Unaudited interim results for the six months ended 30 September 2015

DISTRIBUTION AND WAREHOUSING NETWORK LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1984/008265/06)

("DAWN" or "the group" or "the company")

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UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED

30 SEPTEMBER 2015

COMMENTARY

INTRODUCTION

DAWN manufactures and distributes quality branded hardware, sanitaryware, plumbing, kitchen, engineering and civil products through a national, strategically positioned branch network in South Africa, as well as in selected countries in the rest of Africa and Mauritius. The group has two main operating segments, namely Building and Infrastructure, both supported by the Solutions segment.

PERIOD UNDER REVIEW

Following the successful partnering in November 2014 of 51% of

DAWN’s Watertech and Sanware clusters with Grohe Luxemburg Four AG, Europe’s largest and the world’s leading single-brand manufacturer and supplier of sanitary fittings, DAWN changed its year-end to 31 March, resulting in a nine-month reporting period for F2015. As per the JSE Listings Requirements, the group is required to report on its last published comparative results and therefore reports on its results for the six months to 30 September 2015 (first half F2016) now compared to the six months to December 2014 (first half F2015).

As per the group’s strategy communicated to stakeholders, increasing group volumes over the fixed cost base is the group’s key goal. Accordingly, structural changes were implemented during the period under review to increase volume over fixed cost. These are summarised below:

- 1 November 2014 – The Watertech and Sanware clusters became associates
- 1 November 2014 – DAWN Africa Trading (DAT) became a subsidiary
- 1 December 2014 – Hamilton’s acquired
- 31 March 2015 – IPS became a subsidiary and were combined with Incledon
- 1 April 2015 – Boutique Baths acquired

- First quarter F2016 – Pro-Max and Hamilton’s combined into WHS with further consolidation still to be implemented
- First half F2016 – Distribution rights of the Grass brand attained
- 10 September 2015 – WiiN was sold

Group earnings for the period under review were therefore as follows:

- Headline earnings per share (HEPS) improved from a loss of 27,8 cents per share (cps) to a profit of 29,8 cps; and
- Earnings per share (EPS), when compared to the six months ended 31 December 2014, decreased by 88% to 29,6 cps
  - The comparative period set an unusually high base as once-off net gains amounted to R493,6 million, whilst the income statement in the current period is clean of once-off items.

The R493,6 million net once-off gains consisted of the R625,0 million net gain from the Grohe transaction less R131,4 million in negative effects of the strike and electricity disruptions, impairments and the Grohe transaction in the previous period.

At the announcement of DAWN’s results in February 2015 and again in June 2015, management set firm goals to start turning company performance around after a number of successive periods of subdued performance. While worsening economic conditions placed pressure on operational performance in the period under review, management is pleased to report that the short-term aspects of these goals have largely been achieved, resulting in the above-mentioned improvement in HEPS. It is, nevertheless, important to note that the process is ongoing. Management has identified further goals that must be achieved to ensure a sustainable improvement in group earnings and returns. These are discussed under the Prospects section at the end of this review.

INCOME STATEMENT

Group revenue for the six months amounted to R2,7 billion, growing 10% compared to the six months to December 2014.

Gross margins decreased to 23,8% from the 24,1% achieved during the six months to 31 December 2014, showing resilience in competitive market conditions.

Net operating expenses reduced by a pleasing 9%, reducing the sales to expense ratio from 24,7% in H1 F2015 to 20,3% in H1 F2016.

Group profit before interest and taxation (PBIT) for the period under review, therefore, increased by 98% to R93,2 million (December 2014: R47,0 million core). All three business segments showed an improvement in PBIT margin. The Building segment margin improved to 2,2% (December 2014: 1,9% core), while the

Infrastructure segment PBIT margin recovered to 4,3% from a loss in the comparative period. The Solutions segment margin improved to 2,0% from the loss incurred to 31 December 2014. Each segment's results now fall within the group's stated guidance, although the Building segment is still at the lower end of the range.

Net finance costs decreased by 40% to R15,7 million (December 2014: R26,3 million) due to lower operating expenses, improved working capital and improved cash generation.

Income from associates and joint ventures increased by more than 100% to R24,2 million (December 2014: R11,3 million) as the first full six-month contribution from Grohe DAWN Watertech (GDW) came through. The Watertech and the Sanware structures' profit from discontinued operations for the four months to 31 October 2014 of R27,4 million did not recur as these businesses are now reported as part of GDW.

As anticipated, the group's effective tax rate reverted to the 28 to 30% range, coming in at 28,6%. The group's tax rate is higher than the South African tax legislated rate due to higher legislated tax rates in other African countries where DAWN operates.

Non-controlling interests' share of group earnings increased from

R1,6 million to R7,9 million, reflecting the strong earnings increase from mainly Swan and Ubuntu, largely due to the further recent consolidation of the PVC pipe market.

HEPS, therefore, improved from a loss of 27,8 cps for the six months to 31 December 2014 to a profit of 29,8 cps for the current period.

STATEMENT OF FINANCIAL POSITION

The reduction in net working capital requirements over the six months to September 2015 amounted to R42 million and a further R100 million reduction is targeted in the second half of F2016.

