D A W N

DISTRIBUTION AND WAREHOUSING NETWORK LIMITED

UNAUDITED INTERIM RESULTS

for the six months ended 31 December 2009

Condensed Group Income statement

	% change	Unaudited 6 months 31 December 2009 R'000	Unaudited 6 months 31 December 2008 R'000	Audited 12 months 30 June 2009 R'000
Revenue	(16)	1 871 856	2 219 025	3 957 256
Net operating expenses		(370 784)	(347 558)	(727 670)
Write-down of associate held for sale		–	–	(34 832)
Operating profit	(48)	121 080	235 100	245 635
Finance income		7 111	17 375	27 395
Finance expense		(48 392)	(74 499)	(153 271)
Share of profit of associates	(79)	5 540	26 913	30 666
Profit before income tax		85 339	204 889	150 425
Income tax expense		(23 161)	(48 147)	(34 780)
Profit for the period	(60)	62 178	156 742	115 645

Statement of Comprehensive income

	% change	Unaudited 6 months 31 December 2009 R'000	Unaudited 6 months 31 December 2008 R'000	Audited 12 months 30 June 2009 R'000
Profit for the period		62 178	156 742	115 645
Other comprehensive income (net of taxation)		2 145	6 246	(7 225)
– Share-based payments movement		(7 989)	(8 397)	(45)
– Currency translation differences				
Total comprehensive income for the period		56 334	154 591	108 375
Attributable to:				
Equity holders of the Company	(61)	59 968	152 244	112 451
Minority interest		2 210	4 498	3 194
		62 178	156 742	115 645
Included above:				
Depreciation and amortisation		27 332	23 430	57 337
Operating lease charges		31 015	20 081	79 452
Determination of headline earnings				
Attributable profit		59 968	152 244	112 451
Adjustment for the after-tax effect of:				
– Net reversal of impairment of assets		–	–	(2 608)
– Write down of associate held for sale		–	–	34 835
– Net profit on disposal of property, plant and equipment		(1 288)	(95)	(977)
Headline earnings	(61)	58 680	152 149	143 701
Statistics				
Number of ordinary shares ('000)				
– in issue		240 242	193 464	198 576
– held in treasury		7 726	7 726	7 726
– Share Incentive Trust		12 967	12 967	12 967
Deferred ordinary shares in issue ('000)		2 000	2 000	2 000
Weighted average number of shares ('000)				
– for earnings per share		183 732	174 771	175 975
– for diluted earnings per share*		196 699	187 738	188 942
Headline earnings per share (cents)	(63)	31,9	87,1	81,7
Earnings per share (cents)	(63)	32,6	87,1	63,9
Diluted earnings per share (cents)*	(62)	30,5	81,1	59,5
Operating profit (%)		6,5	10,6	7,1

