnings (R'000)		
Attributable earnings	**74 135**	156 296
Adjustment for the after-tax and non-controlling interest effects of:		
Net (profit)/loss on disposal of property, plant and equipment	**(1 331)**	116
Impairment of intangible assets	**41 424**	–
Tax effect on disposal of property, plant and equipment and impairment of intangible assets (trademarks)	**(367)**	(21)
Non-controlling interest effect on disposal of property, plant and equipment	**1**	–
Net (profit)/loss on derecognition of previously held interest	**(14 842)**	677
Headline earnings adjustments related to associates and joint ventures	**19 043**	(1 772)
Headline earnings adjustments related to disposal group	**(456)**	(291)
	117 606	155 005
Headline earnings per share (cents)	**50,15**	66,10
From continuing operations (cents)	**10,75**	26,30
Headline earnings (R'000)	**25 203**	61 761
Weighted average number of shares in issue ('000)	**234 517**	234 517
From discontinued operations (cents)	**39,40**	39,80
Headline earnings (R'000)	**92 403**	93 244
Weighted average number of shares in issue ('000)	**234 517**	234 517

Notes to the annual financial statements

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for the year ended 30 June 2014

STATEMENTS OF FINANCIAL POSITION

	2014			2013 (Restated)		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
12. PROPERTY, PLANT AND EQUIPMENT						
GROUP						
Land and buildings	50 863	20 752	30 111	127 413	(32 879)	94 534
Plant and machinery	291 985	182 830	109 155	490 600	(245 504)	245 096
Furniture and fixtures	59 597	34 006	25 591	117 532	(65 585)	51 947
Motor vehicles	91 902	48 138	43 764	83 231	(51 353)	31 878
Total	494 347	285 726	208 621	818 776	(395 321)	423 455

	Land and buildings R'000	Plant and machinery R'000	Furniture and fixtures R'000	Motor vehicles R'000	Total R'000
Reconciliation of property, plant and equipment – Group 2014					
Balance at the beginning of the year	94 534	245 096	51 947	31 878	423 455
Held-for-sale	(75 079)	(160 413)	(27 579)	(2 745)	(265 816)
Additions	10 828	26 554	10 586	22 806	70 774
Additions through business combinations	2 972	22 885	283	2 100	28 240
Disposals	(445)	(1 081)	(1 810)	(1 233)	(4 569)
Transfers	1 593	(1 712)	21	98	–
Foreign exchange movements	4	289	48	34	375
Government grants recognised	–	(4 771)	–	–	(4 771)
Depreciation	(4 296)	(17 692)	(7 905)	(9 174)	(39 067)
Balance at the end of the year	30 111	109 155	25 591	43 764	208 621
Reconciliation of property, plant and equipment – Group 2013 (Restated)					
Balance at the beginning of the year	94 179	202 971	36 337	34 350	367 837
Additions	6 722	78 587	31 783	7 806	124 898
Additions through business combinations	135	765	329	2 139	3 368
Disposals	(80)	(3 707)	(1 065)	(2 010)	(6 862)
Transfers	–	(157)	157	–	–
Foreign exchange movements	45	477	27	84	633
Depreciation	(6 467)	(33 840)	(15 621)	(10 491)	(66 419)
Balance at the end of the year	94 534	245 096	51 947	31 878	423 455

Depreciation expense of R14,9 million (2013: R14,2 million) has been charged in cost of goods and services sold, R6,6 million (2013: R6,5 million) in transportation expenses and R17,5 million (2013: R17,1 million) in operating expenses (refer note 4).

Notes to the annual financial statements

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for the year ended 30 June 2014

12. PROPERTY, PLANT AND EQUIPMENT continued

The Group received grants from the Department of Trade and Industry (DTI) under its Manufacturing Competitiveness Enhancement Programme (MCEP) for the construction of its long-term assets. The MCEP is one of the key action programmes of the Industrial Policy Action Plan of the DTI. The MCEP encourages manufacturers to upgrade their production facilities in a manner that sustains employment and maximises value-addition in the short and medium-term. MCEP grants to the value of R4,8 million (2013: Rnil) have been deducted from the carrying value of machinery and equipment.

Assets subject to finance lease

	2014			2013 (Restated)		
	Cost R'000	**Accumu–lated depreciation R'000**	**Carrying value R'000**	**Cost R'000**	**Accumu-lated depreciation R'000**	**Carrying value R'000**
GROUP						
Land and buildings	**2 224**	**(1 242)**	**982**	2 224	(832)	1 392
Plant and machinery	**19 021**	**(9 876)**	**9 145**	23 161	(7 413)	15 748
Furniture and fixtures	**8 730**	**(5 164)**	**3 566**	8 037	(3 615)	4 422
Motor vehicles	**6 655**	**(2 319)**	**4 336**	4 287	(1 917)	2 370
Total	**36 630**	**(18 601)**	**18 029**	37 709	(13 777)	23 932

A register containing the information required by Regulation 25(2) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

Assets acquired under instalment sale and finance lease agreements are encumbered as security for repayment of the instalment sale and finance lease liabilities (refer note 25).

Lease rentals amounting to R83,0 million (2013: R71,2 million) relating to the lease of land and buildings and R10,5 million (2013: R8,8 million) relating to the lease of plant, equipment and vehicles are included in the Income Statement (refer note 4).

Notes to the annual financial statements

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for the year ended 30 June 2014

13. INTANGIBLE ASSETS

GROUP

	Indefinite life		Defined life			
	Goodwill R'000	Trademarks and brand names R'000	Trade-marks R'000	Customer relation-ships R'000	Software R'000	Total R'000
At 30 June 2014						
Cost	**105 433**	**17 166**	**28 069**	**51 746**	**37 346**	**239 760**
Accumulated amortisation and impairment	**(38 783)**	**–**	**(5 373)**	**(16 907)**	**(3 371)**	**(64 434)**
Carrying value	**66 650**	**17 166**	**22 696**	**34 839**	**33 975**	**175 326**
At 30 June 2013 (Restated)						
Cost	169 904	78 723	20 892	43 771	45 338	358 628
Accumulated amortisation and impairment	(49 036)	–	(8 783)	(28 791)	(664)	(87 274)
Carrying value	120 868	78 723	12 109	14 980	44 674	271 354
Year ended 30 June 2014						
Balance at the beginning of the year	**120 868**	**78 723**	**12 109**	**14 980**	**44 674**	**271 354**
Held-for-sale	**(35 708)**	**(61 557)**	**(6 769)**	**(7 986)**	**(25 115)**	**(137 135)**
Additions	**–**	**–**	**–**	**–**	**20 456**	**20 456**
Additions through business combinations	**20 273**	**–**	**22 819**	**32 566**	**–**	**75 658**
Interest capitalised	**–**	**–**	**–**		**1 212**	**1 212**
Impairments	**(38 783)**	**–**	**(2 641)**	**–**	**–**	**(41 424)**
Government grants recognised	**–**	**–**	**–**	**–**	**(4 545)**	**(4 545)**
Amortisation	**–**	**–**	**(2 822)**	**(4 721)**	**(2 707)**	**(10 250)**
Balance at the end of the year	**66 650**	**17 166**	**22 696**	**34 839**	**33 975**	**175 326**
Year ended 30 June 2013 (Restated)						
Balance at the beginning of the year	110 506	78 723	13 586	19 862	15 897	238 574
Additions	–	–	–	–	28 120	28 120
Additions through business combinations	10 362	–	–	–	–	10 362
Interest capitalised	–	–	–	–	1 321	1 321
Amortisation	–	–	(1 477)	(4 882)	(664)	(7 023)
Balance at the end of the year	120 868	78 723	12 109	14 980	44 674	271 354

Amortisation expense of R10,3 million (2013: R7,0 million) is included in operating expenses (refer note 4). Borrowing costs of R1,2 million (2013: R1,3 million) directly attributable to the qualifying assets pertaining to the Enterprise Resource Planning project, which take a substantial period of time before it is brought into use, were capitalised.

Notes to the annual financial statements

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for the year ended 30 June 2014

13. INTANGIBLE ASSETS continued

30 June 2014

Additions to intangible assets through business combinations of R20,2 million in the current year relate to the acquisition of an additional 51% share in Sangio Pipe Proprietary Limited and a 51% share in Swan Plastics Proprietary Limited, contributing R19,0 million and R1,2 million, respectively (refer to note 40).

During the 2012 financial year the Group initiated a project to consolidate all its computer systems into an Enterprise Resource Planning system. The total cost of the project is estimated at R118 million (2013: R116 million) and the phased approach is expected to be concluded within the next three years. The Group's transport and warehouse systems were also upgraded. Amortisation has been recognised to the extent that the software has been brought into use.

During the year there were additions to internally generated software of R20,5 million (2013: R28,1 million). Interest capitalised to internally generated software amounted to R1,2 million (2013: R1,3 million) and will be amortised over the estimated useful life of the asset. Interest is capitalised at the prevailing prime interest rate of 9,0% (2013: 8,5%).

To date an amount of R11,0 million of internally generated software has been brought into use. Software with a carrying value of R3,6 million (2013: R5,3 million) is subject to finance lease.

Intangible assets to the value of R41,4 million were impaired in the Building segment. Goodwill to the value of R38,8 million was impaired in the following cash-generating units, DAWN Kitchen Fittings and Wholesale Housing Supplies (WHS). A R33,5 million impairment relates to DAWN Kitchen Fittings where historically budgets were not achieved and detailed impairment calculations indicated that the achievement of budget will result in insufficient value through cash generation to cover all the non-financial assets in the business. The further R7,9 million impairment pertains to WHS, through AST, relating to synergies identified in the 2012 AST purchase price allocation. Trademarks of R2,6 million related to DAWN Kitchen Fittings were impaired.

No other class of intangible assets, other than goodwill and trademarks, were impaired.

The Group received grants from the Department of Trade and Industry (DTI) under its Manufacturing Competitiveness Enhancement Programme (MCEP). The MCEP is one of the key action programmes of the Industrial Policy Action Plan of the DTI. The MCEP encourages manufacturers to upgrade their production facilities in a manner that sustains employment and maximises value-addition in the short and medium term. MCEP grants to the value of R4,5 million (2013: Rnil million) have been deducted from the carrying value of software.

30 June 2013

Additions to intangibles through business combinations of R10,4 million in the prior year relate to the acquisition of a 11,47% share in Apex Valves South Africa Proprietary Limited and a 51% share in Ubuntu Plastics Proprietary Limited, contributing R4,4 million and R6,0 million, respectively (refer to note 40).

There were no impairments of intangible assets during 2013.

General

Goodwill, trademarks and brand names are allocated to their respective underlying cash-generating units. The respective companies acquired are defined as the underlying cash-generating units which support the valuation of the goodwill, trademarks and brand names.

Where a cash-generating unit is identified as a separate unit within a business, this unit is classified as a separate cash-generating unit.

Trademarks and brand names are recognised as indefinite useful life intangible assets when an analysis of the relevant underlying factors confirm that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. This assumption is further underpinned by the strong presence these trademarks and brand names carry in the marketplace.

Notes to the annual financial statements

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for the year ended 30 June 2014

13. INTANGIBLE ASSETS continued

Goodwill and indefinite life intangible assets are allocated to the following cash-generating units:

	Indefinite life goodwill and intangible assets			
	Goodwill		Trademarks and brand names	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	Restated 2013 R'000
Building	**13**	74 505	**–**	61 541
Cobra Watertech Proprietary Limited *	**–**	12 838	**–**	30 841
ISCA Proprietary Limited *	**–**	18 480	**–**	18 484
DAWN Kitchen Fittings Proprietary Limited	**–**	30 927	**–**	–
Wholesale Housing Supplies Proprietary Limited	**13**	7 856	**–**	–
Apex Valves South Africa Proprietary Limited *	**–**	4 404	**–**	–
Vaal Sanitaryware Proprietary Limited *	**–**	–	**–**	12 216
Infrastructure	**66 505**	46 231	**17 166**	17 182
Incledon (a division of DPI Plastics Proprietary Limited)	**40 273**	40 273	**17 166**	17 182
Sangio Pipe Proprietary Limited	**18 965**	–	**–**	–
Swan Plastics Proprietary Limited	**1 230**	–	**–**	–
Ubuntu Plastics Proprietary Limited	**6 037**	5 958	**–**	–
DAWN Solutions	**132**	132	**–**	–
DAWN Human Resource Solutions Proprietary Limited	**132**	132	**–**	–
	66 650	120 868	**17 166**	78 723

* *These entities form part of the disposal group classified as held-for-sale and, as a result, intangible assets related to these entities are disclosed as part of the assets held-for-sale balance in the Statement of Financial Position.*

The impairment test for goodwill and intangible assets identifies the recoverable amount of a cash-generating unit determined based on value-in-use.

Value-in-use calculations use post-tax cash flow projections based on financial budgets approved by management and cover a three-year period. The estimated growth rates applied are in line with that of the industry in which the cash-generating unit operates and are materially similar to assumptions of external market sources. The cash-generating units' recoverable amount is most sensitive to the growth rate assumptions applied. Growth rates for impairment testing purposes beyond three years were assumed at 6%.

Assumptions were based on management's past experience and best estimates regarding forecasts. Management determined budgeted gross margin based on past performance and its expectations of market developments. The discount rates used are post-tax and reflect the appropriate risk associated with the industry and respective businesses.

A segment-level summary of the key assumptions used for value-in-use calculations is as follows:

	Building %	Infra-structure %	DAWN Solutions %
30 June 2014			
Growth rate[1]	**6,0**	**6,0**	**6,0**
Discount rate[2]	**16,0**	**15,6**	**16,5**
30 June 2013 (Restated)			
Growth rate[1]	6,0	6,0	6,0
Discount rate[2]	15,3	14,2	14,0

[1] *Compounded weighted average growth rate used to extrapolate cash flows beyond the budget period.*

[2] *Weighted average post-tax discount rate applied to cash flow projections.*

Notes to the annual financial statements

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for the year ended 30 June 2014

13. INTANGIBLE ASSETS continued

Intangible assets with defined useful lives are tested for impairment if conditions are identified which might be indicative of a potential reduction in the value in use or net realisable value compared to its carrying value.

Amortisation of intangible assets carried at defined useful lives:

Intangible assets recognised as defined life intangible assets are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their useful lives. Trademarks are amortised over periods ranging from six to twenty years and customer relationship over periods ranging from five to ten years.

The impairment calculations were tested for sensitivity to significant changes in the key assumptions used. The basis for sensitivity testing was the budgeted operating profit used in the value-in-use calculation which was 10% and 20% lower.

If the budgeted operating profit used in the value-in-use calculation had been 10% or 20% lower in the cash-generating units, this would have resulted in impairments over intangible assets as follows:

Building segment – R7,7 million and R28 million, respectively; and

Infrastructure segment – R6,3 million and R7,3 million, respectively.

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
14. INVESTMENTS IN SUBSIDIARIES				
Shares at cost less amounts written off	**–**	–	**56 695**	50 358
Loans receivable from subsidiaries (refer note 45 – related parties)	**–**	–	**529 981**	529 981
Net investment in subsidiaries	**–**	–	**586 676**	580 339
A listing of the Group's principal subsidiaries is set out on pages 110 and 111 of the annual financial statements.				
15. INVESTMENTS IN JOINT VENTURES				
On 1 July 2013, the accounting policy for joint ventures was changed to be in line with the requirements of IFRS 11. Previously, investments in joint ventures were proportionately consolidated by the Group. In terms of IFRS 11, proportionate consolidation is no longer allowed. The equity method of accounting for investments in joint ventures has been adopted by the Group.				
Reconciliation of investments in joint ventures				
Balance at the beginning of the year	**52 246**	41 386	**–**	–
	(19 908)	1 221	**–**	–
Share of (loss)/profit prior to amortisation of intangible assets	**(8 935)**	1 716	**–**	–
Impairment ^	**(10 478)**	–	**–**	–
Amortisation of intangible assets (net of deferred tax)	**(495)**	(495)	**–**	–
Foreign currency translation reserve	**593**	5 126	**–**	–
Loan capital advancement	**29 452**	8 133	**–**	–
Impairment of intangible assets	**(8 931)**	–	**–**	–
Changes in ownership reserve movement	**–**	(497)	**–**	–
Dividend received (refer note 45)	**(3 095)**	(1 439)	**–**	–
Derecognition of investment in DPI Ichweba Proprietary Limited	**–**	(1 684)	**–**	–
Balance at the end of the year	**50 357**	52 246	**–**	–

^ *This amount relates to an impairment loss of R10,5 million on loans advanced from Africa Saffer Trading Group to Saffer Union (West Africa) Limited.*

Notes to the annual financial statements

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for the year ended 30 June 2014

15. INVESTMENTS IN JOINT VENTURES continued

Investments in joint ventures include loans receivable from joint ventures comprising:

	Africa Saffer Trading Group R'000	Total R'000
2014		
Balance at the beginning of the year	24 434	24 434
Loan capital advancement (net of repayments and interest)	29 452	29 452
Loans advanced	28 422	28 422
Repayments received	(200)	(200)
Interest	1 230	1 230
Balance at the end of the year	**53 886**	**53 886**
2013 (Restated)		
Balance at the beginning of the year	16 301	16 301
Loan capital advancement (net of repayments and interest)	8 133	8 133
Loans advanced	8 021	8 021
Repayments received	(45)	(45)
Interest	157	157
Balance at the end of the year	24 434	24 434

None of the loans are in default nor have they been impaired.

Loans to Africa Saffer Trading Group

Loans to Africa Saffer Trading Group consist of equity loans and other loans.

Equity loans are unsecured, bear no interest and have no specific terms of repayment.

Other loans bear interest at different interest rates ranging from the prime interest rate to prime plus 4% (2013: prime interest rate to prime plus 4%). Other loans are unsecured and have no specific terms of repayment.

Joint ventures have control over their cash. Loan advances and receipts and dividends require the approval of the joint venture partners. Joint ventures may be subject to regularatory restrictions, including exchange control, in their respective countries from time to time.