The group’s net working capital continued to decrease, coming down from a high of 65 days in December 2014 to 62 days in March 2015 and to 57 days by September 2015. The group’s stated target mean for working capital is 55 days. Some work therefore remains to be done to achieve this goal, most notably getting group stock covered by creditors. The table below summarises the group’s working capital movements in days, calculated on a rolling 12-month basis.

	Sep 2015	Mar 2015	Dec 2014	Comment on working capital days
Net working capital	57	62	65	Solid improvement,

				closer to targeted mean of 55 days
Debtors	51	49	46	In line with expectations and revenue growth; bad debts still <0,1% of revenue
Stock	69	82	74	R145 million reduction in stock levels; more to come
Creditors	63	69	55	Creditor funding reduced in line with recent stock reduction. Stock and creditor days should be in line with creditor funding during second half F2016

It is pleasing to note that, when expressed as a percentage of revenue, the attention paid to stock management and cash extraction has resulted in working capital improving to 16%

(December 2014: 18%). The group’s stated goal for working capital as a percentage of revenue is a mean of 15% and further focused attention is being paid to stock management.

The group’s net asset value increased to R2,05 million as at 30 September 2015 compared to R2,00 million at 31 March 2015.

Compared to the group’s net interest-bearing debt, the financial position of the group has improved to a gearing ratio of 4,4% at 30 September 2015 (7,9% at 31 March 2015).

The current portion of debt, that will fall due over the next twelve months, of R208,6 million is aligned with the cash generation of the group considering the cash resources of R89,6 million. Net current portion of debt amounts to R119,0 million compared to the cash generated from operating activities of R131,3 million.

STATEMENT OF CASH FLOWS

Cash generated from operating activities before working capital changes improved to R131,3 million (December 2014: R72,3 million) and exceeds EBITDA of R125,7 million (December 2014 core: R77,9 million).

Working capital showed an inflow of R42,4 million (December 2014: outflow of R196,8 million).

Net finance and tax payments amounted to R27,0 million (December

2014: R40,4 million).

Investing and financing activities, however, showed a net outflow of R195,8 million (December 2014: outflow of R15,1 million).

Investing activities totaled a R39 million outflow for the period. Included in this number are the following:

- R8 million for the acquisition of Boutique Baths
- R31 million in capital expenditure. Of this, R8 million was spent on maintenance capital expenditure and R23 million was spent on expansionary capital expenditure. The capital expenditure comprised spend on the software for the new ERP system, capital expenditure on fleet, plant and equipment and an outlay for generators, making the group more resilient to the effects of future power disruptions.

Financing activities, on the other hand, amounted to a net R157 million and included:

- R250 million in debt repayments offset by R124 million in receipts from loans to associates and joint ventures;
- R30 million spent on treasury shares to acquire 5 million DAWN shares in the open market;
- R2 million government grant received; and
- R4 million in dividend payments to non-controlling shareholders.

As per IFRS requirements, the R124 million in receipts from loans to associates and joint ventures in the financing activities above are disclosed as investing activities. The result is a net inflow from investing activities of R81 million and a net outflow of R277 million from financing activities.

The group closed with a net overdraft position of R47,7 million at September 2015 compared to a net cash balance of R1,4 million at March 2015.

OPERATIONAL OVERVIEW

Details of the achievements in the current period, based on guidance given during the previous two results announcements:

– Additional volumes through existing infrastructure – achieved

– Improve working capital – achieved

– Turn loss-makers around – partially achieved

– Further reduce overheads – partially achieved

BUILDING – 44% OF GROUP REVENUE

The Building segment consists of Building Trading as well as associates and joint ventures. The Building Trading businesses include WHS, DAWN Kitchen, DAWN Africa Trading (DAT), Hamiltons Brushware, Pro-Max Welding Equipment and Consumables and Business Development. Following the Grohe transaction in October 2014, DAWN now holds 49% of GDW. The other associates and joint ventures are Heunis Steel, DAT Zimbabwe and DAT Tanzania. DAT Nigeria and DAT Mauritius have been closed.

Revenue for Building Trading rose by 4% to R1,3 billion (December 2014: R1,2 billion). Acquisitive growth was achieved with the acquisition of Boutique Baths, Hamilton’s and taking control over the DAT structure which, in combination, represented 7% of the revenue growth. A 5% price increase was achieved, with a modest, but pleasing improvement in gross margin. Volumes, however, declined by 8%, mainly due to the weak geyser market and the decision to exit certain product groupings that did not contribute at optimal levels. Other than the pocket of weakness in the geyser market, DAWN’s focus on increasing volume over the existing cost base was achieved by acquiring the brands of Hamilton’s, Grass and Gardena into Building Trading. Boutique Baths was acquired with the ultimate aim of combining the brand with the GDW marketing package. These additional volumes resulted in this business benefiting from economies of scale. There is, nevertheless, more room for improvement in Building Trading and it remains a focus of management to achieve this.

Headline earnings increased by 25% to R11,0 million (December 2014: R8,8 million).