**Dilutionary impact of shares to be issued in terms of the Share Incentive Trust.*

Condensed Group Statement of financial position

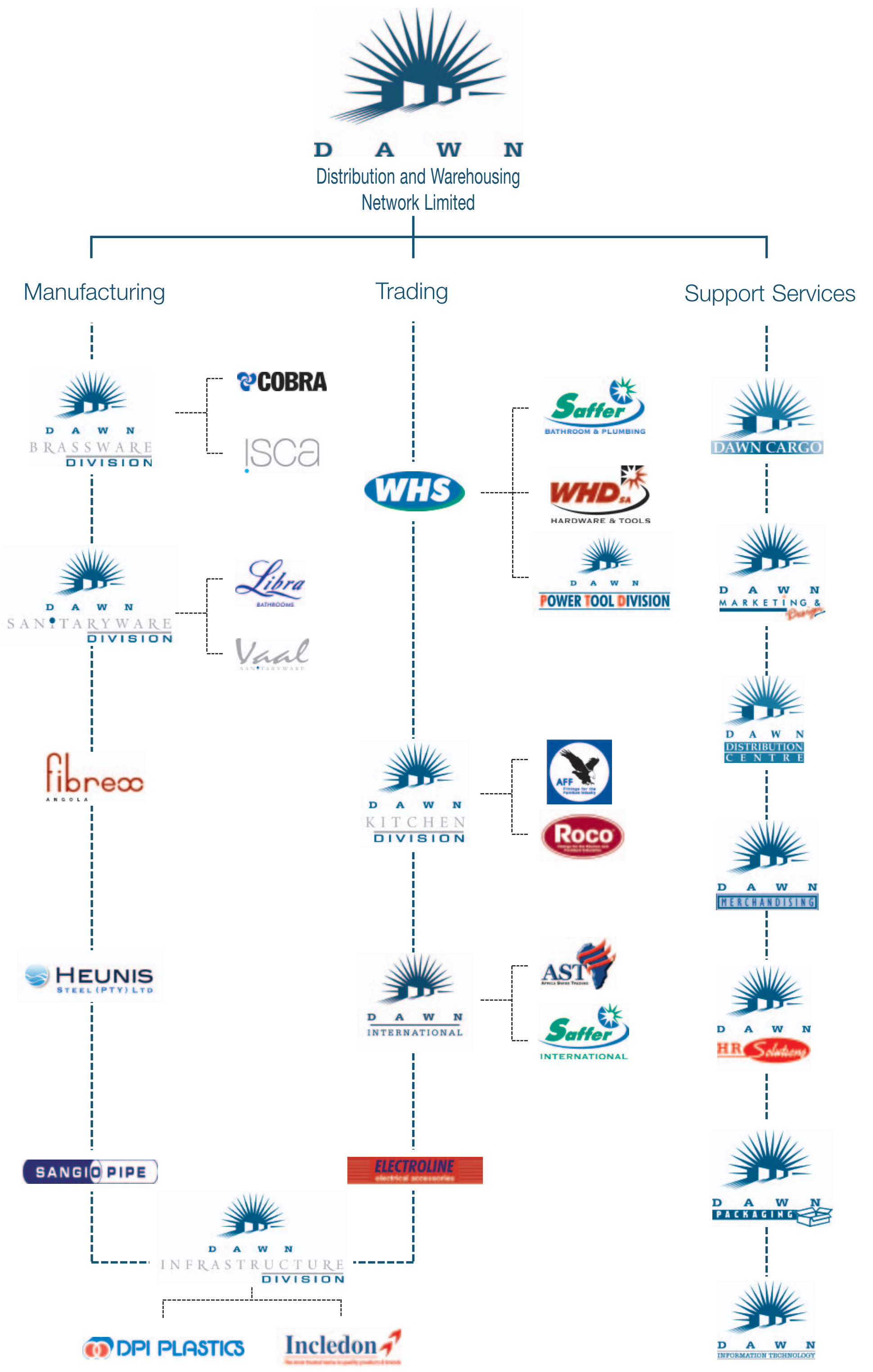
	Unaudited 31 December 2009 R'000	Unaudited 31 December 2008 R'000	Audited 30 June 2009 R'000
ASSETS			
Non-current assets	795 367	837 589	795 151
Property, plant and equipment	353 468	340 462	357 489
Intangible assets*	271 986	272 523	277 373
Investment in associates	86 074	184 688	81 253
Deferred tax assets	52 538	39 916	49 104
Other receivables*	31 301	–	29 932
Current assets	1 414 560	1 610 935	1 511 116
Inventory	686 264	750 872	769 834
Trade and other receivables*	667 634	761 210	690 067
Derivative financial instruments	–	–	193
Cash and cash equivalents	60 662	98 853	51 022
Investment in associate held for sale	–	–	70 000
Total assets	2 209 927	2 448 524	2 376 267
EQUITY AND LIABILITIES			
Capital and reserves	1 183 495	924 635	839 700
Ordinary shareholders' equity	1 164 741	897 465	821 868
Minority interest in equity	18 754	27 170	17 832
Non-current liabilities	214 735	293 115	224 244
Interest-bearing liabilities	97 662	164 786	93 368
Non-interest-bearing liabilities	12 142	18 316	20 543
Deferred profit*	52 873	60 643	59 008
Deferred tax liabilities*	52 058	49 370	51 325
Current liabilities	811 697	1 230 774	1 312 323
Trade and other payables*	542 489	622 276	676 932
Derivative financial instruments	–	–	932
Current portion of borrowings	83 497	256 737	283 365
Bank overdraft	171 956	303 279	328 771
Income tax liabilities	13 755	48 482	22 323
Total equity and liabilities	2 209 927	2 448 524	2 376 267
Capital commitments	55 150	60 942	105 528
Future commitments			
Operating leases	219 286	461 095	437 503
Value per share			
Asset value per share			
– net asset value (cents)	525,7	513,5	456,9
– net tangible asset value (cents)	403,0	357,6	302,7
– market price (cents)	720	775	650
Market capitalisation (R'000)	1 729 742	1 499 348	1 290 745
Net financial gearing ratio (%)**	25,5	61,8	71,4
Current asset ratio (times)	1,7	1,2	1,2