Investments in joint ventures include intangible assets comprising:

	Goodwill R'000	Customer relationships (Defined life) R'000	Total R'000
2014			
Africa Saffer Trading Proprietary Limited	–	–	–
Balance at the end of the year	–	–	–
Balance at the beginning of the year	8 931	495	9 426
Impairment of goodwill	(8 931)	–	(8 931)
Amortisation charge for the year	–	(495)	(495)
Balance at the end of the year	–	–	–

Notes to the annual financial statements

continued

for the year ended 30 June 2014

15. INVESTMENTS IN JOINT VENTURES continued

	Goodwill R'000	Customer relationships (Defined life) R'000	Total R'000
2013 (Restated)			
Africa Saffer Trading Proprietary Limited	8 931	495	9 426
Balance at the end of the year	8 931	495	9 426
Balance at the beginning of the year	8 931	990	9 921
Amortisation charge for the year	–	(495)	(495)
Balance at the end of the year	8 931	495	9 426

Summarised financial information for joint ventures of the Group

	Africa Saffer Trading Proprietary Limited		DPI Simba Limited		Aqualia DPI Proprietary Limited		Total	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000	**2014 R'000**	2013 R'000	**2014 R'000**	2013 R'000
Revenue	**145 247**	129 020	**128 415**	106 062	**61 578**	45 749	**335 240**	280 831
Depreciation and amortisation	**(3 528)**	(2 451)	**(4 418)**	(2 143)	**(2 212)**	(1 625)	**(10 157)**	(6 219)
Net finance (expense)/income	**(1 802)**	(1 729)	**(4 196)**	(2 252)	**(754)**	(462)	**(6 752)**	(4 442)
Income tax (expense)/income	**(2 601)**	(5 220)	**(2 546)**	(4 043)	**286**	262	**(4 861)**	(9 001)
Profit/(loss) for the year	**(43 167)**	17	**5 106**	5 553	**(2 113)**	(1 624)	**(40 175)**	3 946
Other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–
Total comprehensive income	**(43 167)**	17	**5 106**	5 553	**(2 113)**	(1 624)	**(40 175)**	3 946
Dividends received from joint ventures	**–**	–	**3 095**	1 439	**–**	–	**3 095**	1 439
Current assets	**94 659**	88 773	**67 166**	68 741	**33 580**	28 798	**195 404**	186 312
Non-current assets	**16 414**	22 850	**37 357**	19 812	**8 411**	7 420	**62 183**	50 082
Current liabilities	**88 382**	66 248	**32 755**	55 492	**30 686**	23 374	**151 823**	145 114
Non-current liabilities	**4 613**	5 082	**39 952**	1 961	**1 889**	1 974	**46 453**	9 017
Cash and cash equivalents	**8 805**	8 947	**7 861**	543	**515**	1 967	**17 182**	11 457
Current financial liabilities (excluding trade and other payables and provisions)	**34 034**	16 278	**17 421**	31 832	**4 864**	7 695	**56 319**	55 805
Non-current financial liabilities (excluding trade and other payables and provisions)	**4 263**	4 546	**36 564**	–	**1 870**	2 004	**42 697**	**6 550**
	18 201	41 497	**31 816**	31 101	**11 517**	12 532	**61 534**	85 130

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15. INVESTMENTS IN JOINT VENTURES continued

Reconciliation of the summarised financial information of associates to the carrying amount of the Group's interest in associates:

	Africa Saffer Trading Proprietary Limited		DPI Simba Limited		Aqualia DPI Proprietary Limited		Total	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000	**2014 R'000**	2013 R'000	**2014 R'000**	2013 R'00
Net asset value of joint venture (at 100%)	**18 078**	40 293	**31 816**	31 101	**9 416**	10 870	**59 310**	82 264
DAWN's interest in joint venture (%)	**51**	51	**50**	50	**50**	50		
Net asset value of joint venture (at DAWN's share)	**9 220**	20 550	**15 908**	15 550	**4 708**	5 435	**29 836**	41 535
Group adjustments:	**20 521**	10 711	**–**	–	**–**	–	**20 521**	10 711
– Loans granted capitalised to the investment	**29 452**	10 711	**–**	–	**–**	–	**29 452**	10 711
– Impairment of intangible assets included in investment	**(8 931)**	–	**–**	–	**–**	–	**(8 931)**	–
Carrying amount of investment in associate	**29 741**	31 261	**15 908**	15 550	**4 708**	5 435	**50 357**	52 246

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000

16. INVESTMENTS IN ASSOCIATES

Reconciliation of investments in associates				
Balance at the beginning of the year	**103 526**	93 771	**–**	–
	10 076	17 371	**–**	–
Share of profits prior to amortisation of intangible assets ^	**11 111**	18 536	**–**	–
Amortisation of intangible assets (net of deferred tax) ^	**(1 035)**	(1 165)	**–**	–
Foreign currency translation reserve	**1 776**	3 435	**–**	–
Additions	**11 235**	–	**–**	–
Loan capital advancement*	**5 078**	–	**–**	–
Repayment of loan receivable from associate	**(19 500)**	(4 500)	**–**	–
Dividend received	**–**	(490)	**–**	–
Derecognition of investments in associates #	**(20 665)**	(6 061)	**–**	–
Balance at the end of the year	**91 526**	103 526	**–**	–

^ *In the 2014 year the Income Statement was restated for disposal group held-for-sale. The Statement of Financial Position was not restated for the disposal group held-for-sale. Apex Valves South Africa Proprietary Limited (which forms part of the disposal group held-for-sale) was an associate of the Group up to 1 February 2013. The restatement resulted in the associate's profits (R0,9 million) and amortisation (R0,1 million) being disclosed under the 'Profits from discontinued operations' line in the Income Statement for the prior year.*

* *This amount relates to loans advanced to IPS & Distribution Proprietary Limited.*

This amount relates to the derecognition of the investment in Sangio Pipe Proprietary Limited (2013: derecognition of the investment in Apex Valves South Africa Proprietary Limited).

30 June 2014

Acquisition of interest in IPS & Distribution

A 49% share was purchased in IPS & Distribution Proprietary Limited on 1 July 2013. IPS & Distribution is a start-up business focussing on the wholesale and distribution of pipe, pipe fittings and hardware to the Agricultural Sector.

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16. INVESTMENTS IN ASSOCIATES continued

Acquisition of further interest in Fibrex S.A.R.L
An additional 15,67% shareholding in Fibrex S.A.R.L. was purchased on 1 April 2014 amounting to R11,2 million adding to the 33,33% interest previously held. The total interest in Fibrex S.A.R.L. is 49% and the investment continues to be accounted for as an associate.

Acquisition of further interest in Sangio Pipe
An additional 51% shareholding in Sangio Pipe Proprietary Limited was acquired on 1 June 2014 adding to the 49% interest previously held. Consequently, Sangio Pipe Proprietary Limited was derecognised as an associate. A loss of R20,7 million was realised on the derecognition of previously held interest. Sangio Pipe Proprietary Limited was subsequently re-recognised as a subsidiary of the Group in line with the requirements of IFRS 3(R). A gain of R35,5 million was realised on the re-recognition. Refer to the Business Combinations note (note 40) for further information. This resulted in a net gain of R14,8 million being recognised as a result of measuring at fair value the equity interest held before the business combination.

Heunis Steel Proprietary Limited has made a repayment of R19,5 million on its loan account to the Group.

30 June 2013

Acquisition of further interest in Apex Valves
An additional 11,47% shareholding in Apex Valves South Africa Proprietary Limited was purchased on 1 February 2013 adding to the 49% interest previously held. Consequently, Apex Valves South Africa Proprietary Limited was derecognised as an associate. Apex Valves South Africa Proprietary Limited was subsequently re-recognised as a subsidiary of the Group in line with the requirements of IFRS 3(R). Refer to the Business Combinations note (note 40) for further information. A net gain of R1,7 million was recognised as a result of measuring at fair value the equity interest held before the business combination.

Heunis Steel Proprietary Limited has made a repayment of R2,5 million on its loan account to the Group.

Sangio Pipe Proprietary Limited has made a repayment of R2 million on its loan account to the Group.

Investments in associates include loans receivable from associates comprising:

	Sangio Pipe Proprietary Limited R'000	Heunis Steel Proprietary Limited R'000	IPS and Distribution Proprietary Limited R'000	Total R'000
2014				
Balance at the beginning of the year	**–**	**19 500**	**–**	**19 500**
Loans advanced	**–**	**–**	**5 078**	**5 078**
Repayments received	**–**	**(19 500)**	**–**	**(19 500)**
Balance at the end of the year	**–**	**–**	**5 078**	**5 078**
2013				
Balance at the beginning of the year	2 000	22 000	–	24 000
Repayments received	(2 000)	(2 500)	–	(4 500)
Balance at the end of the year	–	19 500	–	19 500

None of the loans are in default nor have they been impaired.

Loan to Sangio Pipe Proprietary Limited
Interest is charged at prime interest rate (2013: prime interest rate). The loan was repaid in the 2013 financial year.

Loan to Heunis Steel Proprietary Limited
Interest is charged at prime interest rate (2013: prime interest rate). The loan was repaid in the current financial year.

Loan to IPS & Distribution Proprietary Limited
The loan to IPS & Distribution was recognised as part of the investment in associate to the extent that losses of R5,1 million were incurred.

The remaining loan receivable of R32,9 million from IPS & Distribution forms part of the trade and other receivables balance in the Statement of Financial Position (refer to the trade and other receivables note 18 and the related parties note 45). The loan is secured by a General Notarial Bond over all inventory in all locations, cession of all book debts and personal suretyship by individual shareholders of IPS & Distribution. The loan bears interest at prime interest rate plus 2%.

Refer to notes 42 and 45 for additional disclosure on loans receivable from associates.

Associates have control over their cash. Loan advances and receipts and dividends require the approval of DAWN.

Associates may be subject to regularatory restrictions, including exchange control, in their respective countries from time to time.

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16. INVESTMENTS IN ASSOCIATES continued

Investments in associates include intangible assets comprising:

	Goodwill R'000	Trade names (Defined life) R'000	Customer relationships (Defined life) R'000	Total R'000
2014				
Sangio Pipe Proprietary Limited	**–**	**–**	**–**	**–**
Heunis Steel Proprietary Limited	**18 860**	**2 120**	**803**	**21 783**
Balance at the end of the year	**18 860**	**2 120**	**803**	**21 783**
Balance at the beginning of the year	**20 233**	**3 175**	**1 929**	**25 337**
Derecognition of associate	**(1 373)**	**(583)**	**(563)**	**(2 519)**
Amortisation charge for the year	**–**	**(472)**	**(563)**	**(1 035)**
Balance at the end of the year	**18 860**	**2 120**	**803**	**21 783**
2013				
Sangio Pipe Proprietary Limited	1 373	699	674	2 746
Heunis Steel Proprietary Limited	18 860	2 476	1 255	22 591
Balance at the end of the year	20 233	3 175	1 929	25 337
Balance at the beginning of the year	21 458	3 845	3 139	28 442
Derecognition of associate	(1 225)	–	(715)	(1 940)
Amortisation charge for the year	–	(670)	(495)	(1 165)
Balance at the end of the year	20 233	3 175	1 929	25 337

Summarised financial information for associates of the Group

	Sangio Pipe Proprietary Limited *		Heunis Steel Proprietary Limited		Fibrex S.A.R.L. #		IPS & Distribution Proprietary Limited ^		Total	
	2014* R'000	2013 R'000	**2014 R'000**	2013 R'000	**2014 R'000**	2013 R'000	**2014 ^ R'000**	2013 R'000	**2014 R'000**	2013 R'000
Revenue	**–**	296 251	**237 999**	197 752	**132 141**	113 906	**74 326**	–	**444 466**	607 909
Depreciation and amortisation	**–**	(3 262)	**2 500**	2 479	**3 968**	3 698	**(292)**	–	**6 176**	2 915
Net finance (expense)/income	**–**	(423)	**1 940**	3 012	**6 068**	4 841	**(1 921)**	–	**6 087**	7 430
Income tax (expense)/income	**–**	(6 459)	**(7 111)**	(4 622)	**–**	–	**4 310**	–	**(2 801)**	(11 081)
Profit/(loss) for the year	**–**	16 609	**19 059**	11 026	**12 306**	13 782	**(10 364)**	–	**21 001**	41 417
Other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total comprehensive income	**–**	16 609	**19 059**	11 026	**12 306**	13 782	**(10 364)**	–	**21 001**	41 417
Dividends received from associates	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Current assets	**–**	78 154	**71 292**	65 219	**99 052**	63 351	**40 793**	–	**211 137**	206 724
Non-current assets	**–**	24 349	**48 303**	33 605	**76 962**	109 034	**5 592**	–	**130 857**	166 988
Current liabilities	**–**	69 351	**34 903**	8 369	**106 636**	78 102	**56 748**	–	**198 287**	155 822
Non-current liabilities	**–**	2 954	**20 354**	44 618	**27 616**	–	**–**	–	**47 970**	47 572
Cash and cash equivalents	**–**	2 670	**1 996**	3 440	**5 480**	5 490	**937**	–	**8 413**	11 600
Current financial liabilities (excluding trade and other payables and provisions)	**–**	60 305	**13 502**	736	**44 763**	34 297	**34 175**	–	**92 440**	95 338
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	2 954	**17 579**	41 601	**27 616**	–	**–**	–	**45 195**	44 556

* *During the 2014 financial year, the remaining 51% in Sangio Pipe Proprietary Limited was acquired which resulted in Sangio Pipe Proprietary Limited being accounted for as a wholly owned subsidiary of the Group (refer to note 40).*

On 1 April 2014, an additional 15,67% share was acquired in Fibrex S.A.R.L.

^ *IPS & Distribution became an associate of the Group during the 2014 financial year.*

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16. INVESTMENTS IN ASSOCIATES continued

	Sangio Pipe Proprietary Limited *		Heunis Steel Proprietary Limited		Fibrex S.A.R.L #		IPS & Distribution Proprietary Limited ^		Total	
	2014* R'000	2013 R'000	**2014 R'000**	2013 R'000	**2014 R'000**	2013 R'000	**2014 ^ R'000**	2013 R'000	**2014 R'000**	2013 R'000
Reconciliation of the summarised financial information of associates to the carrying amount of the Group's interest in associates:										
Net asset value of associate (at 100%)	**–**	30 198	**64 339**	45 837	**114 633**	68 688	**(10 364)**	–	**168 608**	144 723
DAWN's interest in associates (%)	**–**	49	**49**	49	**49**	33	**49**	–		
Net asset value of associate (at DAWN's share)	**–**	14 797	**31 526**	22 460	**39 262**	22 896	**(5 078)**	–	**65 710**	60 153
Group adjustments to investment:	**–**	2 327	**20 738**	41 046	**–**	–	**5 078**	–	**25 816**	43 373
– Intangible assets recognised net of deferred tax	**–**	3 812	**25 587**	25 587	**–**	–	**–**	–	**25 587**	29 399
– Amortisation of intangible assets recognised net of deferred tax	**–**	(1 485)	**(4 849)**	(4 041)	**–**	–	**–**	–	**(4 849)**	(5 526)
– Investment in associate	**–**	–	**–**	–	**–**	–	**5 078**	–	**5 078**	–
– Loan granted to associates capitalised as part of investments	**–**	5 500	**24 500**	24 500	**–**	–	**–**	–	**24 500**	30 000
– Repayment of loans capitalised as part of investments	**–**	(5 500)	**(24 500)**	(5 000)	**–**	–	**–**	–	**(24 500)**	(30 000)
Carrying amount of investment in associate	**–**	17 124	**52 264**	63 506	**39 262**	22 896	**–**	–	**91 526**	103 526

* *During the 2014 financial year, the remaining 51% in Sangio Pipe Proprietary Limited was acquired which resulted in Sangio Pipe Proprietary Limited being accounted for as a wholly owned subsidiary of the Group (refer to note 40).*

On 1 April 2014, an additional 15,67% share was acquired in Fibrex S.A.R.L.

^ *IPS & Distribution became an associate of the Group during the 2014 financial year.*

There are no contingent liabilities relating to the Group's interest in associates.

The year-end of Fibrex S.A.R.L. is 31 December as required by legislation in Angola. The year-end of IPS & Distribution Proprietary Limited is 31 May due to Companies Act regulations stipulating that a financial year should not exceed 15 months. As from the 2015 financial year, the business will have a 30 June year-end.

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
17. INVENTORIES				
The amounts attributable to the different categories are as follows:				
Raw materials	**56 355**	39 940	**–**	–
Components and consumables	**4 157**	3 680	**–**	–
Work-in-progress	**8 665**	100 250	**–**	–
Finished goods	**595 930**	785 761	**–**	–
	665 107	929 631	**–**	–

Inventory balances are presented at the lower of cost and net realisable value.

The cost of inventories recognised as an expense and included in "inventories expensed during the year" amounted to R3,3 billion (2013: R2,8 billion) (refer note 4).

A write-down of inventories of R19,8 million (2013: R13,8 million) was recognised.

Inventory in certain subsidiaries of the Group has been pledged as security over borrowings (refer note 25).

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	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
18. TRADE AND OTHER RECEIVABLES				
Trade receivables	**854 556**	835 228	**–**	–
Less: Provision for receivables impaired	**(22 382)**	(14 545)	**–**	–
Trade receivables – net	**832 174**	820 683	**–**	–
Delayed discounts receivable	**28 425**	30 185	**–**	–
Prepayments	**21 331**	13 843	**–**	–
Disposal group receivables	**56 374**	–	**–**	–
Related party loans (refer note 45)	**37 463**	14 872	**1 172 613**	–
Other receivables	**31 964**	30 284	**–**	–
Trade and other receivables	**1 007 731**	909 867	**1 172 613**	–

The fair values of current trade and other receivables approximate their carrying values.

Trade receivables in certain subsidiaries of the Group have been ceded as security for borrowings (refer note 25).

Trade receivables that are within the prescribed trading terms are considered to be fully performing. As at 30 June 2014, trade receivables of R565,2 million (2013: R620,2 million) were fully performing.