WHS, the largest component of Building Trading, successfully implemented cost cutting and higher margins, resulting in a significant improvement in headline earnings. Kitchen improved to break-even level largely due to the actions of the new management team. It also acquired the kitchen brand, Grass, to complete its product offering at the top end of the market. The losses at WiiN were stemmed in the first half of F2016 and this business was disposed of in September 2015. Hamilton’s contributed to earnings for the first full reporting period and Pro-Max maintained earnings. DAT closed down its Mauritian and Nigerian operations. DAT incurred foreign exchange losses in Tanzania as a result of election-related disruptions and in Angola and Zambia, mainly as a result of oil and copper commodity price movements.

GDW is in the early stages of integration with the Grohe structure and cultures and had to address a number of teething problems during the first couple of months. Although the export synergies originally agreed with Grohe did not manifest immediately, traction is being gained. GDW’s contribution declined by 66% on a like-for-like basis. Heunis Steel produced a solid performance, but the earnings decline is off the very high base set in the comparative period. The headline earnings contribution from associates and joint ventures therefore declined by 35%. It should be noted that the Building segment had

R27,4 million contribution from discontinued operations (Watertech and Sanware clusters now part of GDW) during the comparative period to 31 December 2014.

Headline earnings for the Building segment as a whole declined by 40% to R28,5 million (December 2014: R47,1 million).

INFRASTRUCTURE – 46% OF GROUP REVENUE

The Infrastructure segment consists of Infrastructure Manufacturing (including DPI, DPI International, Swan, Ubuntu and Sangio) and Incledon. The associates and joint ventures include Simba, Fibrex and Aqualia.

Infrastructure performed well off the weak comparable base set in the first half of F2015.

Revenue for Infrastructure amounted to R1,4 billion in the six months to 30 September 2015 (December 2014: R1,2 billion).

Revenue rose by 17%, driven by a 15% increase in volumes as the PVC pipe market further consolidated. The group's infrastructure markets of water and sewerage reticulation also recovered to some extent from the large number of delayed contracts experienced in the comparative period. Finally, volumes were boosted by the non-recurrence of the strike and electricity disruptions that plagued the comparative period. The segment now has its own back-up power, making it more resilient to power outages. Prices increased by 2%.

Gross margins improved materially. Operating profit for Infrastructure increased significantly to R57,9 million (December 2014: R4,1 million). This resulted in a total Infrastructure segment headline earnings increase of 342% compared to the six months to December 2014.

DPI and Swan performed particularly well during the period but Sangio, specialising in HDPE piping and previously a strong performer, suffered from the substantial reduction in mining sector demand. Sangio’s top line was down 40%, which translated to a loss at headline earnings level.

Incledon achieved top line growth of 9%. The businesses of Incledon and IPS have been combined to achieve both cost savings and mutual geographic penetration benefits. Despite a high comparative base and weak demand from the mining sector, Incledon’s headline earnings increased by 285%.

The contribution from associate, Fibrex, for the period was flat. Fibrex is based in Angola, which continues to be a very tough trading environment as the economy falters due to its reliance on the oil price. Foreign exchange restrictions have been implemented in Angola, which impacted negatively on the import of raw materials. Simba’s contribution was also flat, due to the volatility surrounding the Tanzanian elections and the consequent withdrawal of donor funding from the country. The non-recurrence of losses in the previous period at IPS, when it was still an associate, contributed to the 639% improvement in associate and joint venture income.

SOLUTIONS – 10% OF GROUP REVENUE

Solutions consists of DAWN Logistics (comprising DAWN Distribution Centres and DAWN Cargo), as well as Other Services, including DAWN Human Resources, DAWN Financial Solutions; DAWN Projects, DAWN Business Systems (IT) and DAWN Marketing (DMD).

Revenue for Solutions grew by 11% to R282 million in the six months to 30 September 2015 (December 2014: R253 million). This represents a 6% growth in price and a 5% improvement in volume. As per the group's stated objective, higher volumes were serviced through the existing cost structure.

Operating profit for Solutions amounted to R6,2 million (December 2015: loss of R2,5 million) and Solutions delivered R6,0 million in headline earnings (December 2014: loss of R3,5 million).

Logistics, the largest element of the Solutions segment, moved from a large loss in the comparative period to a profit in the period under review as benefits of the new systems are coming through into the results. These new world-class warehouse management systems have been successfully implemented and resulted in improved efficiencies in fleet management and route planning. Furthermore, it has enabled improvements in customer service levels and warehouse order-picking efficiencies.

Additional efficiencies have been realised through a reduction in the amount of over-time required. Logistics also felt the benefit of the non-recurrence of the once-off R6 million cost related to the implementation of the new IT system in the comparative period.

Other Services achieved growth in its non-group client base in the period under review. Results were mainly affected by the reduction in in-group expenses, which meant lower levels of recruitment and training activity.

Finally the latest addition to the group’s associates, College of Production Technology, contributed for the full six months to September 2015 compared to only one month during the first half F2015.

DAWN AFRICA

DAWN Africa’s constituent parts are incorporated in the Building and Infrastructure segmental results, but discussed separately in this review to provide additional disclosure for stakeholders.