* *Comparative figures have been adjusted to conform to changes in presentation and classification in the current year as a result of the amendments to the Germiston property sale and lease agreements and finalisation of prior year business combinations.*

** *Includes cash and cash equivalents and excludes vendor and related party finance.*

Condensed Group Statement of changes in equity

	Unaudited 6 months 31 December 2009 R'000	Unaudited 6 months 31 December 2008 R'000	Audited 12 months 30 June 2009 R'000
Balance at beginning of period	839 700	769 002	769 002
Total comprehensive income for the period	56 334	154 591	108 375
Capital distribution released from the Share Incentive Trust	–	–	(643)
Capitalisation award	–	–	(34 966)
Capitalisation award elected	–	–	34 966
Dividend paid	–	–	(30 042)
Transactions with minority equity holders	(1 288)	1 042	(6 992)
Issue of ordinary shares	288 749	–	–
Balance at end of period	1 183 495	924 635	839 700



Segmental analysis

	Revenue R'000	Operating profit before finance charges R'000	Share of profit of associates R'000	Assets R'000	Liabilities R'000	Capital expenditure R'000	Depreciation and amortisation R'000
December 2009 (Unaudited)							
Manufacturing division	737 053	63 859	4 926	1 039 277	459 944	19 959	15 080
Trading division	1 464 995	58 391	614	999 332	389 008	10 314	10 052
Support Services division	92 780	9 423	–	74 726	70 230	424	1 395
Head office and other	–	(12 475)	–	44 056	41 420	1 157	805
Consolidation and unallocated	(422 972)	1 882	–	52 536	65 830	–	–
	1 871 856	121 080	5 540	2 209 927	1 026 432	31 854	27 332
December 2008 (Unaudited)							
Manufacturing division	942 740	119 055	25 789	1 217 304	617 822	40 399	10 360
Trading division	1 666 440	116 058	1 124	1 066 338	440 580	9 103	5 696
Support Services division	97 399	15 850	–	56 529	45 711	8 335	6 667
Head office and other	–	(12 919)	–	68 439	321 939	1 785	707
Consolidation and unallocated	(487 554)	(2 944)	–	39 914	97 838	–	–
	2 219 025	235 100	26 913	2 448 524	1 523 890	59 622	23 430
June 2009 (Audited)							
Manufacturing division	1 744 240	147 943	30 577	1 148 796	672 645	66 363	30 435
Trading division	2 995 766	138 178	89	1 090 656	470 484	16 388	12 153
Support Services division	185 484	13 394	–	56 388	42 459	10 603	13 233
Head office and other	–	(47 115)*	–	31 323	276 397	1 944	1 516
Consolidation and unallocated	(968 234)	(6 765)	–	49 104	74 582	–	–
	3 957 256	245 635	30 666	2 376 267	1 536 567	95 298	57 337

No secondary segmental information is disclosed as there are no separately defined segments that will contribute more than 10% of revenue, results or assets.