Trade receivables can be categorised in the following performance categories:

R'000	Fully performing	Past due and not impaired	Impaired and partially provided for	Total
30 June 2014				
Building	**285 183**	**77 870**	**9 185**	**372 238**
Infrastructure	**267 360**	**166 082**	**30 217**	**463 659**
DAWN Solutions	**4 557**	**3 919**	**2 121**	**10 597**
Head Office and other	**8 062**	**–**	**–**	**8 062**
	565 162	**247 871**	**41 523**	**854 556**
30 June 2013 (Restated)				
Building	385 564	94 032	8 029	487 625
Infrastructure	232 107	89 959	19 514	341 580
DAWN Solutions	1 659	1 411	52	3 122
Head Office and other	841	2 060	–	2 901
	620 171	187 462	27 595	835 228

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
18. TRADE AND OTHER RECEIVABLES continued				
Trade receivables past due but not impaired				
As at 30 June 2014, trade receivables of R247,9 million (2013: R187,5 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. Payment cessions over contractors and credit insurance exist over these trade receivables.				
The ageing analysis of these trade receivables is as follows:				
Up to three months	**120 201**	102 883	**–**	–
Three to six months	**127 670**	84 579	**–**	–
Total past due but not impaired	**247 871**	187 462	**–**	–
Trade and other receivables impaired				
As at 30 June 2014, trade receivables of R41,5 million (2013: R27,6 million) were impaired and the risk component of R22,4 million (2013: R14,5 million) was provided for.				
The individually impaired receivables mainly relate to independent customers, who trade in difficult economic circumstances. It was assessed that a portion of the receivables is expected to be recovered.				
The ageing of these receivables is as follows:				
Three to six months	**7 044**	4 024	**–**	–
Over six months	**34 479**	23 571	**–**	–
Total impaired and partially provided for	**41 523**	27 595	**–**	–

There is no concentration of credit risk with respect to trade receivables, as the Group has a large and fragmented number of customers.

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for the year ended 30 June 2014

18. TRADE AND OTHER RECEIVABLES

continued

	GROUP 2014 R'000	GROUP Restated 2013 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies (all balances are disclosed in South African Rand):				
South African Rand	**956 237**	852 984	**1 172 613**	–
Namibian Dollar	**26 921**	12 436	**–**	–
Botswana Pula	**19 290**	7 606	**–**	–
US Dollar	**3 926**	28 306	**–**	–
Zambia Kwacha	**1 357**	712	**–**	–
British Pound	**–**	6 457	**–**	–
Euro	**–**	1 366	**–**	–
	1 007 731	909 867	**1 172 613**	–
Movements on the Group provision for impairment of trade receivables are as follows:				
Balance at the beginning of the year	**14 545**	17 151	**–**	–
Held-for-sale	**(938)**	–	**–**	–
Provision for receivables impaired	**8 869**	3 036	**–**	–
Receivables written off as uncollectible	**(152)**	(1 995)	**–**	–
Acquisition of subsidiary	**981**	142	**–**	–
Foreign exchange movements on conversion	**15**	26	**–**	–
Unused amounts reversed	**(938)**	(3 815)	**–**	–
Balance at the end of the year	**22 382**	14 545	**–**	–

The creation and usage of provision for impaired receivables have been included in other operating expenses in the Income Statement. Amounts charged to the provision account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

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	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
19. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Bank balances	**154 121**	269 577	**80**	–
Short-term bank deposits	**2**	2	**–**	–
	154 123	269 579	**80**	–
For purposes of the Statements of Cash Flows, cash and cash equivalents include the following:				
Cash at bank and on hand and short-term bank deposits	**154 123**	269 579	**–**	–
Bank overdrafts and call loans (included in note 25 (borrowings))	**(32 358)**	(153 354)	**–**	–
	121 765	116 225	**–**	–
The Group's bank balances are managed through a cash management process and interest is charged on a net basis.				
The effective interest rate on short-term bank deposits averaged 3,5% (2013: 3,5%) for the year under review.				
Unutilised bank overdraft facilities amounted to R17,2 million at 30 June 2014 (2013: R250 million). Bank overdraft facilities carry an interest rate varying between 9% and 9,25% (2013: prime lending rate).				
The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies (all balances are disclosed in South African Rand):				
South African Rand	**151 559**	259 462	**80**	–
US Dollar	**2 086**	6 411	**–**	–
Zambian Kwacha	**350**	–	**–**	–
Botswana Pula	**69**	10	**–**	–
Namibian Dollar	**59**	3 696	**–**	–
	154 123	269 579	**80**	–

20. DISPOSAL GROUP HELD-FOR-SALE

On 30 June 2014, Grohe Luxembourg Four AG (Grohe) and Distribution and Warehousing Network Limited (DAWN) entered into an agreement whereby Grohe would acquire a 51% interest in the Watertech Group of companies consisting of Cobra Watertech Proprietary Limited, ISCA Proprietary Limited, Vaal Sanitaryware Proprietary Limited, Libra Bathrooms Proprietary Limited, Apex Valves South Africa Proprietary Limited and Exipro Manufacturing Proprietary Limited. As part of the preparatory steps, the Watertech Companies were transferred from DAWN to Main Street 1254 Proprietary Limited ("Main Street 1254") on 31 July 2014. Grohe will acquire 51% of the shares of Main Street 1254 on the effective date, which is expected to be 31 October 2014, or on a date as agreed between Grohe and DAWN, but not later than 30 April 2015. As a result of the transaction, the Watertech Group of companies is classified as a disposal group held-for-sale in terms of IFRS 5.

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20. DISPOSAL GROUP HELD-FOR-SALE continued

In line with the requirements of IFRS 5 par 38, the Consolidated Income Statement for June 2013 has been restated to account for the Watertech Group of companies as a disposal group held-for-sale. In terms of IFRS 5 paragraph 40, the Consolidated Statement of Financial Position for June 2013 was not restated to reflect the held-for-sale classification. Refer to note 48 where the effects of the restatement is further explained.

On 1 March 2014 the Group acquired a 49% interest in Exipro Manufacturing Proprietary Limited (Exipro) for an amount of R5 million. This amount is included in the assets of the disposal group classified as held-for-sale. Exipro's share of profit amounted to R0,4 million. Acquisition costs amounted to R0,4 million and have been recognised as part of operating expenses in profit and loss.

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
Operating cash flows	**128 761**	50 631	**–**	–
Investing cash flows	**(69 945)**	(56 286)	**–**	–
Financing cash flows	**(25 587)**	(9 032)	**–**	–
Total cash flows	**33 229**	(14 687)	**–**	–
(a) **Assets of disposal group classified as held-for-sale**				
Property, plant and equipment	**329 807**	–	**–**	–
Intangible assets	**170 374**	–	**–**	–
Other non-current assets	**24 159**	–	**–**	–
Investment in associate	**5 384**	–	**–**	–
Inventory	**466 522**	–	**–**	–
Cash and cash equivalents	**80 063**	–	**–**	–
Other current assets	**135 965**	–	**–**	–
Total	**1 212 274**	–	**–**	–
(b) **Liabilities of disposal group classified as held-for-sale**				
Non-current liabilities	**46 953**	–	**–**	–
Trade and other payables	**236 283**	–	**–**	–
Other current liabilities	**13 670**	–	**–**	–
Total	**296 906**	–	**–**	–
Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group, is as follows:				
Revenue	**756 280**	683 711	**–**	–
Expenses	**(634 577)**	(553 993)	**–**	–
Profit before tax of discontinued operations	**121 703**	129 718	**–**	–
Income tax expense	**(27 759)**	(35 944)	**–**	–
Profit after tax of discontinued operations	**93 944**	93 773	**–**	–
Attributable to:				
Owners of the parent	**92 859**	93 535	**–**	–
Non-controlling interests	**1 085**	238	**–**	–
	93 944	93 773	**–**	–

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
21. SHARE CAPITAL				
Authorised at 30 June				
725 893 603 ordinary shares of 1 cent each	**7 259**	7 259	**7 259**	7 259
10 000 000 deferred ordinary shares of 1 cent each	**100**	100	**100**	100
Balance at the end of the year	**7 359**	7 359	**7 359**	7 359
Share premium	**373 748**	373 748	**373 748**	373 748

The authorised share capital of the Company consists of 725 893 603 ordinary shares of 1 cent each and 10 000 000 deferred ordinary shares of 1 cent each.

Issued	Number of ordinary shares	Number of deferred ordinary shares	Total number of shares	Ordinary shares R'000	Deferred ordinary shares R'000	Share premium R'000	Treasury shares R'000	Total R'000
At 30 June 2012	240 242 904	2 000 000	242 242 904	2 402	20	373 748	(6 733)	369 437
Deferred ordinary shares converted to ordinary shares	1 200 000	(1 200 000)	–	12	(12)	–	–	–
At 30 June 2013	**241 442 904**	**800 000**	**242 242 904**	**2 414**	**8**	**373 748**	**(6 733)**	**369 437**
Deferred ordinary shares converted to ordinary shares	**400 000**	**(400 000)**	**–**	**4**	**(4)**	**–**	**–**	**–**
At 30 June 2014	**241 842 904**	**400 000**	**242 242 904**	**2 418**	**4**	**373 748**	**(6 733)**	**369 437**

Shares repurchased by a subsidiary and held in treasury amounted to 7 726 146 shares (2013: 7 726 146 shares), which are disclosed as a reduction of equity in the Statement of Changes in Equity. During the 2010, 2011, 2012 and 2014 financial years a further 531 430, 304 374, 47 104 and 1 335 627 shares respectively were acquired in order to cover the Group's obligations in terms of the share incentive schemes at a total cost of R8,66 per share (2010), R7,65 per share (2011), R5,96 per share (2012) and R9,50 per share (2014).

Deferred ordinary shares were converted into ordinary shares in terms of shareholders' approval.

The remaining unissued shares are under the control of the directors until the next annual general meeting, subject to the Listings Requirements of the JSE Limited.

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for the year ended 30 June 2014

	COMPANY Treasury shares R'000
22. TREASURY SHARES	
At 30 June 2012	(6 733)
Treasury shares acquired to settle share-based payment obligation	–
Treasury shares used to settle share-based payment obligation	–
At 30 June 2013	**(6 733)**
Treasury shares acquired to settle share-based payment obligation	**(12 688)**
Treasury shares used to settle share-based payment obligation	**12 688**
At 30 June 2014	**(6 733)**

23. SHARE-BASED PAYMENT RESERVE

Share incentives in the form of Share Appreciation Rights (SARs), Long-Term Incentive Plan (LTIPs) awards and Deferred Bonus Plan (DBPs) awards are offered to directors and to selected employees with the aim to retain key skills in the Group and to create a proper reward system.

The schemes have a vesting period of three years and lapse after seven years, if not exercised. Allocation grants are approved by DAWN's Remuneration Committee.

The grant price of these rights and awards are equal to the five-day volume weighted average traded market price of the shares preceding the date of the grant. Rights and awards are conditional on performance conditions being met. The conditions focus on the Group's earnings growth. The vesting price of these rights and awards is the five-day weighted average traded market price of the shares preceding the date of vesting. The values accruing to participants are as follows:
– SAR: Appreciation between the strike price and the vesting price; and
– LTIP: Difference between zero strike price and vesting price.

Movements in the number of share options outstanding and their related weighted average grant prices are as follows:

	Risk-free interest rate	Vola-tility	Divi-dend yield	Market [2] price per right and award per share cents	Allocation (strike) [3] price at vesting	Valuation[4] per right per share cents	Total number of rights granted '000
Share Appreciation Rights (SARs)							
2012 rights granted	7,7	37,0	1,7	628	628	234	933
2014 rights granted	7,0	45,7	1,7	950	950	429	425
Total SARs							**1 358**
Long-Term Incentive Plans (LTIPs) [3]							
2011 rights granted – Dec 2010 * [1]	6,3	37,0	1,7	628	–	532	2 320
2011 rights granted – June 2011 ** [1]	6,3	37,0	1,7	628	–	381	5 343
2012 rights granted ***	6,9	n/a	1,9	650	–	611	5 700
2014 rights granted	7,0	n/a	1,7	950	–	901	1 470
Total LTIPs							**14 833**
Total number of share options granted							**16 191**

[1] Non-market vesting conditions relate to internally set measures relating to headline earnings per share growth. Market conditions relate to DAWN's share price performance relative to the ALSI index on the JSE.
[2] Market price at date of grant.
[3] LTIPs have a nil strike price.
[4] Valuation for IFRS 2 – Share-based payment charges to profit and loss.

** The total number of rights granted for 2011 – Dec 2010 changed from 3 665 000 to 2 320 000 for the LTIP scheme.*
*** 1 335 627 grants vested for certain divisions with the remainder expected to vest in October 2014.*
**** The total number of rights granted for 2012 changed from 6 200 000 to 5 700 000 for the LTIP scheme.*

DAWN's share price at 30 June 2014 was 1 090 cents (2013: 762 cents).

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for the year ended 30 June 2014

23. SHARE-BASED PAYMENT RESERVE continued

The volatility input to the pricing model is a measure of the expected price fluctuations of the DAWN share price over the life option structure. Volatility is measured as the annualised standard deviation of the daily price changes in the underlying shares.

The weighted average fair value of the rights and awards granted was determined using a modified binomial tree model to value the SARs and the Monte Carlo valuation model for the valuation of the LTIPs.

The following table sets out the reconciliation of the share-based payment reserve:

	SAR R'000	LTIP R'000	DBP R'000	Total R'000
Share-based payment reconciliation				
Opening balance	1 309	47 003	1 281	49 593
Income Statement charge	1 072	24 725	–	25 797
Income Statement charge – disposal group	56	1 290	–	1 346
Income Statement reversal #	(1 128)	(22 664)	–	(23 792)
Vested	–	(12 688)	–	(12 688)
Closing balance	1 309	37 666	1 281	40 256

Reversal of Income Statement charge in respect of the 2012 and 2014 schemes on the basis that the shares are not expected to vest. The tranches have non-market conditions (HEPS-related) attached.

The following table reconciles the number of shares and rights outstanding:

	SAR number of shares '000	LTIP number of shares '000	DBP number of shares '000	Total number of shares '000
Share rights and awards granted				
Opening balance	933	15 198	–	16 131
Issued	440	1 505	–	1 945
Forfeited and cancelled	(15)	(534)	–	(549)
Vested ^	–	(1 336)	–	(1 336)
Closing balance	1 358	14 833	–	16 191

^ *During May 2014, 1 335 627 shares vested.*

	GROUP	
	2014 '000	2013 '000
Aggregate number of shares available to the new schemes	**36 540**	36 540
Shares applied in DAWN Share Trust (old schemes)	**(17 747)**	(17 747)
Share rights and awards granted (new schemes)	**(16 191)**	(16 131)
Number of share rights and awards available, but not engaged	**2 602**	2 662

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
24. NON-CONTROLLING INTERESTS AND CHANGES IN OWNERSHIP RESERVE				
Non-controlling interests				
Balance at the beginning of the year	**11 400**	2 099	**–**	–
Share of attributable earnings for the year – continuing operations	**7 384**	2 717	**–**	–
Share of attributable earnings for the year – discontinued operations	**1 085**	238	**–**	–
Dividends	**(3 031)**	(1 430)	**–**	–
Non-controlling interests in business combination	**18 918**	7 776	**–**	–
Balance at the end of the year	**35 756**	11 400	**–**	–

The transactions with non-controlling interests acquired relate to the acquisition of Swan Plastics Proprietary Limited (refer to note 40 – Business Combinations) and Ubuntu Plastics Proprietary Limited.

Summarised financial information for non-controlling interest of the Group

	Swan Plastics Proprietary Limited *		DAWN Human Resources Proprietary Limited		Ubuntu Plastics Proprietary Limited	
	2014 R'000	2013 R'000	**2014 * R'000**	2013 R'000	**2014 R'000**	2013 R'000
Non-controlling interest balance at the end of the year	**19 604**	–	**4 057**	3 229	**8 801**	4 458
Revenue	**256 768**	–	**25 810**	22 293	**58 632**	14 895
Depreciation and amortisation	**(3 165)**	–	**(138)**	(174)	**(554)**	(166)
Net finance income/(expense)	**309**	–	**320**	217	**(488)**	(54)
Income tax (expense)/income	**(3 910)**	–	**(1 267)**	(1 427)	**(1 497)**	(189)
Profit/(loss) for the year	**10 025**	–	**3 255**	3 706	**3 837**	483
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income	**10 025**	–	**3 255**	3 706	**3 837**	483
Dividends paid to non-controlling interests	**2 018**	–	**480**	576	**–**	–
Current assets	**71 476**	–	**11 706**	8 487	**20 330**	11 893
Non-current assets	**12 976**	–	**581**	779	**16 614**	9 914
Current liabilities	**54 662**	–	**3 304**	2 539	**19 073**	8 215
Non-current liabilities	**3 013**	–	**–**	–	**4 937**	4 441
Cash and cash equivalents	**857**	–	**846**	820	**727**	496
Current financial liabilities (excluding trade and other payables and provisions)	**5 586**	–	**–**	–	**2 965**	2 102
Non-current financial liabilities (excluding trade and other payables and provisions)	**2 086**	–	**–**	–	**4 937**	4 441
Operating cash flows	**4 278**	–	**(1 371)**	2 021	**6 848**	410
Investing cash flows	**(1 682)**	–	**1 398**	(2 727)	**(7 621)**	(2 464)
Financing cash flows	**(5 007)**	–	**–**	–	**383**	1 804
Total cash flows	**(2 411)**	–	**27**	(706)	**(390)**	(250)

	Apex Valves (South Africa) Proprietary Limited		Other non-controlling interest		Total	
	2014 R'000	2013 R'000	**2014 ^ R'000**	2013 R'000	**2014 R'000**	2013 R'000
Non-controlling interest balance at the end of the year	**4 024**	2 939	**(730)**	774	**35 756**	11 400
Revenue	**49 665**	42 391	**32 941**	34 724	**423 815**	114 304
Depreciation and amortisation	**(225)**	(252)	**(901)**	(275)	**(4 983)**	(867)
Net finance income/(expense)	**82**	29	**(586)**	(3)	**(363)**	189
Income tax (expense)/income	**(1 215)**	(953)	**379**	(1 398)	**(7 510)**	(3 967)
Profit/(loss) for the year	**3 124**	2 447	**(1031)**	3 554	**19 211**	10 190
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income	**3 124**	2 447	**(1 031)**	3 554	**19 211**	10 190
Dividends paid to non-controlling interests	**–**	854	**533**	–	**3 031**	1 430
Current assets	**18 402**	13 208	**24 360**	11 601	**146 274**	45 189
Non-current assets	**1 166**	1 329	**4 554**	895	**35 891**	12 917
Current liabilities	**9 061**	7 181	**17 364**	8 307	**103 464**	26 242
Non-current liabilities	**126**	99	**11 692**	636	**19 768**	5 176
Cash and cash equivalents	**1 670**	7	**1 270**	2 213	**5 370**	3 536
Current financial liabilities (excluding trade and other payables and provisions)	**51**	1 660	**14 193**	6 069	**22 795**	9 831
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	–	**11 692**	636	**18 715**	5 077
Operating cash flows	**3 423**	1 607	**(13 043)**	5 855	**135**	9 893
Investing cash flows	**(90)**	(281)	**7 535**	(336)	**(460)**	(5 808)
Financing cash flows	**(11)**	(3 249)	**(2 133)**	(4 915)	**(6 768)**	(6 360)
Total cash flows	**3 322**	(1 923)	**(7 641)**	604	**(7 093)**	(2 275)

* *Swan Plastics Proprietary Limited became a subsidiary of the Group in the current financial year on 1 August 2014.*

^ *Ubuntu Plastics Proprietary Limited became a subsidiary of the Group in the prior financial year on 1 March 2013.*

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
24. NON-CONTROLLING INTERESTS AND CHANGES IN OWNERSHIP RESERVE continued				
Changes in ownership reserve				
Libra Bathrooms Proprietary Limited	**(99)**	(99)	**–**	–
Cobra Watertech Proprietary Limited	**(15 235)**	(15 235)	**–**	–
Wholesale Housing Supplies East London Proprietary Limited	**(978)**	(978)	**–**	–
Electroline Proprietary Limited	**(278)**	(252)	**–**	–
Africa Saffer Trading Limitada (Mozambique)	**(496)**	–	**–**	–
Balance at the beginning of the year	**(17 086)**	(16 564)	**–**	–
Current year transactions:				
DAWN Human Resource Solutions Proprietary Limited	**(903)**	–	**–**	–
Africa Saffer Trading Limitada (Mozambique)	**–**	(496)	**–**	–
Electroline Proprietary Limited	**–**	(26)	**–**	–
Balance at the end of the year	**(17 989)**	(17 086)	**–**	–

The changes in ownership reserve arise out of the additional shareholding acquired in subsidiaries, which did not result in a change of control.