The weaker Rand exchange rate during the period under review provided some cushion to DAWN Africa’s revenues. However, economic and political challenges in Zambia, Tanzania and Angola as well as reduced levels of mining activity due to the lower commodity prices resulted in DAWN International’s revenue falling by 13%.

More specifically, DPI in Africa saw a 23% decline in revenue and DAT’s revenue increased by 4%. Exports from South Africa were down 11%.

GROUP PROSPECTS

The over-riding objective for the group is to become the master distributor in each of its addressed markets, i.e. capturing a greater market share of each supplier and customer in the DAWN supply-chain. This will contribute to the group objective of increasing volume throughput over the existing cost base. The results for the first six months to September 2015 have already shown benefits from this initiative in all three operating segments and management is focusing on extracting more such benefits in the immediate future. The key in the short-term is to consolidate group market share and further reduce the expense base.

In the medium-term DAWN’s target is to simplify the group to become world class through:

- securing increased volumes from suppliers to improve procurement and the inbound supply chain
- further consolidating group businesses for cost reductions and
- utilising cross-selling across the group to improve stock alignment with customer requirements.

A further reduction in net debt was achieved in the half-year to 30 September 2015, bringing the net debt to equity ratio down to 4,4%. The group's objective is to be entirely cash positive, on a net debt basis, by March 2016. This will bolster DAWN's financial position in an uncertain market environment.

Other short-term objectives for the group include the release of a further R100 million cash from working capital.

BUILDING SEGMENT

Building will focus on securing additional volumes through extending the group's position as a master distributor. A first step is to bring all the remaining Building Trading businesses under one scaled-up umbrella to access economies of scale and reduce costs.

Other short-term hurdles that have to be met include improving gross margins across the board, focusing on cash extraction from stock. In the case of GDW, improving margins through good factory loadings can be obtained through accessing more Grohe export orders.

INFRASTRUCTURE SEGMENT

Order books at Infrastructure Manufacturing remain strong, although the seasonality of its markets dictates that the second half of the year will deliver a weaker earnings performance than the first half. In addition, Sangio is unlikely to break even in the second half of the year, due to the tough market conditions in which it is operating. The Incledon market also remains slow.

Solutions segment

Management will continue to further reduce costs in the second half of F2016. However, the seasonality of group activity in the second half leads management to anticipate a softer second half contribution.

DAWN AFRICA

DPI in the rest of Africa is expected to experience a very tough period to March 2016. The low oil price and resulting economic challenges in Angola will make it hard for Fibrex to earn a profit in the second half of F2016. Simba is likely to experience further economic and political challenges, but is expected to recover. Although the Namibian market is cooling down, the group plans to consolidate its Botswana and Namibian operations for better volumes through one cost base.

CONCLUSION

DAWN management continues with the firm actions implemented in the first half of F2016. The benefits of these actions are being felt across the business.

An analysis of the group's prospects would, however, not be complete without acknowledging possible risks to group guidance. In management's estimation, these risks would include any meaningful delays in government water and sanitation spend, the weakening South African economy and further pressure on consumers, possibly exacerbated by interest rate increases. The occurrence of any of these issues could extend the timeframe of the group's delivery on the abovementioned targets.

Despite the achievements in the first half of the year, there are other areas of the business that still require attention. The most important are:

- a further R100 million to be realised in working capital improvements, with a strong focus on improved stock management and cash extraction to ensure a cash positive position by 31 March 2016;
- a strong focus on gross margins, to improve net margins;
- bringing the remaining loss-makers, DAT, Pro-Max and Sangio, back to profit; and

– driving productivity where investments have been made, for example in Warehousing.

Management continues to take firm steps to ensure improvements in performance.

This specific forecast has not been reviewed nor reported on by the company's auditors.

NOTICE ON PAYBACK OF BONUSES

Shareholders are advised that the board of directors of DAWN and the relevant individuals have reached agreement that bonuses to the value of R7 million in total will be refunded to the group. These bonuses were paid in 2014 to the CEO, Mr Derek Tod and the CFO, Mr Dries Ferreira following the successful conclusion of the Grohe transaction in October 2014. Unfortunately the DAWN group did not perform according to expectations for the full year ended 31 March 2015 and it was deemed appropriate to reverse the bonuses concerned. Management's approach and positive attitude in relation to the repayment of the bonuses are commendable and underline their commitment to the group. The board wishes to express their gratitude to them. The board also expresses their appreciation for the shareholders' direct input on this matter, which provided an opportunity to professionally address this matter as stakeholders, in the interests of the DAWN group. The timing of the implementation of this arrangement is being formalised to ensure that statutory and regulatory implications are appropriately addressed.

CHANGES TO THE BOARD AND MANAGEMENT TEAM

The following changes have recently taken place at board level at DAWN and are summarised in the table below.

DEPARTURES	ARRIVALS
Tak Hiemstra, chairman	Diederik Fouché, chairman – Retired senior partner at PwC, PwC Africa board member and industry leader for southern Africa in the retail, consumer and manufacturing industries (CIPS), EMEA CIPS committee member
Osman Arbee, audit committee chair	Saleh Mayet, audit committee chair – Was acting group head of Anglo American SA – Head of Finance at Anglo American SA
Mohammed Akoojee, non-executive director	George Nakos, non-executive director (effective 12 November 2015)

(effective 11 November 2015) – Imperial group executive committee member and group corporate finance executive

– Previously corporate finance executive at Investec Bank

Collin Bishop,

chief operating officer

(prescribed officer)

The board appreciates and wishes to thank the outgoing board and management members for their valuable contributions to DAWN over the years and welcomes the new board members who have already started making a contribution to the group.

Signed for and on behalf of the board

Diederik Fouché	Derek Tod
Chairman	Chief executive officer

Dries Ferreira

Chief financial officer

Germiston

12 November 2015

SUMMARY CONSOLIDATED INCOME STATEMENT

	Unaudited	Unaudited	Audited
	6 months	6 months	9 months

	30 September 2015 R’000	31 December 2014 R’000	31 March 2015 R’000
Revenue	2 667 934	2 427 423	3 616 640
Cost of sales	(2 032 432)	(1 841 804)	(2 771 312)
Gross profit	635 502	585 619	845 328
Net operating expenses before derecognition and re-recognition of investments and impairments	(541 606)	(655 590)	(919 657)
Operating profit/(loss) before derecognition and re-recognition of investments and impairments	93 896	(69 971)	(74 329)
Net (loss)/gain on derecognition and re-recognition of previously held interest and impairment of other assets	(693)	640 042	637 370

Impairment of intangible assets	–	(29 468)	(102 982)
Operating profit	93 203	540 603	460 059
Finance income	2 421	6 112	15 710
Finance expense	(18 163)	(32 367)	(50 266)
Profit after net financing costs	77 461	514 348	425 503
Share of profit in investments accounted for using the equity method	24 160	11 338	10 877
Profit before taxation	101 621	525 686	436 380
Income tax (expense)/income	(22 167)	(6 265)	21 782
Profit from continuing operations	79 454	519 421	458 162
Profit from discontinued operations (attributable to owners of the parent)	–	27 438	27 438
Profit for the period	79 454	546 859	485 600
Profit attributable to:			
Owners of the parent	71 584	545 255	485 238
Non-controlling interest	7 870	1 604	362

Profit for the period		79 454	546 859	485 600

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	% change	Unaudited 6 months 30 September 2015 R’000	Unaudited 6 months 31 December 2014 R’000	Audited 9 months 31 March 2015 R’000
Profit for the period		79 454	546 859	485 600
Other comprehensive income:				
Exchange differences on translating foreign operations		(10 623)	1 378	277
Exchange differences recycled through profit/loss		–	–	(2 972)

Effects of retirement benefit obligation	–	–	(43)
Taxation related to components of other comprehensive income	–	–	12
Other comprehensive income for the period net of taxation	(10 623)	1 378	(2 726)
Total comprehensive income for the period	68 831	548 237	482 874
Total comprehensive income attributable to:			
Owners of the parent	60 961	546 633	482 512

Non-controlling interest	7 870	1 604	362
	68 831	548 237	482 874
Included above:			
Depreciation and amortisation	32 455	31 111	48 321
Operating lease rentals	69 318	63 828	99 890
Determination of headline earnings (R’000)			
Attributable earnings	71 584	545 255	485 238
Adjustment for the after-tax and non-controlling interest effect of:			
Net profit/(loss) on disposal of property, plant			

and equipment	(96)	(502)	(1 051)
Non-controlling			
interest	6	35	(919)
Impairment of			
assets			
held-for-sale	3 500	–	5 347
Tax effect on			
disposal of			
property, plant			
and equipment			
and impairment			
of intangible			
assets (customer			
relationships)	24	134	(9 498)
Net profit on			
derecognition			
of previously			
held interest	(2 807)	–	(637 370)
Headline earnings			
adjustments			
relating to			
associates and			

joint ventures	(18)	302	233
Impairment of intangible assets	–	29 468	96 915
Impairment of property, plant and equipment	–	–	720
Headline earnings adjustments relating to disposal group	–	(65)	(4)
Net gain on derecognition and re-recognition of Watertech group	–	(624 997)	–
Net gain on derecognition and re-recognition of AST group	–	(15 045)	–
Headline earnings	72 193	(65 415)	(60 390)

Statistics

Number of ordinary shares (’000) – in issue		242 243	242 243	242 243
Weighted average number of shares (’000) – for earnings per share		242 041	235 152	237 057
– for diluted earnings per share		246 009	235 152	239 263
Earnings per share (cents)	(87)	29,58	231,87	204,69
Headline earnings per share (cents)	207	29,83	(27,82)	(25,48)
Diluted earnings per share (cents)	(87)	29,10	231,87	202,81
Diluted headline earnings per share (cents)	205	29,35	(27,82)	(25,24)
Operating profit (%)		3,5	22,3	12,7