30 June 2014

An additional share of 5,9% was acquired in DAWN Human Resource Solutions Proprietary Limited on 30 June 2014. This resulted in a R0,9 million increase in the changes in ownership reserve.

30 June 2013

The remaining non-controlling interest share of 10% was acquired in Electroline Proprietary Limited on 31 January 2013 and the business was transferred to Wholesale Housing Supplies Proprietary Limited. This resulted in an increase of R0,03 million in the changes in ownership reserve.

The remaining non-controlling interest share of 10% was acquired in Africa Saffer Trading Limitada on 1 July 2012. This resulted in an increase of R0,5 million in the changes in ownership reserve.

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
25. BORROWINGS				
Non-current				
Interest-bearing borrowings				
Bank borrowings	404 356	181 519	400 000	–
Instalment sale liabilities	36 823	21 355	–	–
Finance lease liabilities	5 911	12 871	–	–
Total non-current borrowings	447 090	215 745	400 000	–
Current				
Interest-bearing borrowings				
Bank borrowings	206 531	80	200 000	–
Bank overdraft and call loans	32 358	153 354	–	–
Instalment sale liabilities	17 219	15 223	–	–
Finance lease obligation	5 120	8 149	–	–
Directors' and family members' loans (refer note 45)	5 074	3 964	–	–
Disposal group loans	10 580	–	–	–
Other borrowings	21 342	11 567	–	–
	298 224	192 337	200 000	–
Non-interest-bearing borrowings				
Acquisition vendors (refer note 40)	–	2 393	–	–
Related parties and non-controlling shareholders' loans (refer note 45)	2 125	1 136	6 337	–
Other borrowings	3 594	–	–	–
	5 719	3 529	6 337	–
Total current borrowings	303 943	195 866	206 337	–
Total borrowings	751 033	411 611	606 337	–

Borrowings include secured liabilities (finance leases, instalment sales and bank borrowings) of a total amount of R676,0 million (2013: R239,2 million).

Other interest-bearing borrowings bear an interest rate of 8,5% (2013: 8,0%).

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for the year ended 30 June 2014

		GROUP		COMPANY	
		2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
25. BORROWINGS continued					
The security provided can be summarised as follows:					
Fixed properties	Mortgage Bond	–	60 541	–	–
Other movable assets	General Notarial Bonds	–	250 184	–	–
Trademarks	General Notarial Bonds	–	90 833	–	–
Inventory	General Notarial Bonds			–	–
– continuing operations		594 751	909 918	–	–
– disposal group		256 462	–	–	–
Accounts receivable	Cession of book debts			–	–
– continuing operations		644 068	760 530	–	–
– disposal group		103 096	–	–	–
		1 024 091	2 072 006	–	–
The security listed in the table covers the Group's:					
Term debt		400 000	176 250	–	–
Asset finance		83 189	70 000	–	–
General short-term banking facilities		–	250 000	–	–
		483 189	496 250	–	–

The General Notarial Bond registered over inventory is limited to R1 250 million.

30 June 2014

On 14 October 2013 the Group's debt was restructured. The Group's R176,5 million term debt and R250,0 million overdraft facility with The Standard Bank of South Africa Limited and FirstRand Bank Limited was settled. A new R400,0 million term debt facility and R200,0 million revolving credit facility (RCF) were obtained from ABSA Bank Limited. This resulted in reduced borrowing rates for the Group. Refer to page 74 where borrowing rates are disclosed.

30 June 2013

The facilities outlined were shared between The Standard Bank of South Africa Limited and FirstRand Bank Limited ("lenders"). During August 2012 the Group renegotiated its borrowing facilties whereby certain liquidity and solvency measures (covenant measures) were relaxed, the payment profile was restructured and the interest rate profile was amended. The change in the payment profile allowed for greater flexibility in repayments, with a final bullet payment due by 31 August 2015. A modification charge of R0,7 million was accounted for in profit and loss.

The details of the covenant measures are as follows:

Covenant measures	**Required**	**2014**	Required	2013
Total debt/EBITDA	<2,5:1	2,3:1	n/a	–
Net debt/Equity	<0,5:1	0,3:1	n/a	–
Interest cover	>3,0:1	4,1:1	n/a	–
Debt service cover ratio	n/a	–	>1,3:1	1,56:1
Net debt to EBITDA	n/a	–	<2,75:1	0,46:1
Net debt to market capitalisation (%)	n/a	–	<50	8,3

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
25. BORROWINGS continued				
The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period is as follows:				
Six months or less	**84 379**	180 175	**–**	–
Six to twelve months	**213 976**	12 162	**200 000**	–
One to five years	**446 959**	213 317	**400 000**	–
Over five years	**–**	2 428	**–**	–
	745 314	408 082	**600 000**	–
The maturity of non-current borrowings is as follows (excluding instalment sale and finance lease liabilities):				
Later than one year and no later than two years	**400 804**	88 937	**–**	–
Later than two years and no later than five years	**3 552**	92 523	**–**	–
Later than five years	**–**	59	**–**	–
	404 356	181 519	**–**	–
Instalment sale liabilities – minimum payments:				
No later than one year	**19 720**	17 478	**–**	–
Later than one year and no later than five years	**16 685**	20 744	**–**	–
Later than five years	**22 955**	2 368	**–**	–
	59 360	40 590	**–**	–
Future finance charges	**(5 318)**	(4 012)	**–**	–
Present value of instalment sale liabilities	**54 042**	36 578	**–**	–
The present value of instalment sale liabilities is as follows:				
No later than one year	**17 219**	15 223	**–**	–
Later than one year and no later than two years	**15 119**	9 824	**–**	–
Later than two years no later than five years	**21 704**	9 163	**–**	–
Later than five years	**–**	2 368	**–**	
	54 042	36 578	**–**	–
Gross finance lease liabilities – minimum lease payments:				
No later than one year	**5 920**	9 862	**–**	–
Later than one year and no later than five years	**6 231**	14 459	**–**	–
	12 151	24 321	**–**	–
Future finance charges	**(1 120)**	(3 301)	**–**	–
Present value finance lease liabilities	**11 031**	21 020	**–**	–

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
25. BORROWINGS continued				
The present value of finance lease liabilities is as follows:				
No later than one year	**5 120**	8 149	**–**	–
Later than one year and no later than two years	**4 075**	6 838	**–**	–
Later than two years no later than five years	**1 836**	6 033	**–**	–
	11 031	21 020	**–**	–
	%	%	**%**	%
The effective annual interest rates at the end of the reporting period were as follows:				
Bank borrowings				
Working capital facilities *	**9,0**	9,2	**–**	–
Long-term debt	**7,1**	10,4	**7,1**	–
Short-term debt	**7,0**	13,9	**7,0**	–
Loans from shareholders, directors and family members	**7,0**	6,5	**–**	–
Instalment sale liabilities	**10,2**	9,6	**–**	–
Finance lease liabilities	**11,1**	8,6	**–**	–

** Prime-linked with prime rate increasing since June 2013 by 50 basis points.*

	Carrying amounts		Fair values	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	Restated 2013 R'000
The carrying amounts and fair values of non-current borrowings of the Group are as follows:				
Bank borrowings	**404 356**	181 519	**404 356**	181 519
Instalment sale liabilities	**36 823**	21 355	**36 823**	21 355
Finance lease liabilities	**5 911**	12 871	**5 911**	12 871
	447 090	215 745	**447 090**	215 745

The fair values of bank borrowings and related party loans are based on discounted cash flows using an appropriate market-related interest rate at the reporting date.

The carrying amounts of current borrowings approximate their fair values, as the impact of discounting is not significant.

The fair values of finance lease and instalment sale obligations are estimated as the present value of future cash flows, discounted at the market-related interest rate at the reporting date.

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
25. BORROWINGS continued				
The carrying amounts of the Group's borrowings are denominated in the following currencies (all balances are disclosed as South African Rands):				
South African Rand	**729 840**	400 578	**606 773**	–
Namibian Dollar	**11 247**	6 554	**–**	–
Botswana Pula	**6 180**	4 478	**–**	–
US Dollar	**3 521**	1	**–**	–
Zambian Kwacha	**245**	–	**–**	–
	751 033	411 611	**606 773**	–
Borrowing powers DAWN has unlimited borrowing powers permitted in terms of the Company's Memorandum of Incorporation.				
Borrowing facilities The Group has the following contracted borrowing facilities:				
Floating rate				
Expiring within one year	**292 568**	187 735	**200 000**	–
Expiring beyond one year	**447 090**	215 745	**400 000**	–
	739 658	403 480	**600 000**	–
Fixed rate				
Expiring within one year	**5 656**	4 602	**–**	–
	5 656	4 602	**–**	–
Total interest-bearing borrowings (excluding acquisition vendors)	**745 314**	408 082	**600 000**	–

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26. DERIVATIVE FINANCIAL INSTRUMENTS

Fair value estimation

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates to terminate the contracts at the Statement of Financial Position date.

Derivative financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	GROUP				
		2014		2013	
	Level	Assets R'000	Liabilities R'000	Assets R'000	Liabilities R'000
Forward foreign exchange contracts – held for trading valued at fair value through profit/loss	2	223	23	5 338	93
Interest rate swap valued through profit/loss (de-designated)	2	–	–	–	3 080
		223	23	5 338	3 173

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the Statement of Financial Position date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2.

26. DERIVATIVE FINANCIAL INSTRUMENTS continued

Forward exchange contracts

The foreign exchange contracts in the above are shown at the year-end values for similar contracts maturing at the same date.

Open forward exchange contracts (at contracted rates) can be analysed as follows:

	Rand amount '000	Foreign amount '000	Weighted average forward exchange rate
30 June 2014			
US Dollar – buy	**75 803**	**7 015**	**10,8**
US Dollar – sell	**28 638**	**2 691**	**10,6**
Euro – buy	**31 868**	**2 105**	**15,1**
Euro – sell	**5 259**	**362**	**14,5**
New Zealand Dollar – buy	**5 862**	**631**	**9,3**
New Zealand Dollar – sell	**1 586**	**172**	**9,2**
British Pound – buy	**15**	**1**	**15,1**
British Pound – sell	**7**	**–**	**14,5**
30 June 2013			
US Dollar – buy	86 990	9 172	9,5
US Dollar – sell	9 326	935	10,0
Euro – buy	9 063	717	12,7
Euro – sell	2 079	163	12,8
British Pound – buy	1 686	111	15,0
British Pound – sell	1 701	111	15,4

30 June 2014

The settlement dates on open forward exchange contracts range between one and seven months from 30 June 2014.

30 June 2013

The settlement dates on open forward exchange contracts ranged between one and five months from 30 June 2013.

Interest rate swaps

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

30 June 2014

The term debt arrangement was settled on 14 October 2013 and the interest rate swap was settled on 31 January 2014. The settlement amount was R1,8 million and expensed to interest expense in the Income Statement. Mark-to-market adjustments of R0,9 million were processed through the Income Statement.

30 June 2013

The full fair value of the hedging instrument is classified as a non-current liability as the remaining maturity of the hedged instrument is more than twelve months.

The maturity dates of the interest rate swap is 29 January 2015. The swap strike rate is 8,25% and covers the full term and profile of the term loans.

During 2010 the Group entered into an interest rate swap agreement simultaneously to the conclusion of the debt restructuring. The interest rate swap matches the term debt repayment profile over the 5 year term of the debt. The interest rate swap had the effect of swapping the floating JIBAR exposure for a fixed JIBAR exposure of 8,25% per annum.

Notes to the annual financial statements

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
27. DEFERRED PROFIT				
The analysis of deferred profit is as follows:				
Balance at the beginning of the year	**31 943**	37 736	**–**	–
Held-for-sale	**(2 732)**	–	**–**	–
Deferred profit released	**(5 393)**	(5 793)	**–**	–
Balance at the end of the year	**23 818**	31 943	**–**	–
Deferred profit is reflected on the Statement of Financial Position as follows:				
Deferred profit – non-current portion	**18 425**	26 150	**–**	–
Deferred profit – current portion	**5 393**	5 793	**–**	–
Deferred profit – total	**23 818**	31 943	**–**	–

The deferred profit consists of the sale and operating lease-back of the Germiston property during 2009 and the Pietermaritzburg property during 2010. The deferred profit is released to profit and loss on a straight-line basis over management's estimate of the remaining lease term.

Germiston property

The lease is renewable at the option of the Group. The full lease period including all renewals is twenty years. It is the intention of the Group to occupy the property for a period of ten years and the remaining balance will be amortised over a period of four years.

Pietermaritzburg property

The initial lease period is for ten years and Libra has the option to renew the lease for a further five years. The intention of the Group is to occupy the property for ten years after which the change in circumstances and requirements of the Group will be reconsidered.

In the current financial year, the deferred profit on the Pietermaritzburg property has been disclosed as part of liabilities directly associated with assets held for sale as the balance forms part of the Watertech disposal group.

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
28. DEFERRED TAX				
Net deferred tax asset				
Net deferred tax is calculated on all temporary differences under the liability method using a South African statutory rate of 28% (2013: 28%).				
The following amounts are shown in the consolidated Statement of Financial Position (aggregated based on subsidiary companies):				
The deferred tax assets and deferred tax liabilities are reflected on the statement of financial position as follows:				
Total deferred tax assets	**39 560**	52 210	**–**	–
Total deferred tax liabilities	**(22 804)**	(22 684)	**–**	–
Net deferred tax assets	**16 756**	29 526	**–**	–

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
28. DEFERRED TAX continued				
The gross movement on the deferred tax account is as follows:				
Balance at the beginning of the year	**29 526**	32 445	**–**	–
Held-for-sale	**(4 635)**	–	**–**	–
Acquisition of subsidiary	**(16 004)**	(80)	**–**	–
Income Statement charge	**8 722**	(1 880)	**–**	–
Charged directly to equity	**(1 191)**	(693)	**–**	–
Prior year adjustments	**396**	(209)	**–**	–
Foreign exchange movement on conversion	**(58)**	(57)	**–**	–
Balance at the end of the year	**16 756**	29 526	**–**	–

The Group did not recognise deferred tax assets of R1,6 million (2013: R9,3 million) in respect of losses amounting to R10,4 million (2013: R38,9 million) which can be carried forward against future taxable income.

Movement in deferred tax assets and liabilities

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Capital allowances R'000	**Intangible assets and other R'000**	**Total R'000**
At 1 July 2012 (Restated)	(46 769)	(19 291)	(66 060)
(Debited)/credited to the Income Statement	(3 320)	2 683	(637)
Exchange differences	(57)	–	(57)
Acquisition of businesses	(120)	–	(120)
Prior year adjustments	(209)	–	(209)
At 1 July 2013 (Restated)	**(50 475)**	**(16 608)**	**(67 083)**
(Debited)/credited to the Income Statement	**(1 880)**	**(2 691)**	**(4 571)**
Exchange differences	**(58)**	**–**	**(58)**
Held-for-sale	**29 636**	**10 716**	**40 352**
Acquisition of businesses	**(1 644)**	**(15 508)**	**(17 152)**
Prior year adjustments	**396**	**–**	**396**
At 30 June 2014	**(24 025)**	**(24 091)**	**(48 116)**

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for the year ended 30 June 2014

28. DEFERRED TAX continued

Deferred tax assets

	Provisions R'000	Deferred profit R'000	Assessed losses and other R'000	Total R'000
At 1 July 2012 (Restated)	36 609	10 567	51 329	98 505
(Debited)/credited to the Income Statement	5 848	(1 622)	(5 469)	(1 243)
Acquisition of businesses	40	–	–	40
Charged to equity	–	–	(693)	(693)
At 1 July 2013 (Restated)	**42 497**	**8 945**	**45 167**	**96 609**
(Debited)/credited to the Income Statement	**14 577**	**(1 511)**	**227**	**13 293**
Held-for-sale	**(8 148)**	**(765)**	**(36 074)**	**(44 987)**
Acquisition of businesses	**1 148**	**–**	**–**	**1 148**
Charged to equity	**–**	**–**	**(1 191)**	**(1 191)**
At 30 June 2014	**50 074**	**6 669**	**8 129**	**64 872**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Recognition of deferred tax assets

The Group discloses a deferred tax asset on the basis where:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences and that such deferred tax assets are expected to be utilised within a period not exceeding five years; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
29. TRADE AND OTHER PAYABLES				
Trade payables	**889 033**	925 690	**52**	–
Accrued expenses and other payables	**41 537**	53 004	**–**	–
Delayed discounts payable	**21 998**	41 149	**–**	–
Leave pay accrual	**21 750**	27 582	**–**	–
Lease smoothing accrual	**12 256**	13 228	**–**	–
Total trade and other payables	**986 574**	1 060 653	**52**	–

Trade and other payables are unsecured and are payable within a period of twelve months.

The carrying amounts of trade and other payables approximate their fair value.

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
29. TRADE AND OTHER PAYABLES continued				
The carrying amounts of the Group's trade and other payables are denominated in the following currencies (all balances are disclosed in South African Rand):				
South African Rand	**867 002**	866 679	**52**	–
Namibian Dollar	**7 665**	4 324	**–**	–
Botswana Pula	**6 377**	1 265	**–**	–
US Dollar	**4 217**	46 518	**–**	–
Euro	**3 658**	5 083	**–**	–
Zambia Kwacha	**114**	–	**–**	–
New Zealand Dollar	**–**	1 821	**–**	–
	889 033	925 690	**52**	–
The carrying amounts of the Group's trade and other payables which are not financial instruments are denominated in South African Rand and consist of:				
Delayed discounts payable	**21 998**	41 149	**–**	–
Lease smoothing accrual	**12 256**	13 228	**–**	–
Accrued expenses and other payables	**41 537**	53 004	**–**	–
Leave pay accrual	**21 750**	27 582	**–**	–
	97 541	134 963	**–**	–
Total trade and other payables	**986 574**	1 060 653	**52**	–

30. RETIREMENT BENEFIT OBLIGATION

Certain of the employees of DPI Plastics Proprietary Limited are entitled to medical aid benefits in terms of the DPI group of companies' post-retirement medical benefit plan. The plan is unfunded.

	GROUP	
	2014 R'000	Restated 2013 R'000
The amounts recognised in the Statement of Financial Position are determined as follows:		
Present value of unfunded obligations	**5 820**	5 462
Movement for the year		
Balance at beginning of year	**5 462**	6 141
Benefits paid	**–**	(657)
Movement directly through equity	**280**	–
Net expense recognised in profit or loss	**78**	(22)
Balance at end of year	**5 820**	5 462
The amounts recognised in the Income Statement were as follows:		
Current service cost	**(380)**	(543)
Interest cost	**458**	521
Total included in employee benefits expense and interest	**78**	(22)

Notes to the annual financial statements

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for the year ended 30 June 2014

30. RETIREMENT BENEFIT OBLIGATION continued

	Increase R'000	Decrease R'000
The effects of a 1% movement in the assumed healthcare cost inflation rate were as follows:		
Effect on the defined benefit obligation	50	(50)
The effects of a 1% movement in the assumed discount rate were as follows:		
Effect on the defined benefit obligation	515	(515)

The latest actuarial valuation of the post-employment medical benefit plan was carried out on 30 June 2013. The Group performs a valuation at least every three years.

	GROUP	
	2014 %	2013 %
The principal assumptions used in the valuation were as follows:		
Discount rates used	9,03	8,66
Healthcare cost inflation	8,50	8,50
Continuation of membership at retirement	100,00	100,00
Consumer price index inflation	7,22	6,50
Average retirement age	65 years	65 years

Mortality

Various assumptions regarding future mortality experience were made. These are based on PA (90) ultimate tables for interest of mortality after retirement and SA 70–90 (light) ultimate tables for rates of mortality before retirement.

31. RETIREMENT FUNDS (Defined Contribution Funds)

The policy of the Group is to provide retirement benefits to its employees. The Group has been participating in various Provident Funds. The majority of contributions are made to South African funds namely: The Sanlam Provident Fund (from November 2011), The Metal Industries Provident Fund, The SACCAWU Provident Fund and The CIN Provident Fund. These funds are classified as defined contribution funds.

The contributions paid by the Group to fund obligations for the payment of retirement benefits are charged against the Income Statement as and when incurred. The Group contributed R33,7 million to the various funds (2013: R28,1 million) for the year under review. Of these contributions, R33,4 million (2013: R27,3 million) was contributed to Provident Funds in South Africa and R0,3 million (2013: R0,8 million) was contributed to Provident Funds outside of South Africa.

Additional information relating to Provident Fund contributions made to Provident Funds in South Africa

All the funds are in a sound financial position at their latest financial year-end.

A total of 3 714 employees (2013: 3 510 employees) are members of the above South African funds.

Below are the relevant funds as well as their latest financial status:

	Funding 2014 %	Funding 2013 %	Number of employees 2014	Number of employees 2013
The Sanlam Provident Fund	100,0	100,0	2 591	2 446
The Metal Industries Provident Fund	100,0	95,0	981	935
The SACCAWU Provident Fund	100,0	100,0	–	25
The CIN Provident Fund	100,0	100,0	142	104
			3 714	3 510

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
32. COMMITMENTS				
Capital commitments				
Capital expenditure contracted for at the reporting date but not yet incurred and recognised in the financial statements is as follows:				
Plant and equipment	**–**	36 306	**–**	–
Furniture and fittings	**–**	300	**–**	–
Motor vehicles	**6 900**	14 296	**–**	–
Intangible assets – software	**29 146**	73 074	**–**	–
	36 046	123 976	**–**	–
Capital expenditure authorised but not contracted for at the reporting date is as follows:				
Plant and equipment	**–**	2 109	**–**	–
Furniture and fittings	**–**	4	**–**	–
Land and buildings	**–**	116	**–**	–
Intangible assets – software	**–**	–	**–**	–
	–	2 229	**–**	–
Total capital commitments	**36 046**	126 205	**–**	–
It is intended to finance capital expenditure from appropriately long dated borrowing facilities.				
Operating lease commitments				
The Group leases various premises, equipment and plant and machinery under non-cancelable operating lease agreements.				
The leases have varying terms and escalation clauses. The lease expenditure charged to the Income Statement during the year is disclosed in note 4.				
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:				
Not later than one year	**92 186**	81 916	**–**	–
Later than one year and not later than five years	**337 237**	317 315	**–**	–
Later than five years	**34 719**	50 397	**–**	–
	464 142	449 628	**–**	–

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
33. CONTINGENCIES				
The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.				
Bank guarantees issued	**1 833**	1 553	**–**	–
Suretyships and other cessions	**13 500**	9 500	**8 000**	8 000
Other	**–**	759	**–**	–
	15 333	11 812	**8 000**	8 000

DPI Plastics received unconditional corporate leniency from the Competition Commission regarding price collusion in the PVC industry. No fines were imposed and the matter was concluded during May 2014.

The Company has provided limited letters of support to certain of the subsidiaries within the Group. The Company has also provided short-term guarantees in favour of certain suppliers to subsidiaries within the Group. No material liabilities are anticipated.

Notes to the annual financial statements

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
CASH FLOW STATEMENTS				
34. CASH GENERATED FROM OPERATIONS (including discontinued operations)				
Profit before taxation	125 123	212 440	616 154	–
	208 971	115 272	(616 160)	–
Adjustments for:				
Depreciation	62 508	66 419	–	–
Amortisation of government grants	(435)	–	–	–
Amortisation	13 977	7 023	–	–
Impairment of intangible assets	41 424	–	–	–
Net (profit)/loss on disposal of property, plant and equipment	(1 964)	(291)	–	–
Net share-based payment charge	3 805	25 919	–	–
Deferred profit	(5 793)	(5 793)	–	–
Finance income	(9 378)	(10 517)	(43 053)	–
Finance expense	89 729	60 451	29 938	–
Share of losses/(profit) of associates	18 379	(18 592)	–	–
Other employee benefit charges	2 788	775	–	–
Smoothing of leases	2 602	(878)	–	–
Foreign exchange (gains)/losses on operating activities	(577)	(631)	–	–
Post-retirement benefit obligation	174	(520)	–	–
Fair value movement on interest rate swap	436	(3 135)	–	–
Profit on derecognition of previously held interest	(14 842)	(1 068)	–	–
Derivative movements	6 138	(3 890)	–	–
Dividends received	–	–	(603 045)	–
Changes in working capital:	(218 332)	(33 201)	52	–
Increase in inventories	(148 705)	(133 487)	–	–
Increase in trade and other receivables	(95 893)	(94 116)	–	–
Increase in trade and other payables	26 266	194 402	52	–
Cash generated from operations	115 762	294 511	46	–
35. RECONCILIATION OF INCOME TAX PAID DURING THE YEAR				
Income tax liability at beginning of year	14 503	9 774	–	–
Current tax for the year recognised in profit or loss – continuing operations	23 878	18 915	3 671	–
Current tax for the year recognised in profit or loss – disposal group	35 230	34 075	–	–
Business combinations	3 429	167	–	–
Interest and other movements	(110)	(2 026)	–	–
Income tax asset/(liability) at the end of the year – continuing operations	5 116	(14 503)	4	–
Income tax asset/(liability) at the end of the year – disposal group	(12 071)	–	–	–
Income tax paid during the year	69 975	46 402	3 675	–

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for the year ended 30 June 2014

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
36. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT				
Land and buildings	**10 828**	6 722	**–**	–
Plant and machinery	**26 554**	78 587	**–**	–
Furniture and equipment	**10 586**	31 783	**–**	–
Motor vehicles	**22 806**	7 806	**–**	–
Additions to property, plant and equipment – continuing operations (refer note 12)	**70 774**	124 898	**–**	–
Additions to property, pant and equipment – disposal group	**116 586**	–	**–**	–
Total additions	**187 360**	124 898	**–**	–
Non-cash additions financed by instalment sale and finance leases – continuing operations	**(31 549)**	(29 202)	**–**	–
Non-cash additions financed by instalment sale and finance leases – disposal group	**(7 153)**	–	**–**	–
Total property, plant and equipment additions	**148 658**	95 696	**–**	–
37. PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT				
Net book amount of assets disposed of	**14 374**	6 862	**–**	–
– continuing operations	**4 569**	6 862	**–**	–
– disposal group	**9 805**	–	**–**	–
Net profit/(loss) on disposal of plant and equipment	**1 964**	291	**–**	–
– continuing operations	**1 331**	(116)	**–**	–
– disposal group	**633**	407	**–**	–
Total proceeds from sale of property, plant and equipment	**16 338**	7 153	**–**	–
38. ADDITIONS TO AND DEVELOPMENT OF INTANGIBLE ASSETS				
Software – continuing operations	**20 456**	28 120	**–**	–
Software – disposal group	**24 961**	–	**–**	–
Total intangible additions	**45 417**	28 120	**–**	–

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	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
39. GOVERNMENT GRANTS RECOGNISED				
Property plant and equipment	**23 681**	–	**–**	–
– continuing operations	**4 771**	–	**–**	–
– disposal group	**18 910**	–	**–**	–
Intangible assets	**19 636**	–	**–**	–
– continuing operations	**4 545**	–	**–**	–
– disposal group	**15 091**	–	**–**	–
Less: Grants not received included in other receivables	**(32 101)**	–	**–**	–
– continuing operations (refer note 18)	**(1 574)**	–	**–**	–
– disposal group (refer note 20)	**(30 527)**	–	**–**	–
Total government grants received	**11 216**	–	**–**	–

40. BUSINESS COMBINATIONS

30 June 2014

Swan Plastics Proprietary Limited

On 1 August 2013 the Group acquired a 51% interest in Swan Plastics Proprietary Limited for a total consideration of R20 million. Swan Plastics Proprietary Limited is principally involved in the manufacturing of PVC products and water waste systems.

Goodwill of R1,2 million arose from the acquisition, largely consisting of the synergies and economies of scale expected from the acquisition.

Swan Plastics Proprietary Limited contributed an operating profit of R13,6 million and revenue of R256,8 million since the acquisition date. If the acquisition had occurred on 1 July 2013, Group revenue would have been R27,3 million more, and operating profit for the period would have increased by R2,2 million. These amounts have been calculated based on consistent application of the Group's accounting policies.

The amount of net assets acquired amounted to R35,5 million and non-controlling interests of R16,7 million was recognised. Acquisition-related costs amounted to R1,7 million, and have been recognised as part of operating expenses in profit and loss. Trade receivables with a fair value of R45 million has been included and none of these are considered to be doubtful. Non-controlling interest has been calculated based on the fair value of net assets. The goodwill and other intangible assets arising from the business combination are not expected to be deducted for income tax purposes.

Sangio Pipe Proprietary Limited

On 1 June 2014 Sangio Pipe Proprietary Limited repurchased its shares held by the majority shareholder (51%). This resulted in the Group obtaining 100% of the share capital of Sangio Pipe Proprietary Limited, previously an associate.

Goodwill of R19,0 million arose from the acquisition, largely consisting of the synergies and economics of scale expected from the acquisition and a net gain of R14,8 million was recognised as a result of measuring at fair value the Group's 49% equity interest held before the business combination.

Sangio Pipe Proprietary Limited contributed an operating profit of R0,9 million and revenue of R33,1 million since the acquisition date. If the acquisition had occurred on 1 July 2013, Group revenue would have been R330,1 million more, and operating profit for the period would have increased by R12,1 million. These amounts have been calculated based on consistent application of the Group's accounting policies.

The amount of net assets acquired amounted to R16,5 million.

Acquisition-related costs amounted to R1,8 million and have been recognised as part of operating expenses in profit and loss. Trade receivables with a fair value of R34,6 million has been included and R1,0 million has been provided for as doubtful. The goodwill and other intangible assets arising from the business combination are not expected to be deducted for income tax purposes.

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40. BUSINESS COMBINATIONS continued

The fair value of assets acquired, liabilities assumed, intangibles assets and the non-controlling interest at the acquisition date are set out below.

Consideration at acquisition date:	Swan Plastics Proprietary Limited R'000	Sangio Pipe Proprietary Limited R'000	Total R'000
Cash	20 000	–	20 000
Fair value of previously held interest	–	35 507	35 507
Total purchase consideration	20 000	35 507	55 507
Recognised amounts of identifiable assets acquired and liabilities assumed:	**Fair value R'000**	**Fair value R'000**	**Fair value R'000**
Property, plant and equipment	6 939	21 301	28 240
Trademarks	8 182	13 088	21 270
Customer relationships	12 110	17 850	29 960
Inventory	13 618	39 078	52 696
Trade and other receivables	46 121	64 941	111 062
Cash and cash equivalents	1 487	588	2 075
Assets	88 457	156 846	245 303
Borrowings	(1 762)	(51 250)	(53 012)
Trade and other payables	(38 163)	(77 102)	(115 265)
Current tax liabilities	(3 163)	(266)	(3 429)
Deferred tax liabilities	(6 537)	(8 306)	(14 843)
Provisions	(3 354)	(3 380)	(6 734)
Liabilities	(52 979)	(140 304)	(193 283)
Total identifiable net assets	35 478	16 542	52 020
Less: Non-controlling interest	(16 709)	–	(16 709)
Goodwill	1 231	18 965	20 196
Purchase consideration	20 000	35 507	55 507
Cash flow from acquisitions			
Total purchase consideration	20 000	35 507	55 507
Less: Cash and cash equivalents acquired	(1 487)	(588)	(2 075)
Less: Fair value of previously held interest	–	(35 507)	(35 507)
Total cash outflow/(inflow) from acquisitions	18 513	(588)	17 925

40. BUSINESS COMBINATIONS continued

30 June 2013 (Restated)

Apex Valves South Africa Proprietary Limited

On 1 February 2013 the Group acquired an additional 11,4% interest in Apex Valves South Africa Proprietary Limited which resulted in the Group obtaining control over Apex Valves South Africa Proprietary Limited, previously an associate. The total consideration transferred amounted to R10 million, including the fair value of previously held interest of R7,8 million.

Provisional goodwill of R4,4 million arose from the acquisition, largely consisting of the synergies and economics of scale expected from the acquisition and a gain of R1,7 million was recognised as a result of measuring at fair value the Group's 49% equity interest held before the business combination.

Apex Valves South Africa Proprietary Limited contributed an operating profit of R0,7 million and revenue of R16,9 million since the acquisition date. If the acquisition had occurred on 1 July 2012, Group revenue would have been R25,5 million more, and operating profit for the period would have increased by R2,6 million. These amounts have been calculated based on consistent application of the Group's accounting policies.

The fair value of assets acquired and liabilities assumed will be finalised within the next financial year. The provisional amount of net assets acquired amounted to R9,2 million and non-controlling interests of R3,6 million was recognised.

Acquisition-related costs amounted to R0,3 million and have been recognised as part of operating expenses in profit and loss. Trade receivables with a fair value of R3,9 million has been included and R0,2 million has been provided for as doubtful.

Ubuntu Plastics Proprietary Limited

On 1 March 2013 the Group acquired a 51% interest in Ubuntu Plastics Proprietary Limited for a total consideration of R7,4 million. Ubuntu Plastics Proprietary Limited is principally involved in the fabrication of pipe and pipe fittings.

A provisional goodwill allocation of R5,9 million arising from the acquisition largely consists of the synergies and economies of scale expected from the acquisition.

Ubuntu Plastics Proprietary Limited contributed an operating profit of R0,7 million and revenue of R14,7 million since the acquisition date. If the acquisition had occurred on 1 July 2012, Group revenue would have been R29,4 million more, and operating profit for the period would have increased by R2,9 million. These amounts have been calculated based on consistent application of the Group's accounting policies.