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2015 R'000	Unaudited 31 December 2014 R'000	Audited 31 March 2015 R'000
ASSETS			
Non-current assets	1 427 480	1 419 836	1 390 125
Property, plant and equipment	256 315	251 833	252 379
Intangible assets	162 167	215 147	149 060
Investments in associates	905 208	871 788	884 359
Investments in joint ventures	31 137	30 479	29 276
Derivative financial assets	3 950	–	3 950
Deferred tax assets	68 703	50 589	71 101
Current assets	1 948 312	1 994 218	2 276 557
Inventories	788 968	841 893	930 543
Trade and other receivables	1 059 416	1 081 337	1 144 320
Cash and cash equivalents	89 645	65 776	197 770
Derivative financial instruments	1 878	4 355	44

Current tax assets	8 405	857	3 880
Assets of disposal group classified as held-for-sale	16 000	–	34 337
Total assets	3 391 792	3 414 054	3 701 019
EQUITY AND LIABILITIES			
Capital and reserves	2 044 690	2 073 663	2 004 123
Equity attributable to equity holders of the company	2 001 505	2 038 723	1 970 149
Non-controlling interest	43 185	34 940	33 974
Non-current liabilities	100 406	110 579	105 488
Borrowings	62 974	59 214	65 471
Deferred profit	13 117	17 462	16 013
Deferred tax liabilities	18 280	28 329	17 969
Retirement benefit obligation	6 035	5 574	6 035
Current liabilities	1 246 696	1 229 812	1 573 071
Trade and other payables	1 004 871	949 023	1 053 210
Borrowings	208 599	259 891	501 605
Derivative financial instruments	20	13	–

Deferred profit	5 793	5 793	5 793
Current tax liabilities	27 413	15 092	12 463
Liabilities of disposal group classified as held-for-sale	–	–	18 337
Total equity and liabilities	3 391 792	3 414 054	3 701 019
Future commitments			
Capital commitments	10 655	11 364	13 595
Operating leases	380 045	439 244	392 620
Net (overdraft)/cash	(47 734)	17 750	1 428
Net debt	89 338	66 365	158 866
Value per share			
Asset value per share			
– net asset value (cents)	826,24	853,78	845,42
– net tangible asset value (cents)	777,12	766,82	782,54
– market price (cents)	540	700	650
Market capitalisation (R’000)	1 308 112	1 695 700	1 574 579
Financial gearing ratio (%)*	4,4	3,2	7,9

Current asset ratio (times)	1,6	1,6	1,4

* Includes cash and cash equivalents.

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 months 30 September 2015 R’000	Unaudited 6 months 31 December 2014 R’000	Audited 9 months 31 March 2015 R’000
Balance at beginning of period	2 004 123	1 522 986	1 522 986
Total comprehensive income for the period – continuing operations	79 454	519 421	458 162
Total comprehensive income for the period – discontinued operations	–	27 438	27 438
Total comprehensive income for the period – discontinued operations (non-controlling interest)	–	15	15
Other comprehensive income	(10 623)	1 378	(2 726)
Changes in ownership			

interest – control not lost	241	(2 507)	(7 561)
Changes in ownership			
interest – derecognition	–	17 789	17 172
Non-controlling interest			
acquired in business			
combinations	1 924	6 262	727
Tax impact in equity	–	–	(5 260)
Transactions with			
non-controlling interest	(583)	(8 504)	(2 538)
Share-based payment charge			
and vesting of options	(5 992)	28 540	29 439
Treasury shares acquired			
and delivered	(20 052)	816	6 733
Dividends paid to			
non-controlling interest	(3 802)	–	(447)
Dividends paid	–	(39 970)	(40 017)
Balance at end of period	2 044 690	2 073 663	2 004 123

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months 30 September 2015	Unaudited 6 months 31 December 2014	Audited 9 months 31 March 2015

	R’000	R’000	R’000
Cash generated from operations before working capital changes	130 471	72 283	56 621
Working capital changes	43 561	(196 792)	(297 531)
Net finance costs paid	(17 242)	(31 063)	(40 564)
Net income tax paid	(9 818)	(9 274)	(18 453)
Net cash generated from/ (utilised in) operating activities	146 972	(164 846)	(299 927)
Net cash generated by/ (utilised in) investing activities	80 678	(214 431)	669 588
Net cash (utilised in)/ generated from financing activities	(276 449)	199 054	(565 261)
Decrease in cash resources	(48 799)	(180 223)	(195 600)
Cash resources at beginning of the period of disposal group held-for-sale	–	121 765	121 765
Cash resources at beginning of the period of			

continuing operations	1 428	80 063	80 063
Translation effects on foreign cash and cash equivalents balances	(364)	340	(518)
Cash and cash equivalents of disposal group held-for-sale at end of year	–	–	–
Cash and cash equivalents of disposal group held-for-sale derecognised	–	(4 195)	(4 282)
Cash resources at end of period	(47 735)	17 750	1 428

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

	BUILDING		
	Continuing operations	Discon-tinued(3) operations	Total
	R'000	R'000	R'000
6 months ended 30 September 2015 (Unaudited)			
Revenue	1 295 134	–	1 295 134