The fair value of the assets acquired and liabilities assumed will be finalised within the next financial year. The provisional amount of net assets acquired amounted to R5,7 million and non-controlling interests of R4,2 million was recognised. Trade receivables with a fair value of R8,9 million has been included and none of these are considered to be doubtful. A contingent consideration of R2,4 million was raised at fair value and paid on 8 July 2013. The contingent consideration was based on net asset value. Non-controlling interests has been calculated based on the proportionate share in net assets. The goodwill is not expected to be deducted for income tax purposes.

During 2014 the acquisition vendor amounting to R2,4 million was settled. An additional amount of R0,6 million was paid in respect of the acquisition.

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40. BUSINESS COMBINATIONS continued

The fair value of these assets, liabilities and intangible assets are set out below.

Consideration at acquisition date:	Apex Valves (South Africa) Proprietary Limited R'000	Ubuntu Plastics Proprietary Limited R'000	Total R'000
Cash	2 230	4 999	7 229
Fair value of previously held interest	7 812	–	7 812
Contingent consideration (Acquisition vendor)	–	2 393	2 393
Total purchase consideration	10 042	7 392	17 434

Recognised amounts of identifiable assets acquired and liabilities assumed:	Fair value R'000	Fair value R'000	Fair value R'000
Property, plant and equipment	1 487	1 881	3 368
Inventory	7 660	2 265	9 925
Trade and other receivables	3 958	9 056	13 014
Cash and cash equivalents	201	127	328
Assets	13 306	13 329	26 635
Borrowings	–	(1 415)	(1 415)
Trade and other payables	(3 867)	(6 150)	(10 017)
Current tax liabilities	(97)	(70)	(167)
Deferred tax liabilities	(80)	–	(80)
Provisions	(70)	(38)	(108)
Liabilities	(4 114)	(7 673)	(11 787)
Total identifiable net assets	9 192	5 656	14 848
Less: Non-controlling interest	(3 554)	(4 222)	(7 776)
Provisional goodwill	4 404	5 958	10 362
Purchase consideration	10 042	7 392	17 434
Cash flow from acquisitions:			
Total purchase consideration	10 042	7 392	17 434
Less: Cash and cash equivalents acquired	(201)	(127)	(328)
Less: Fair value of previously held interest	(7 812)	–	(7 812)
Less: Contingent consideration	–	(2 393)	(2 393)
Total cash flow from acquisitions	2 029	4 872	6 901

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41. DERECOGNITION OF DPI ICHWEBA PROPRIETARY LIMITED

June 2013

On 31 January 2013, the Group disposed of its investment in DPI Ichweba Proprietary Limited for a consideration of R1 million. The net carrying amount of the Group's interest disposed of amounted to R1,7 million. The net loss on the disposal of the investment amounted to R0,7 million.

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
The effect of this disposal is summarised below:				
Property, plant and equipment	–	(135)	–	–
Deferred tax assets	–	(277)	–	–
Inventories	–	(1 196)	–	–
Trade and other receivables	–	(2 154)	–	–
Cash and cash equivalents	–	(12)	–	–
Current tax asset	–	(134)	–	–
Trade and other payables	–	1 847	–	–
Bank overdraft	–	384	–	–
Net carrying amount of Group's interest disposed of	–	(1 677)	–	–
Proceeds on disposal of investment	–	1 000	–	–
Loss on disposal of DPI Ichweba Proprietary Limited	–	(677)	–	–

42. FINANCIAL ASSETS BY CATEGORY

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

	Loans and recei-vables R'000	Assets at fair value through profit or loss R'000	Total R'000
GROUP – 2014			
Trade and other receivables *	**986 400**	**–**	**986 400**
Cash and cash equivalents	**154 123**	**–**	**154 123**
Derivative financial instruments **	**–**	**223**	**223**
Loans receivable from joint ventures ***	**53 886**	**–**	**53 886**
Loans receivable from associates ****	**5 078**	**–**	**5 078**
Total	**1 199 487**	**223**	**1 199 710**
GROUP – 2013 (Restated)			
Trade and other receivables *	896 024	–	896 024
Cash and cash equivalents	269 579	–	269 579
Derivative financial instruments **	–	5 338	5 338
Loans receivable from joint ventures ***	24 434	–	24 434
Loans receivable from associates ****	19 500	–	19 500
Total	1 209 537	5 338	1 214 875

* *Excluding pre-payments.*
** *Foreign Exchange Contracts (FECs) and interest rate swaps. (refer note 26)*
*** *Refer to note 15 – Investments in Joint Ventures and note 45 – Related Parties.*
**** *Refer to note 16 – Investments in Associates and note 45 – Related Parties.*

Notes to the annual financial statements

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43. FINANCIAL LIABILITIES BY CATEGORY

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

	Liabilities at fair value through profit and loss R'000	Other financial liabilities at amortised cost R'000	Derivatives used for hedging R'000	Total R'000
GROUP – 2014				
Borrowings	**–**	**718 675**	**–**	**718 675**
Bank overdrafts and call loans	**–**	**32 358**	**–**	**32 358**
Trade and other payables*	**–**	**952 568**	**–**	**952 568**
Derivative financial instruments **	**23**	**–**	**–**	**23**
Total	**23**	**1 703 601**	**–**	**1 703 624**
GROUP – 2013 (Restated)				
Borrowings	–	258 257	–	258 257
Bank overdrafts and call loans	–	153 354	–	153 354
Trade and other payables *	–	1 019 843	–	1 019 843
Derivative financial instruments **	93	–	3 080	3 173
Total	93	1 431 454	3 080	1 434 627

* *Excluding leave pay and lease smoothing accruals.*

** *Foreign Exchange Contracts (FECs) and interest rate swaps.*

44. RISK MANAGEMENT

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk as well as price risk), credit risk and liquidity risk.

In January 2014 the Group adopted a centralised treasury structure which acts as an internal banker for the Group with the objective of providing value-add on both a strategic and operational level. This was made possible with the outsourcing of all its treasury activities and obtaining professional treasury expertise on a semi-permanent basis.

The focus since January 2014 was on:

i) liquidity risk management with implementation of short-term cash flow forecasting by all subsidiaries on a weekly basis with information for 7 days and 11 weeks rolling;

ii) implementation of a new transactional banker;

iii) centralisation of all financial assets and liabilities, financial risk exposures, recording and report within the Group;

iv) implementation of standardised parent company guarantee agreements;

v) centralisation and consolidation of all treasury-related activities, processes, systems and information; and

vi) consolidated monthly strategic and operational reporting commenced within this period.

The future focus includes:

i) working capital management;

ii) implementation of cash management techniques such as sweeping and pooling;

iii) implementation of a long-term funding model with monthly cash flow forecasting for all subsidiaries;

iv) implementation of a foreign payments factory;

v) intercompany loan restructuring for both subsidiaries and associates with associated legal agreements;

vi) implementation as centralised internal banker for all treasury-related transactions including foreign exchange and funding;

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44. RISK MANAGEMENT continued

vii) incorporation of all foreign subsidiaries into the centralised treasury and restructuring of loans to foreign subsidiaries;

viii) host to host connection with the transactional banker for all foreign and treasury related payments;

ix) conclusion of the transition to the new transactional banker with the opening of new bank accounts and closure of bank accounts with the former transactional bankers;

x) review of financial risk management policies and the implementation of an integrated risk management framework within the Group; and

xi) implementation of a formalised, regular and dynamic risk management process with the objective of optimising the portfolios.

The Group's objective with financial risk management is to protect the underlying business operations against those financial risks which may influence its income negatively. Accordingly, the Group does not assume speculative positions and hedge the exposures and risks expeditiously where possible.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Exposures consist primarily of exposures with respect to the US Dollar, Euro and British Pound as well as exposure to foreign exchange due to operations in African countries including Botswana and Zambia.

To manage the Group's foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts. Foreign exchange risk arises when future commercial transactions and recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Forward foreign exchange contracts are entered into to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. In general, the Group's policy is to enter into forward foreign exchange contracts to cover net foreign currency exposure over the following twelve months.

The Group has certain investments in foreign operations which results in exposure to foreign currency translation risk. It is the Group's policy to source borrowings denominated in the respective currencies in an attempt to reduce the exposure of the net assets of such foreign operations. These borrowings are sourced in the respective countries and are in the name of the respective legal entities.

The Group's significant exposure to foreign currency risk was as follows:

Functional currency Rand exposed to:	Trade and other receivables R'000	Trade and other payables R'000	Foreign overdrafts and bank borrowings R'000	Cash and cash equivalents R'000	Foreign exchange contracts – net sell/buy R'000	Total R'000
30 June 2014						
Botswana Pula	**19 290**	**(6 377)**	**(6 180)**	**69**	**–**	**6 802**
British Pound	**–**	**–**	**–**	**–**	**–**	**–**
Euro	**–**	**(3 658)**	**–**	**–**	**38**	**(3 620)**
New Zealand Dollar	**–**	**–**	**–**	**–**	**–**	**–**
US Dollar	**3 926**	**(4 217)**	**(3 521)**	**2 086**	**162**	**(1 564)**
Zambian Kwacha	**1 357**	**(114)**	**(245)**	**350**	**–**	**1 348**
Total	**24 573**	**(14 366)**	**(9 946)**	**2 505**	**200**	**2 966**
30 June 2013 (Restated)						
Botswana Pula	7 606	(1 265)	(4 478)	10	–	1 873
British Pound	6 457	–	–	–	97	6 554
Euro	1 366	(5 083)	–	–	228	(3 489)
New Zealand Dollar	–	(1 821)	–	–	–	(1 821)
US Dollar	28 306	(46 518)	(1)	6 411	4 920	(6 882)
Zambian Kwacha	712	–	–	–	–	712
Total	44 447	(54 687)	(4 479)	6 421	5 245	(3 053)

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44. RISK MANAGEMENT continued

	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
The Group's significant exposure to foreign currency risk was as follows:				
Sensitivity analysis				
A 10% weakening of the Rand against the above currencies as at 30 June would have increased/(decreased) equity and post-tax profit by:				
Botswana Pula	**490**	(409)	**–**	–
British Pound	**–**	472	**–**	–
Euro	**(261)**	(251)	**–**	–
New Zealand Dollar	**–**	(131)	**–**	–
US Dollar	**(113)**	(496)	**–**	–
Zambian Kwacha	**97**	–	**–**	–
Total	**213**	(815)	**–**	–

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10 percent strengthening of the Rand against the above currencies as at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all variables remain constant.

The foreign exchange contracts in the tables above are shown at the year-end values for similar contracts maturing at the same date.

An analysis of the Group's foreign exchange contracts can be found in note 26.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings incurred at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings are denominated mainly in Rand.

The Group is exposed to interest rate risk as it borrows and places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings and placings within market expectations.

The Group entered into floating-to-fixed interest rate swap in 2010 which was settled on 31 January 2014. The objective was to manage the interest rate risk since the borrowings were at fixed rates.

The interest rate swap had the economic effect of converting borrowings from fixed rates to floating rates. Under the interest rate swap, the Group agrees with another party to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

The effective interest rates on bank overdrafts are disclosed in note 25.

Interest rates on other borrowings are disclosed in note 25.

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for the year ended 30 June 2014

44. RISK MANAGEMENT continued

The table below analyses the Group's sensitivity to interest rate movements with respect to variable rates. The Group does not have significant exposure to fixed rate instruments.

	GROUP	
	2014 R'000	Restated 2013 R'000
At 30 June		
Total borrowings	**751 033**	411 611
Less: Fixed rate borrowings	**(27 348)**	(4 602)
Less: Non-interest-bearing borrowings	**(5 719)**	(3 529)
Less: Cash and cash equivalents	**(154 123)**	(269 579)
Net variable rate debt	**563 843**	133 901
Interest rate swaps	**–**	3 080
Net variable rate exposure	**563 843**	136 981
Interest rate change (2%)	**11 277**	2 740
Negative impact on earnings (after tax)	**8 119**	1 973

For further details on borrowing exposures and related maturity dates refer to note 25.

Price risk

The Group is not exposed to equity securities price risk as the Group does not have investments classified on the consolidated Statement of Financial Position either as available-for-sale or at fair value through profit and loss.

Credit risk management

i) Credit risk within the Group towards financial institutions and service provides arises from cash and cash equivalents, derivative instruments and deposits.

The credit risk policy for financial institutions and service providers has to the objective to minimise losses that could result from counterparty failure. All such counterparties are assessed on an annual basis to ensure credit worthiness and the evaluations will be based on the financial strength of the counterparty as published by a recognised rating agency. Credit limits are set for individual counterparty legal entities and not on a counterparty group basis.

Transactions may be conducted with both local and international counter parties. No investment will be made with any counterparty with a short-term national rating of lower than: P-1 (Moody's), A-1 (S&P), F1+ (Fitch).

The exposure to financial institutions and service providers are monitored on an ongoing basis and reported formally on a monthly basis to the Executive Committee.

ii) Credit risk also arises within the Group from outstanding receivables.

The granting of credit is controlled by a formal application process. If there is no independent rating, Risk Control and the Company Executive Committee assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. Ongoing credit evaluations are performed on the financial position of customers, taking into account its financial position, past experience and other factors. Trade and other receivables are covered by credit insurance according to Group policy and special risk exposures. Potential concentration of credit risk consist mainly within trade receivables. Trade receivables are presented net of the provision for doubtful debt.

iii) Credit risk also arises within the Group towards subsidiaries, joint ventures, related parties and associates.

The intercompany loans are being restructured to support the DAWN treasury position as the internal banker for the Group. Accordingly the loans will vary from being short-term to three-year term debt with market-related interest rates, terms and conditions. Loans to associates and related parties are provided at market-related interest rates based on the credit assessment of the entity and where required additional security such as general notarial bonds, cessions and personal suretyship by shareholders are obtained. Liquidity and solvency tests are assessed as part of the loan approval process and minimum financial covenant criteria are required as part of on-going reporting and assessment. Short-term exposures have notional credit limits imposed which is monitored on an ongoing basis.

The exposure to subsidiaries, joint ventures, associates and related parties are monitored on an ongoing basis and reported formally on a monthly basis to the Executive Committee.

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44. RISK MANAGEMENT continued

Credit quality of trade receivables can be analysed as follows:

	GROUP	
	2014 R'000	Restated 2013 R'000
Group 1	**52 484**	25 259
Group 2	**623 008**	650 050
Group 3	**139 675**	132 208
Group 4	**39 389**	27 711
Total	**854 556**	835 228
Group 1 – new customers (less than six months).		
Group 2 – existing customers (more than six months) with no defaults (no bad debt write-offs/hand-overs) in the past.		
Group 3 – existing customers (more than six months) with some defaults in the past.		
Group 4 – customers with defaults, no trading and handed over. This category of trade receivables relates mainly to contractors and subcontractors exposed to statal and parastatal bodies. Appropriate security policies are in place to limit risks in this category.		
The following balances were held with major banks of high quality located in South Africa	**151 635**	264 879

Management does not expect any losses from non-performance by these counterparties.

National Credit Ratings of banks where balances are held are:

Bank	**Short-term National Rating 30 June 2014 (Moody's)**	Short-term National Rating 30 June 2013 (Moody's)
ABSA Bank Limited	**P-2**	P-2
First National Bank (a division of FirstRand Bank Limited)	**P-2**	P-2
The Standard Bank of South Africa Limited	**P-2**	P-1

Bank	**Short-term National Rating 30 June 2014 (Fitch)**	Short-term National Rating 30 June 2013 (Fitch)
ABSA Bank Limited	**F1+**	F1+
First National Bank (a division of FirstRand Bank Limited)	**F1+**	F1+
The Standard Bank of South Africa Limited	**F1+**	F1+

Liquidity risk management

Prudent liquidity management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities and funding sources.

The Group manages liquidity risk through the compilation and monitoring of cash flow forecasts, as well as ensuring that adequate borrowing facilities are maintained. Borrowing powers are disclosed under note 25. Repayments of long-term borrowings are structured to match the expected cash flows from the operations to which they relate.

The Group utilises the credit facilities of various financial institutions and has been able to operate within these facilities. There is concentration of liquidity risk as a result of the restructured debt position and transactional banking with the same financial institution. This is being monitored and will be amended as soon as the Group is in a position to do so.

The funding of growth in the Group for working capital requirements will continue to use credit facilities from financial institutions as well as other feasible corporate market funding mechanisms for working capital. The funding of growth in the Group of capital nature will utilise suitable funding sources available in the corporate market and from financial institutions.

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44. RISK MANAGEMENT continued

The table below analyses the Group's financial liabilities that will be expected to be settled on a net basis into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount R'000	Gross contractual cash flows R'000	Less than one year R'000	Between two and five years R'000	Over five years R'000
At 30 June 2014					
Overdraft	**32 358**	**32 358**	**32 358**	**–**	**–**
Borrowings	**718 675**	**721 159**	**270 932**	**450 227**	**–**
Trade and other payables*	**952 568**	**952 568**	**952 568**	**–**	**–**
Foreign Exchange Contracts	**23**	**23**	**23**	**–**	**–**
Total	**1 703 624**	**1 706 108**	**1 255 881**	**450 227**	**–**
At 30 June 2013 (Restated)					
Overdraft	153 354	153 354	153 354	–	–
Borrowings	258 257	304 696	64 247	238 021	2 428
Trade and other payables*	1 019 843	1 019 843	1 019 843	–	–
Foreign Exchange Contracts	93	93	93	–	–
Interest rate swap	3 080	3 080	3 080	–	–
Total	1 434 627	1 481 066	1 240 617	238 021	2 428

** Excludes post-retirement medical aid, deferred profit, provision for leave and the lease smoothing accrual.*

An analysis of derivative financial instruments which will be settled on a gross basis follows in note 26.

Fair value estimation

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

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates to settle the contracts at the Statement of Financial Position date.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 25, and equity as disclosed in the Statement of Financial Position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital structure on the basis of the gearing ratio and balanced with monitoring debt levels against cash generation of the Group.

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	GROUP		COMPANY	
	2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
44. RISK MANAGEMENT continued				
It is DAWN's intention to maintain the gearing ratio below 50%.				
The gearing ratio at 30 June was as follows:				
Total borrowings	751 033	411 611	–	–
Less: Cash and cash equivalents	(154 123)	(269 579)	–	–
Less: Loans receivable	(102 600)	(14 875)	–	–
Net debt	494 310	127 157	–	–
Total equity	1 522 986	1 467 177	–	–
Net debt/equity ratio (%)	32,5	8,7	–	–

45. RELATED PARTIES

The Group enters into transactions and has balances with related parties as listed below. These include associates, joint ventures and directors. Transactions that are eliminated on consolidation are not included. Transactions with related parties are effected on a commercial basis and related party debts are repayable on a commercial basis.

A listing of the Group's principal subsidiaries, joint ventures and associates is set out on pages 110 and 111 of the annual financial statements. For transactions with directors refer to note 46 (Directors' Remuneration).

The following transactions were carried out with related parties:

	GROUP	
	2014 R'000	Restated 2013 R'000
a) Sales of goods and services		
Joint ventures		
DPI Group	1 744	1 964
AST Group	45 807	39 403
	47 551	41 367
Associates		
IPS & Distribution Proprietary Limited	20 552	–
Fibrex S.A.R.L.	1 710	628
Sangio Pipe Proprietary Limited	1 265	1 149
Heunis Steel Proprietary Limited	250	–
Exipro Manufacturing (Proprietary) Limited (part of disposal group)	983	–
	24 760	1 777
Total sales of goods and services	72 311	43 144
b) Purchases of goods		
Associates		
Sangio Pipe Proprietary Limited	88 551	86 633
Exipro Manufacturing (Proprietary) Limited (part of disposal group)	19 556	–
Heunis Steel Proprietary Limited	3 422	842
Total purchases of goods	111 529	87 475

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	GROUP 2014 R'000	GROUP Restated 2013 R'000
45. RELATED PARTIES continued		
c) Commission paid		
Braveheart Financial Services Proprietary Limited (Group's insurance broker)	**1 160**	1 105
Total commission paid	**1 160**	1 105
d) Commission received		
Wholesale Housing Supplies Proprietary Limited commission received from AST	**2 964**	2 506
Total commission received	**2 964**	2 506
e) Interest received		
Joint Ventures		
AST Group	**1 232**	157
	1 232	157
Associates		
IPS & Distribution Proprietary Limited	**1 526**	–
Heunis Steel Proprietary Limited	**751**	1 790
Sangio Pipe Proprietary Limited	**–**	332
	2 277	2 122
Other		
Interest received from directors via DAWN Share Trust	**167**	163
– JAI Ferreira (refer note 46)	**100**	98
– RD Roos (refer note 46)	**67**	65
	167	163
Total interest received	**3 676**	2 442
f) Management fees received		
Joint Ventures		
AST Group	**4 366**	2 498
Total management fees	**4 366**	2 498
g) Dividends received		
Joint Ventures		
DPI Group	**3 095**	1 439
Associates		
Apex Valves South Africa Proprietary Limited	**–**	490
Total dividends received	**3 095**	1 929
h) Delayed discounts and discounts received		
Associates		
Sangio Pipe Proprietary Limited	**420**	321
Heunis Steel Proprietary Limited	**137**	92
Total delayed discounts and discounts received	**557**	413

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	GROUP 2014 R'000	GROUP Restated 2013 R'000
45. RELATED PARTIES continued		
Year-end balances arising from sales/purchases of goods/services		
i) Investments in joint ventures – loans receivable		
The following loan balances are included in the investments in joint ventures balances:		
AST Group	53 886	24 434
Total investments in joint ventures – loans receivable	53 886	24 434
j) Investments in associates – loans receivable		
The following loan balances are included in the investments in associates balance:		
IPS & Distribution Proprietary Limited	5 078	–
Heunis Steel Proprietary Limited	–	19 500
Total investments in associates – loans receivable	5 078	19 500
k) Trade and other receivables		
Joint Ventures		
AST Group	35 640	41 048
DPI Group	1 725	25
	37 365	41 073
Associates		
IPS & Distribution Proprietary Limited	12 217	–
Heunis Steel Proprietary Limited	17	–
Fibrex S.A.R.L.	47	492
Exipro Manufacturing (Proprietary) Limited (part of disposal group)	39	–
Sangio Pipe Proprietary Limited	–	24
DPI Group	–	262
	12 320	778
Total trade and other receivables	49 685	41 851
l) Loans to other related parties and non-controlling shareholders		
Joint ventures		
AST Group	693	7 878
	693	7 878
Associates		
IPS & Distribution Proprietary Limited	32 934	1 004
Sangio Pipe Proprietary Limited	–	2 000
Heunis Steel Proprietary Limited	–	349
DPI Rooftiles Proprietary Limited	1	–
	32 935	3 353
Other		
Loans to directors via DAWN Share Trust – unrestricted share scheme funding: *	3 411	3 243
– JAI Ferreira (refer note 46)	2 090	1 989
– RD Roos (refer note 46)	1 321	1 254
Braveheart Financial Services Proprietary Limited (insurance broker)	424	398
	3 835	3 641
Total loans to other related parties and non-controlling shareholders	37 463	14 872

* *The terms of the trust deed of the DAWN Share Trust ("the Trust"), as amended by DAWN shareholders on 6 December 2006, stipulate that employees may obtain funding from the Trust to procure unrestricted shares. The terms of these loans are at arm's length and repayable within seven years or when employment terminates.*

Notes to the annual financial statements

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for the year ended 30 June 2014

	GROUP	
	2014 R'000	Restated 2013 R'000
45. RELATED PARTIES continued		
m) Trade and other payables		
Joint ventures		
AST Group	**207**	720
	207	720
Associates		
Exipro Manufacturing (Proprietary) Limited (part of disposal group)	**3 093**	–
Sangio Pipe Proprietary Limited	**–**	7 447
Heunis Steel Proprietary Limited	**349**	407
	3 442	7 854
Total trade and other payables	**3 649**	8 574
n) Loans from other related parties, associate and non-controlling shareholders		
Joint ventures		
AST Group	**968**	1 136
RD Roos *	**1 157**	–
Total loans from other related parties and non-controlling shareholders	**2 125**	1 136

** An additional share of 5,9% was acquired in DAWN Human Resource Solutions Proprietary Limited on 30 June 2014 for R1,2 million from RD Roos. This amount was paid on 1 July 2014.*

	2014 R'000	Restated 2013 R'000
o) Loans from related parties		
Loans from directors and key management of the Group (and their families):		
Balance at the beginning of the year	**3 964**	5 966
Loans received from directors during the year	**5 209**	9 784
Loan repayments to directors	**(4 467)**	(12 258)
Interest paid	**368**	472
Total loans from related parties	**5 074**	3 964

Loans from directors and family members are unsecured and have no specific terms of repayment, bearing interest at 7% (2013: 6,5%). The loans are payable on demand. As a result, the loans are recorded at their nominal value (refer note 25).

	COMPANY	
	2014 R'000	2013 R'000
p) Interest received		
Wholesale Housing Supplies Proprietary Limited	**43 052**	–
Total interest received	**43 052**	–
q) Dividends received		
Cobra Watertech Proprietary Limited	**477 169**	–
ISCA Proprietary Limited	**125 875**	–
Total dividends received	**603 044**	–
r) Loans receivable		
Loans receivable classified as investments by Distribution and Warehousing Network Limited from	**529 981**	529 981
Wholesale Housing Supplies Proprietary Limited	**529 981**	529 981
Loans receivable classified as trade and other receivables by Distribution and Warehousing Network Limited	**1 172 613**	–
Wholesale Housing Supplies Proprietary Limited	**589 569**	–
Cobra Watertech Proprietary Limited	**457 169**	–
ISCA Proprietary Limited	**125 875**	–
Total loans receivable	**1 702 594**	529 981

Notes to the annual financial statements

continued

for the year ended 30 June 2014

	COMPANY 2014 R'000	COMPANY 2013 R'000
45. RELATED PARTIES continued		
s) Loans payable		
Loans payable classified as borrowings by Distribution and Warehousing Network Limited		
DAWN Consolidated Holdings Proprietary Limited	6 337	–
Total loans payable	**6 337**	–
t) Directors' and prescribed officers' emoluments		
– Non–executive		
– Executive		
– Prescribed officers		
(refer note 46)		
u) Directors' and prescribed officers' shareholding		
(refer to the Directors' report)		
v) Share Incentive Schemes (equity settled)		
(refer note 23)		
w) Interest in subsidiaries, associates and joint ventures		
(refer pages 110 and 111)		
x) Analysis of shareholders		
(refer pages 112 and 113)		

46. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Directors' emoluments for the year ended 30 June 2014 are outlined as follows:

	Board member fees R'000	Committees: Advisory R'000	Committees: Audit and Risk R'000	Committees: Remuneration and Nomination R'000	Committees: Social, Ethics and Transformation R'000	Total R'000
Non-executive directors						
2014						
M Akoojee	113	–	–	–	–	113
OS Arbee	113	–	113	45	–	271
LM Alberts	113	108	68	74	–	363
RL Hiemstra	227	–	68	45	–	340
DM Mncube ^	9	–	–	–	–	9
VJ Mokoena	113	–	–	–	45	158
SD Mthembi-Mahanyele *	28	–	–	–	–	28
June 2014	**716**	**108**	**249**	**164**	**45**	**1 282**
2013						
M Akoojee	107	–	–	–	–	107
OS Arbee	107	–	107	43	–	257
LM Alberts	107	102	64	70	–	343
RL Hiemstra	214	–	64	43	–	321
VJ Mokoena	107	–	–	–	43	150
SD Mthembi-Mahanyele *	107	–	–	–	–	107
June 2013	749	102	235	156	43	1 285

^ *Mr DM Mncube was appointed as independent non-executive director on 1 May 2014.*

* *Ms SD Mthembi-Mahanyele resigned as independent non-executive director on 11 September 2013.*

Notes to the annual financial statements

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for the year ended 30 June 2014

46. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

	Salary R'000	Bonus R'000	Retirement and medical aid contribution R'000	Total R'000
Executive directors				
2014				
JA Beukes	**2 223**	**–**	**427**	**2 650**
JAI Ferreira	**1 830**	**1 013**	**259**	**3 102**
RD Roos	**1 513**	**710**	**233**	**2 456**
DA Tod	**4 027**	**2 307**	**753**	**7 087**
June 2014	**9 593**	**4 030**	**1 672**	**15 295**
2013				
JA Beukes	2 105	–	401	2 506
JAI Ferreira	1 612	750	233	2 595
RD Roos	1 311	324	217	1 852
DA Tod	3 610	2 295	676	6 581
June 2013	8 638	3 369	1 527	13 534

	Salary R'000	Bonus R'000	Retirement and medical aid contri–bution R'000	Other fees R'000	Total R'000
Prescribed officers					
2014					
CJ Bishop	**2 457**	**1 472**	**294**	**–**	**4 223**
M Coetzee	**1 441**	**518**	**279**	**–**	**2 238**
RP Haynes	**942**	**113**	**194**	**–**	**1 249**
GD Kotzee	**2 061**	**408**	**325**	**–**	**2 794**
PJ van Niekerk	**1 547**	**240**	**225**	**–**	**2 012**
June 2014	**8 448**	**2 751**	**1 317**	**–**	**12 516**
2013					
CJ Bishop	2 103	870	254	901	4 128
M Coetzee	1 336	350	270	–	1 956
RP Haynes	877	190	180	–	1 247
GD Kotzee	1 929	230	305	–	2 464
PJ van Niekerk	1 518	180	209	–	1 907
June 2013	7 763	1 820	1 218	901	11 702

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continued

for the year ended 30 June 2014

46. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

Executive directors and prescribed officers participate in share incentive schemes, designed to recognise the contributions of senior staff to the growth of the Company's equity.

Within limits imposed by shareholders, rights are allocated to directors and senior staff. The equity-linked compensation benefits for executive directors and prescribed officers are set out below. Refer to note 23 – Share-Based Payment Reserve.

	Grant date	Vesting date	Note	Type of share incentive scheme^	Grant date strike price cents	Grant date valuation price cents	Opening number of share options '000	Number of share options awarded during the year '000	Closing number of share options '000
Executive directors									
2014									
JA Beukes							770	–	770
	24 Jun 2011	30 Jun 2014	1	LTIP	–	381	110	–	110
	12 Apr 2012	30 Jun 2015	2	LTIP	–	611	500	–	500
	24 Jun 2011	30 Jun 2014	1	SAR	628	234	160	–	160
JAI Ferreira							1 820	400	2 220
	24 Jun 2011	30 Jun 2014	1	LTIP	–	381	110	–	110
	24 Jun 2011	30 Jun 2014	1	LTIP	–	381	800	–	800
	12 Apr 2012	30 Jun 2015	2	LTIP	–	611	750	–	750
	1 Dec 2013	1 Dec 2016	2	LTIP	–	901	–	400	400
	24 Jun 2011	30 Jun 2014	1	SAR	628	234	160	–	160
RD Roos							1 480	–	1 480
	24 Jun 2011	30 Jun 2014	1	LTIP	–	381	110	–	110
	24 Jun 2011	30 Jun 2014	1	LTIP	–	381	710	–	710
	12 Apr 2012	30 Jun 2015	2	LTIP	–	611	500	–	500
	24 Jun 2011	30 Jun 2014	1	SAR	628	234	160	–	160
DA Tod							3 288	–	3 288
	24 Jun 2011	30 Jun 2014	1	LTIP	–	381	244	–	244
	24 Jun 2011	30 Jun 2014	1	LTIP	–	381	1 500	–	1 500
	12 Apr 2012	30 Jun 2015	2	LTIP	–	611	1 250	–	1 250
	24 Jun 2011	30 Jun 2014	1	SAR	628	234	294	–	294

^ LTIP: Long-Term Incentive Plans, SAR: Share Appreciation Rights

1. Vesting subject to Remuneration Committee approval.
2. Open tranches not expected to vest.

Notes to the annual financial statements

continued

for the year ended 30 June 2014

46. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

	Grant date	Vesting date	Note	Type of share incentive scheme^	Grant date strike price cents	Grant date valuation price cents	Opening number of share options '000	Number of share options awarded/ (forfeited) during the year '000	Closing number of share options '000
Prescribed officers									
CJ Bishop							2 770	–	2 770
	24 Jun 2011	30 Jun 2014	1	LTIP	–	381	110	–	110
	24 Jun 2011	30 Jun 2014	1	LTIP	–	381	1 250	–	1 250
	12 Apr 2012	30 Jun 2015	2	LTIP	–	611	1 250	–	1 250
	24 Jun 2011	30 Jun 2014	1	SAR	628	234	160	–	160
M Coetzee								20	20
	1 Dec 2013	1 Dec 2016	2	LTIP	–	901	–	20	20
GD Kotzee							900	–	900
	24 Jun 2011	30 Jun 2014	1	LTIP	–	381	400	–	400
	12 Apr 2012	30 Jun 2015	2	LTIP	–	611	500	–	500
PJ van Niekerk							900	(500)	400
	31 Dec 2010	30 Jun 2014	1	LTIP	–	532	400	–	400
	12 Apr 2012	30 Jun 2015	2	LTIP	–	611	500	(500)	–

^ LTIP: Long-Term Incentive Plans, SAR: Share Appreciation Rights

1. Vesting is subject to Remuneration Committee approval.
2. Open tranches are not expected to vest.

A prescribed officer, in terms of the Companies Act no 71 of 2008, as amended, means the holder of an office, within a company. DAWN has identified its prescribed officers as the members of the Executive Committee and cluster heads. Prescribed officers are designated to be key management personnel in terms of IAS 24.

All executive directors are eligible for an annual performance-related bonus payment linked to appropriate Group and business sector targets. The structure of the individual annual bonus plans and awards are decided by the Group Remuneration Committee.

Directors' and prescribed officers' emoluments are paid by various subsidiaries within the Group.

47. EVENTS AFTER THE REPORTING PERIOD

Pro-Max Welding Consumables Proprietary Limited

A 60% share was acquired in Pro-Max Welding Consumables Proprietary Limited (Pro-Max) for a provisional cash consideration of R5,9 million. The cash consideration to be paid is dependent on Pro-Max meeting certain targets as set out in the sale of shares agreement between the Group and Pro-Max. Pro-Max specialises in the manufacturing and distribution of welding equipment and consumables. The effective date of the transaction was 1 July 2014. The provisional amount of net assets acquired amounted to R2,9 million.

Apex Valves South Africa Proprietary Limited

An additional 39,53% shareholding was acquired in Apex Valves South Africa Proprietary Limited (Apex Valves) on 30 July 2014 in addition to the 60,47% previously owned. This resulted in the Group obtaining 100% control over Apex Valves. A total consideration of R6 million is to be paid on 31 October 2014.

Notes to the annual financial statements

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for the year ended 30 June 2014

Watertech Companies

Shareholders are referred to a notice of general meeting announcement dated 18 August 2014 in relation to a category 1 acquisition of a 51% indirect interest in the building manufacturing companies of DAWN ("the Watertech Companies") by Grohe Luxembourg Four S.A. ("Grohe"), together with a call option in favour of Grohe to acquire an additional 24,1% indirect shareholding in the Watertech Companies from DAWN after a 10-year period, and if such option is exercised by Grohe, or if Grohe's indirect shareholding has otherwise increased to 75,1%, the option for DAWN to sell its remaining 24,9% indirect interest in the Watertech Companies to Grohe.

The general meeting of DAWN shareholders was held on Monday, 15 September 2014. The special resolution and the ordinary resolution, as set out in the notice of general meeting to shareholders, dated 18 August 2014, were unanimously approved by shareholders present or represented and voting at the meeting.

At the date of the annual financial statements, Competition Commission approval had not yet been obtained. Shareholders will be notified when all conditions precedent have been met.

Dividend

The Board declared a dividend of 16,5 cents per ordinary share, from income reserves, in respect of the year ended 30 June 2014 (2013: 16,5 cents per ordinary share). The dividend was declared on 9 October 2014.

Other

Management is not aware of any other material events that occurred subsequent to the end of the reporting period. There has been no material change in the Group's contingent liabilities since the year-end.