Depreciation and amortisation	(5 754)	–	(5 754)
Operating profit before impairments and derecognition and re-recognition of investments	28 805	–	28 805
Impairments and derecognition	–	–	–
Operating profit after impairments and derecognitions and re-recognition of investments	28 805	–	28 805
Net finance (expense) /income	(13 490)	–	(13 490)
Share of profit from associates and joint ventures (including impairment of associate)	17 459	–	17 459
Tax expense	(6 704)	–	(6 704)
Net profit after tax			

from continuing operations	26 070	–	26 070
Assets	1 608 409	–	1 608 409
Liabilities	1 338 641	–	1 338 641
Capital expenditure(2)	3 703	–	3 703

	Infra-structure R'000	DAWN Solutions R'000	Corporate Office(1) and other reconciling items R'000
Revenue	1 349 965	282 234	(259 399)
Depreciation and amortisation	(16 399)	(10 167)	(135)
Operating profit before impairments and derecognition and re-recognition of investments	57 919	6 212	960
Impairments and derecognition	–	–	(693)
Operating profit after impairments and			

derecognitions and re-recognition of investments	57 919	6 212	267
Net finance (expense) /income	(15 215)	225	12 738
Share of profit from associates and joint ventures (including impairment of associate)	5 570	1 131	–
Tax expense	(12 187)	(1 569)	(1 707)
Net profit after tax from continuing operations	36 087	5 999	11 298
Assets	1 215 783	611 931	(44 331)
Liabilities	734 452	627 605	(1 353 596)
Capital expenditure(2)	15 201	18 176	458

	Discon-tinued(3) operations R’000	Total(4) R’000
Revenue	–	2 667 934
Depreciation and amortisation	–	(32 455)

Operating profit before impairments and derecognition and re-recognition of investments	–	93 896
Impairments and derecognition	–	(693)
Operating profit after impairments and derecognitions and re-recognition of investments	–	93 203
Net finance (expense) /income	–	(15 742)
Share of profit from associates and joint ventures (including impairment of associate)	–	24 160
Tax expense	–	(22 167)
Net profit after tax from continuing operations	–	79 454
Assets	–	3 391 792

Liabilities		–	1 347 102
Capital expenditure(2)		–	37 538

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS (continued)

	BUILDING		
	Continuing operations	Discon-tinued(3) operations	Total
	R'000	R'000	R'000
6 months ended 31 December 2014 (Unaudited)			
Revenue	1 247 794	334 681	1 582 475
Depreciation and amortisation	(5 289)	(9 660)	(14 949)
Operating (loss)/profit before impairments and derecognition and re-recognition of investments	24 871	37 521	62 392
Impairments and derecognition	–	–	–
Operating profit/(loss)			

after impairments and derecognitions and re-recognition of investments	24 871	37 521	62 392
Net finance (expense) /income	(11 199)	(3 077)	(14 276)
Share of profit/(loss) from associates and joint ventures (including impairment of associate)	12 378	1 214	13 592
Tax expense	(7 218)	(9 731)	(16 949)
Net profit/(loss) after tax from continuing operations	18 832	–	18 832
Net profit after tax from discontinued operations	–	25 913	25 913
Assets	1 553 538	–	1 553 538
Liabilities	1 284 617	–	1 284 617
Capital expenditure(2)	4 890	–	4 890
			Corporate

	Infra-structure R’000	DAWN Solutions R’000	Office(1) and other reconciling items R’000
Revenue	1 151 244	253 187	(224 802)
Depreciation and amortisation	(17 066)	(8 633)	(123)
Operating (loss)/profit before impairments and derecognition and re-recognition of investments	4 101	(2 483)	(94 343)
Impairments and derecognition	–	–	610 575
Operating profit/(loss) after impairments and derecognitions and re-recognition of investments	4 101	(2 483)	516 232
Net finance (expense) /income	(13 040)	(1 371)	(645)

Share of profit/(loss) from associates and joint ventures (including impairment of associate)	(1 040)	–	–
Tax expense	2 215	1 125	(2 980)
Net profit/(loss) after tax from continuing operations	(7 764)	(2 727)	511 080
Net profit after tax from discontinued operations	–	–	1 525
Assets	1 117 895	585 121	157 500
Liabilities	655 133	598 897	(1 198 256)
Capital expenditure(2)	29 073	20 890	18 500

	Discon-tinued(3) operations R'000	Total(4) R'000
Revenue	(334 681)	2 427 423
Depreciation and amortisation	(9 660	(31 111)

Operating (loss)/profit before impairments and derecognition and re-recognition of investments	(39 638)	(69 971)
Impairments and derecognition	–	610 575
Operating profit/(loss) after impairments and derecognitions and re-recognition of investments	(39 638)	540 604
Net finance (expense) /income	3 077	(26 255)
Share of profit/(loss) from associates and joint ventures (including impairment of associate)	(1 214)	11 338
Tax expense	10 324	(6 265)
Net profit/(loss) after tax from continuing		

operations		–	519 421
Net profit after tax from discontinued operations		–	27 438
Assets		–	3 414 054
Liabilities		–	1 340 391
Capital expenditure(2)		–	73 353

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS (continued)