Notes to the annual financial statements

continued

for the year ended 30 June 2014

48. RESTATEMENTS

Restatement – Adoption of IFRS 11

On 1 July 2013, the accounting policy for joint ventures was changed to be in line with the requirements of IFRS 11. Previously, investments in joint ventures were proportionately consolidated by the Group. In terms of IFRS 11, proportionate consolidation is no longer allowed. The equity method of accounting for investments in joint ventures has been adopted by the Group and comparative results have been restated accordingly. The effects of the change in accounting policy on the consolidated Income Statements, Statements of Financial Position and Cash Flow Statements for the comparative periods are disclosed below:

Impact on Statement of Financial Position

	Previously reported June 2013 R'000	Restated June 2013 R'000	Increase/ (decrease) June 2013 R'000
Assets			
Property, plant and equipment	440 214	423 455	(16 759)
Intangible assets	279 954	271 354	(8 600)
Investments in joint ventures	–	52 246	52 246
Investments in associates	107 746	103 526	(4 220)
Deferred tax assets	52 940	52 210	(730)
Inventories	978 366	929 631	(48 735)
Trade and other receivables	942 484	909 867	(32 617)
Cash and cash equivalents	275 510	269 579	(5 931)
Derivative financial instruments	5 338	5 338	–
Current tax assets	389	389	–
Equity			
Equity attributable to equity holders of the Company	1 455 777	1 455 777	–
Non-controlling interest	11 608	11 400	(208)
Liabilities			
Borrowings	224 324	215 745	(8 579)
Deferred profit	26 150	26 150	–
Deferred tax liabilities	24 569	22 684	(1 885)
Retirement benefit obligation	5 518	5 462	(56)
Derivative financial instruments	3 080	3 080	–
Trade and other payables	1 088 948	1 060 653	(28 295)
Current portion of borrowings	219 613	195 866	(23 747)
Derivative financial instruments	93	93	–
Deferred profit	5 793	5 793	–
Current tax liabilities	17 468	14 892	(2 576)

Notes to the annual financial statements

continued

for the year ended 30 June 2014

48. RESTATEMENTS continued

Impact on Income Statement

	Previously reported June 2013 R'000	Restated June 2013 R'000	Increase/ (decrease) June 2013 R'000
Revenue	4 588 344	4 447 187	(141 157)
Cost of sales	(3 396 154)	(3 294 538)	101 616
Gross profit	1 192 190	1 152 649	(39 541)
Net operating expenses	(939 530)	(908 867)	30 663
Operating profit	252 660	243 782	(8 878)
Finance income	10 465	10 517	52
Finance expense	(62 916)	(60 451)	2 465
Profit after net financing costs	200 209	193 848	(6 361)
Share of profit from associates and joint ventures	16 491	18 592	2 101
Profit before taxation	216 700	212 440	(4 260)
Income tax expense	(57 465)	(53 188)	4 277
Profit for the year	159 235	159 252	17
Profit attributable to:			
Owners of the parent	156 296	156 296	–
Non-controlling interest	2 939	2 956	17
	159 235	159 252	17

Impact on statement of cash flows

	Previously reported June 2013 R'000	Restated June 2013 R'000	Increase/ (decrease) June 2013 R'000
Cash generated from operations before working capital changes	341 219	327 712	(13 507)
Working capital changes	(29 358)	(33 201)	(3 843)
Net finance costs paid	(46 914)	(44 553)	2 361
Net income tax paid	(50 312)	(46 402)	3 910
Net cash generated from operating activities	214 635	203 556	(11 079)
Net cash utilised in investing activities	(130 091)	(125 115)	4 976
Net cash utilised in financing activities	(41 092)	(44 168)	(3 076)
Increase in cash resources	43 452	34 273	(9 179)
Cash resources at beginning of the year	61 909	80 865	18 956
Exchange gains/(losses) on cash and cash equivalents	(1 739)	1 087	2 826
Cash resources at end of year	103 622	116 225	12 603

Notes to the annual financial statements

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for the year ended 30 June 2014

48. RESTATEMENTS continued

Restatement – Disposal group held-for-sale disclosed as discontinued operations

On 30 June 2014, Grohe Luxembourg Four AG (Grohe) and Distribution and Warehousing Network Limited (DAWN) entered into an agreement whereby Grohe would acquire a 51% interest in the Watertech Group of companies consisting of Cobra Watertech Proprietary Limited, ISCA Proprietary Limited, Vaal Sanitaryware Proprietary Limited, Libra Bathrooms Proprietary Limited, Apex Valves South Africa Proprietary Limited and Exipro Manufacturing Proprietary Limited. As part of the preparatory steps, the Watertech Companies were transferred from DAWN to Main Street 1254 Proprietary Limited (Main Street 1254) on 31 July 2014. Grohe will acquire 51% of the shares of Main Street 1254 on the effective date which is expected to be 31 October 2014 or on a date as agreed between Grohe and DAWN, but not later than 30 April 2015.

The effect of this transaction is that the Watertech Group of companies is accounted for as a disposal group held-for-sale.

In line with the requirements of IFRS 5 paragraph 38, the consolidated Income Statement for June 2013 has been restated to account for the Watertech Group of companies as a disposal group held-for-sale. In terms of IFRS 5 paragraph 40, the consolidated Statement of Financial Position for June 2013 was not restated to reflect the held-for-sale classification.

Impact on consolidated Income Statement

	Restated * June 2013 R'000	Restated ^ June 2013 R'000	Increase/ (decrease) June 2013 R'000
Revenue	4 447 187	3 763 476	(683 711)
Cost of sales	(3 294 538)	(2 891 692)	402 846
Gross profit	1 152 649	871 784	(280 865)
Net operating expenses	(908 867)	(779 393)	129 474
Operating profit	243 782	92 391	(151 391)
Finance income	10 517	20 028	9 511
Finance expense	(60 451)	(47 460)	12 991
Profit after net financing costs	193 848	64 959	(128 889)
Share of profit from associates and joint ventures	18 592	17 763	(829)
Profit before taxation	212 440	82 722	(129 718)
Income tax expense	(53 188)	(17 244)	35 944
Profit for the year	159 252	65 478	(93 774)
Profit from discontinued operations (attributable to owners of the parent)	–	93 535	93 535
Profit for the year	159 252	159 013	(239)
Profit attributable to:			
Owners of the parent	156 296	156 296	–
Non-controlling interest	2 956	2 717	(239)
	159 252	159 013	(239)

There has been no impact on previously reported earnings per share and attributable earnings to equity holders of the Company.

* *Restatement in terms of IFRS 11.*

^ *Restatement in terms of IFRS 5.*

Interest in SUBSIDIARIES, ASSOCIATES and JOINT VENTURES

for the year ended 30 June 2014

	Activities	Percentage interest 2014	Percentage interest 2013	Issued share capital (Rands)	Class of share	Country
1. Subsidiaries in which Distribution and Warehousing Network limited has a direct interest						
Cobra Watertech Proprietary Limited	C	**100**	100	1 000	Ord	RSA
Dawn Consolidated Holdings Proprietary Limited	H	**100**	100	120	Ord	RSA
ISCA Proprietary Limited	C	**100**	100	100	Ord	RSA
Libra Bathrooms Proprietary Limited	C	**100**	100	600	Ord	RSA
Main Street 1254 Proprietary Limited	H	**100**	–	1 000	Ord	RSA
Wholesale Housing Supplies Proprietary Limited	B	**100**	100	1 000	Ord	RSA
Vaal Sanitaryware Proprietary Limited	C	**100**	100	100	Ord	RSA
2. Subsidiaries, associates and joint ventures in which Distribution and Warehousing Network limited has an indirect interest						
Subsidiaries						
Apex Valves South Africa Proprietary Limited	C	**60**	60	300 000	Ord	RSA
DAWN Human Resource Solutions Proprietary Limited	A	**58**	52	1 000	Ord	RSA
DAWN Marketing and Design Proprietary Limited (formerly Lexshell 63 General Trading Proprietary Limited)	A	**80**	80		Ord	RSA
DPI Holdings Proprietary Limited	H	**100**	100	1 000	Ord A	RSA
DPI International Limited	H	**100**	100	1 031	Ord	Mauritius
DPI Plastics Proprietary Limited	C	**100**	100	2 479	Ord	RSA
Electroline Proprietary Limited	B	**100**	100	100	Ord	RSA
Franmore Investments (Proprietary) Limited	A	**100**	100	100	Ord	Namibia
Incledon DPI Proprietary Limited	B	**100**	100	1 000	Ord	RSA
Incledon DPI (Proprietary) Limited	A	**100**	100	100	Ord	Botswana
Incledon Zambia Limited	B	**100**	100	16 951	Ord	Zambia
Namibia Plastic Converters (Proprietary) Limited	C	**100**	100	201	Ord	Namibia
Pipex Plastics Botswana (Proprietary) Limited	C	**100**	100	742 391	Ord	Botswana
Sangio Pipe Proprietary Limited	C	**100**	49	51	Ord	RSA
Swan Plastics Proprietary Limited	C	**51**	–	1 000	Ord	RSA
Ubuntu Plastics Proprietary Limited	C	**51**	–	100	Ord	RSA
Wilhelm Import Network Proprietary Limited	B	**60**	–	100	Ord	RSA
3. Subsidiaries, associates and joint ventures which are dormant and in the process of deregistration						
Almar Aluminium Proprietary Limited	D	**100**	100	1 461 696	Ord	RSA
Almar Extrusions Proprietary Limited	D	**100**	100	1 000	Ord A	RSA
Almar Marketing Proprietary Limited	D	**100**	100	100	Ord	RSA
Avrutec Proprietary Limited	D	**100**	100	1	Ord	RSA
Bathing Paradise Proprietary Limited	D	**100**	100	100	Ord	RSA
City Non-Ferrous Metals Proprietary Limited	D	**100**	100	2 000	Ord	RSA
City Wires Proprietary Limited	D	**100**	100	100	Ord	RSA
Caslead Properties Proprietary Limited	D	**100**	100	100	Ord	RSA
Cobra Brands Proprietary Limited	D	**100**	100	37 609	Ord A	RSA
Courier Internet Exchange Proprietary Limited	D	**100**	100	100	Ord	RSA
DAWN 101 Investments Proprietary Limited (Formerly Springset Proprietary Limited)	D	**100**	100	170 000	Ord	RSA
DAWN Cargo Proprietary Limited	D	**100**	100	100	Ord	RSA
DAWN Consolidated Properties Proprietary Limited	D	**100**	100	100	Ord	RSA
DAWN Kitchen Fittings Proprietary Limited	B	**100**	95	100	Ord	RSA
DAWN Logistics Proprietary Limited	D	**100**	100	1 000	Ord	RSA
DAWN Management Services Proprietary Limited	D	**100**	100	100	Ord	RSA
Delivery Deluxe Proprietary Limited	D	**100**	100	100 000	Ord	RSA

Interest in subsidiaries, associates and joint ventures

continued

for the year ended 30 June 2014

	Activities	Percentage interest 2014	Percentage interest 2013	Issued share capital (Rands)	Class of share	Country
3. Subsidiaries, associates and joint ventures which are dormant and in the process of deregistration continued						
DPI Kwanzi Proprietary Limited	D	**100**	100	100	Ord	RSA
Geyser Technology Proprietary Limited	D	**100**	100	100	Ord	RSA
Incledon Proprietary Limited	D	**100**	100	46	Ord	RSA
Inex Trading Proprietary Limited	D	**100**	100	68 000	Ord	RSA
Insyst Cape Town Proprietary Limited	D	**100**	100	100	Ord	RSA
Insyst Durban Proprietary Limited	D	**100**	100	100	Ord	RSA
Insyst Johannesburg Proprietary Limited	D	**100**	100	100	Ord	RSA
La-Co Africa Marketing Proprietary Limited	D	**100**	100	1 000	Ord	RSA
Monocraft Proprietary Limited	D	**100**	100	400	Ord	RSA
Romson Properties Proprietary Limited	D	**100**	100	100	Ord	RSA
Royal Express Services Proprietary Limited	D	**100**	100	2	Ord	RSA
Saffer Angola S.A.R.L.*	D	**50**	50	115 278	Ord	Angola
Saffer International Proprietary Limited	D	**100**	100	1 000	Ord	RSA
Skillco Proprietary Limited	D	**100**	100	100	Ord	RSA
Springset (Natal) Proprietary Limited	D	**100**	100	20 000	Ord	RSA
Springset Alloys Proprietary Limited	D	**100**	100	100	Ord	RSA
Stability Hardware Wholesale Proprietary Limited	D	**100**	100	10 200	Ord	RSA
Stylus Industries Proprietary Limited	D	**100**	100	300 000	Ord	RSA
Vaal Mac Holdings Proprietary Limited	D	**100**	100	10 000	Ord	RSA
Veloset Proprietary Limited	D	**100**	100	100	Ord	RSA
Wholesale Housing Supplies East London Proprietary Limited	D	**100**	100	100	Ord	RSA
4. Joint ventures						
Africa Saffer Trading Proprietary Limited	H	**51**	51	500	Ord	RSA
Shares held by Africa Saffer Trading Proprietary Limited in:						
Africa Swiss Trading Limitada	B	**100**	100	9 000	Ord	Angola
AST Congo S.A.R.L.	B	**51**	–	177 049	Ord	Congo
Africa Saffer Trading Limitada	B	**90**	90	11 906	Ord	Mozambique
Africa Saffer Trading Limited (Zambia)	B	**100**	100	8 440	Ord	Zambia
Africa Saffer Trading Limited (Mauritius)	B	**90**	90	2 850	Ord	Mauritius
Africa Saffer Tanzania Limited	B	**51**	–	225 328	Ord	Tanzania
ASTIZ (Private) Limited (Zimbabwe)	B	**55**	55	1 530	Ord	Zimbabwe
Saffer Union (West Africa) Limited (associate of AST)	B	**50**	50	946 522	Ord	Nigeria
Aqualia DPI Proprietary Limited	C	**50**	50	251 366	Ord	Mauritius
DPI Simba Limited	C	**50**	50	5 600 000	Ord	Tanzania
5. Associates						
DPI Rooftiles Proprietary Limited	B	**39**	–	1 000	Ord	RSA
Heunis Steel Proprietary Limited	B	**49**	49	100	Ord	RSA
IPS & Distribution Proprietary Limited	B	**49**	–	100	Ord	RSA
Shares held by Plastic Investments International Limited	H	**49**	33	25	Ord	Mauritius
Fibrex – Fabrica deArt.De.F.b. Sinteticas, S.A.R.L.	C	**100**	100	174	Ord	Angola
Braveheart Financial Services Proprietary Limited	A	**30**	30	30	Ord	RSA

Activities

A – Other; B – Wholesale trading; C – Manufacturing; D – Dormant; H – Investment holding company

Percentage interest reflects voting power.

** The DAWN Group has effective control of the board of directors of Saffer Angola S.A.R.L. by means of an additional deciding vote.*

ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of holdings extracted from the register of ordinary shareholders at 30 June 2014.

Portfolio size	Number of shareholders	% of total	Number of shares held	% of total
1 – 1 000	582	36,15	248 101	0,10
1 001 – 10 000 shares	658	40,87	2 465 337	1,02
10 001 – 100 000 shares	236	14,66	7 765 480	3,21
100 001 – 1 000 000 shares	98	6,09	28 961 798	11,98
1 000 001 shares and over	36	2,24	202 402 188	83,69
Total	**1 610**	**100,00**	**241 842 904**	**100,00**

DISTRIBUTION OF SHAREHOLDERS

Banks/Brokers	22	1,37	2 072 886	0,86
Close Corporations	24	1,49	400 583	0,17
Endowment Funds	18	1,12	611 017	0,25
Individuals	1 239	76,96	15 810 382	6,54
Insurance Companies	13	0,81	5 573 880	2,30
Investment Companies	4	0,25	1 551 007	0,64
Medical Schemes	6	0,37	586 572	0,24
Mutual Funds	56	3,48	69 394 433	28,69
Nominees and Trusts	100	6,21	18 775 713	7,76
Other Corporations	13	0,75	14 933 302	6,17
Private Companies	43	2,61	94 018 790	38,87
Public Companies	3	0,19	905 000	0,37
Retirement Funds	69	4,29	17 209 339	7,12
Total	**1 610**	**100,00**	**241 842 904**	**100,00**

PUBLIC/NON-PUBLIC SHAREHOLDERS

Non-public shareholders	**14**	**0,87**	**137 805 229**	**56,98**
Directors and Associates	7	0,43	17 136 064	7,09
Prescribed Officers	3	0,19	282 326	0,12
Holding 10% or more	3	0,12	112 660 693	46,58
Treasury Stock – Wholesale Housing Supplies Proprietary Limited	1	0,06	7 726 146	3,19
Public shareholders	**1 596**	**99,13**	**104 037 675**	**43,02**
Total	**1 610**	**100,00**	**241 842 904**	**100,00**

Analysis of shareholding

continued

for the year ended 30 June 2014

In accordance with section 56(7)(b) of the Companies Act and paragraph 8.63 of the JSE Limited Listings Requirements, holdings greater than 5% of issued shares have to be disclosed. DAWN has elected to disclose holdings greater than 3%.

BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 3% OF ISSUED SHARES

	Number of shares held	% of total
Ukhamba Holdings Proprietary Limited *	77 733 488	32,14
Coronation Fund Managers	34 927 205	14,44
Investec	16 950 869	7,01
Cityhold Staff Trading Account	13 889 189	5,74
Old Mutual	13 866 492	5,73
Boles Family Trust	13 250 000	5,48
Wholesale Housing Supplies Proprietary Limited	7 726 146	3,19
Total	**178 343 389**	**73,74**

INSTITUTIONAL SHAREHOLDERS WITH A HOLDING GREATER THAN 3% OF ISSUED SHARES

	Number of shares held	% of total
Coronation Fund Managers	64 414 675	26,63
Investec Asset Management	18 261 882	7,55
Old Mutual Investment Group	11 069 741	4,58
Total	**93 746 298**	**38,76**

* *The shares are held in Ukhamba Holdings Proprietary Limited's subsidiaries, Dream World Investments 239 Proprietary Limited and Monyetta Marketing Proprietary Limited.*

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