	BUILDING		
	Continuing operations	Discontinued(3) operations	Total
	R’000	R’000	R’000
9 months ended 31 March 2015 (Audited)			
Revenue	1 826 897	334 681	2 161 578
Depreciation and amortisation	(9 544)	(9 660)	(19 204)
Operating (loss)/profit before impairments and derecognition and			

re-recognition of investments	30 750	37 521	68 271
Impairments and derecognitions	(9 606)	–	(9 606)
Operating profit/(loss) after impairments and derecognitions and re-recognition of investments	21 144	37 521	58 665
Net finance (expense) /income	(20 318)	(3 077)	(23 395)
Share of profit/(loss) from associates and joint ventures (including impairment of associate)	18 751	1 214	19 965
Tax income/(expense)	(3 633)	(9 731)	(13 364)
Net profit/(loss) after tax from continuing operations	15 944	–	15 944
Net profit after tax from discontinued operations	–	25 913	25 913

Assets	1 591 137	–	1 591 137
Liabilities	1 344 514	–	1 344 514
Capital expenditure(2)	8 325	35 917	44 242

	Infra-structure R’000	DAWN Solutions R’000	Corporate Office(1) and other reconciling items R’000
Revenue	1 751 379	380 061	(341 697)
Depreciation and amortisation	(25 232)	(13 365)	(180)
Operating (loss)/profit before impairments and derecognition and re-recognition of investments	8 044	(2 847)	(108 158)
Impairments and derecognitions	(720)	–	544 714
Operating profit/(loss) after impairments and derecognitions and			

re-recognition of investments	7 324	(2 847)	436 555
Net finance (expense) /income	(20 600)	(2 047)	8 409
Share of profit/(loss) from associates and joint ventures (including impairment of associate)	(8 079)	205	–
Tax income/(expense)	3 125	1 269	20 428
Net profit/(loss) after tax from continuing operations	(18 230)	(3 421)	463 869
Net profit after tax from discontinued operations	–	–	1 525
Assets	1 250 276	592 332	267 274
Liabilities	838 975	612 051	(1 098 644)
Capital expenditure(2)	50 442	34 722	22

	Discon-tinued(3) operations	Total(4)
	R’000	R’000

Revenue	(334 681)	3 616 640
Depreciation and amortisation	9 660	(48 321)
Operating (loss)/profit before impairments and derecognition and re-recognition of investments	(39 638)	(74 329)
Impairments and derecognitions	–	534 388
Operating profit/(loss) after impairments and derecognitions and re-recognition of investments	(39 638)	460 059
Net finance (expense)/income	3 077	(34 556)
Share of profit/(loss) from associates and joint ventures (including impairment of associate)	(1 214)	10 877

Tax income/(expense)	10 324	21 782
Net profit/(loss) after tax from continuing operations	–	458 162
Net profit after tax from discontinued operations	–	27 438
Assets	–	3 701 019
Liabilities	–	1 696 896
Capital expenditure(2)	(35 917)	93 511

(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. Corporate 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.

(4) ‘Total’ excludes the Building segment’s discontinued operations amount.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited summary consolidated interim financial statements for the six months ended 30 September 2015 was approved by the board on 11 November 2015.

The summary consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited’s (JSE) Listings Requirements for interim financial statements and the requirements of the Companies Act applicable to interim financial statements. The JSE requires interim financial statements to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and must also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the summary consolidated interim financial statements are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the consolidated annual financial statements for the year ended 31 March 2015, except for the effects of IFRS 5 as outlined in note 2 below. The preparation of the interim summary consolidated financial statements has been supervised by the chief financial officer, Dries Ferreira CA(SA).

The directors take full responsibility for the preparation of the summary interim consolidated financial statements.

2. BUSINESS COMBINATIONS

BOUTIQUE BATHS (PTY) LTD

A 76% share was acquired in Boutique Baths (Pty) Ltd for a consideration of R7 million. Boutique Baths specialises in the manufacturing and distribution of unique, luxury baths. The effective date of the transaction was 1 April 2015.

Boutique Baths contributed operating profit of R0,9 million and revenue of R6,7 million since the acquisition date.

The amount of net assets acquired amounted to R8,0 million and non-controlling interests of R1,9 million was recognised. Goodwill recognised on this acquisition amounts to R6,4 million.

3. EVENTS AFTER THE REPORTING DATE

Management is not aware of any 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 year-end.

4. DIVIDENDS

The group has a policy not to pay a dividend at the interim stage.

DISTRIBUTION AND WAREHOUSING NETWORK LIMITED

REGISTERED OFFICE: Cnr Barlow Road and Cavaleros Drive, Jupiter Ext 3, Germiston, 1401

DIRECTORS: DJ Fouché* (Chairman), DA Tod (Chief executive officer), LM Alberts^, G Nakos*, JA Beukes, JAI Ferreira, GD?Kotzee, S Mayet ^, DM Mncube ^, VJ Mokoena*, RD Roos

* Non-executive ^ Independent non-executive

COMPANY SECRETARY: iThemba Governance and Statutory Solutions (Pty) Ltd

TRANSFER SECRETARIES: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Marshalltown, 2001, (PO Box 61051, Marshalltown, 2107)

SPONSOR: Deloitte & Touche Sponsor Services (Pty) Ltd

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