**Includes write-down of associate held for sale adjustment.*

Condensed Group Cash flow statement

	% change	Unaudited 6 months 31 December 2009 R'000	Unaudited 6 months 31 December 2008 R'000	Audited 12 months 30 June 2009 R'000
Cash generated from operations	(47)	137 597	257 428	316 393
Working capital changes		(47 194)	14 560	38 787
Net finance charges paid		(42 650)	(55 992)	(117 183)
Income tax paid		(35 113)	(32 769)	(71 854)
Cash flow from operating activities	(93)	12 640	183 227	166 143
Cash flow from investing activities		44 482	(115 879)	(155 405)
Cash flow from financing activities		(179 408)	(69 439)	(56 110)
Proceeds from rights offer		288 749	–	–
Cash dividend paid		–	–	(30 042)
Increase/(decrease) in cash resources		166 463	(2 091)	(75 414)
Cash resources at beginning of period		(277 749)	(202 335)	(202 335)
Cash resources at end of period		(111 286)	(204 426)	(277 749)
Financing cost cover (times)		2,93	4,12	1,95

DISTRIBUTION AND WAREHOUSING NETWORK LIMITED

("Dawn" or "the Group" or "the Company") • (Incorporated in the Republic of South Africa) • (Registration number 1984/008265/06)
Registered office: Cnr Barlow Road and Cavaleros Drive, Jupiter Ext 3, Germiston, 1401
Transfer secretaries: Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Marshalltown, 2001
PO Box 61051, Marshalltown, 2107
Directors: LM Alberts* (Chairman), DA Tod (Chief Executive Officer), OS Arbee*, JA Beukes, JAI Ferreira, RL Hiemstra*, VJ Mokoena*, RD Roos *Non-executive
E-mail: info@dawnltd.co.za • Alpha code: DAW • ISIN: ZAE000018834 • Company secretary: JAI Ferreira
Sponsor: Deloitte & Touche Sponsor Services (Pty) Limited

www.dawnltd.co.za

Commentary

GROUP PROFILE

The Group 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 African countries and Mauritius.

RESULTS OVERVIEW

Market dynamics

Even though the six months to December 2009 improved strongly from the results posted for the second half of last year, the Group continued to experience the worst market conditions since its inception.

Volumes therefore remained depressed due to a weak building sector and infrastructure project delays, with the largest operating profit decline coming from DPI and Incledon. Cross-border currencies also depreciated, which reversed the Group's foreign exchange profit in the comparative period to a foreign exchange loss.

During the period 59% of Group revenue came from the building sector. Despite a sharp decline in South Africa's recorded building activities, unrecorded refurbishments and upgrades somewhat mitigated these poor markets. Although rural demand started to show the effects of retrenchments on consumer spending, it still exceeded growth in urban areas.

Banks started to ease credit restrictions, however, the benefits will only flow through when improved confidence levels start to convert into new building activity. The Group experienced some growth in regional developments resulting from consequential building activity in high growth energy and mining areas, specifically in the Northern Cape and Limpopo.

The infrastructure sector contributed 41% of Group revenue. The Group continued to experience significant pressure from delays in contracts and the non-awarding of civil and municipal tenders. In addition a further slowdown in municipal and civil customer spend and payments was experienced.

This severe downturn in infrastructure-related demand was aggravated by significant price deflation in PVC, which led to under-recoveries and an operating loss in DPI, which had a knock-on effect on Group results.

FINANCIAL RESULTS

Revenue decreased by 16% to R1,872 billion (2009: R2,219 billion) resulting from price deflation of 9% and a 7% decrease in volumes. A substantial portion of the revenue of the Manufacturing division is inter-group and is eliminated on consolidation. In the period, a total of R423 million (2009: R488 million) was eliminated.

Operating profit declined by 48% to R121 million (2009: R235 million). Excluding the impact of DPI and Incledon, the two divisions worst impacted by infrastructure delays, operating profit would have been down 33%.

Earnings per share of 32,6 cents (2009: 87,1 cents per share) was 63% lower, with headline earnings per share of 31,9 cents (2009: 87,1 cents) decreasing by 63%.

Although it was a very disappointing performance, the Group's operating margin of 6,5% (2009: 10,6%) was an improvement from the low of 2,6% during the second half of the 2009 financial year. Manufacturing's operating margin improved from 3,6% to 8,7% during the second half, with Trading's operating margin improving from 1,7% to 4,0%.

During the period, balance sheet management remained a priority. The Group therefore concluded a R400 million debt reduction programme near the end of H1 F2010, which mainly consisted of a R300 million rights issue and the R70 million from the sale of Lasher. Gearing is now at its lowest level in the past 10 years at 25% with total net debt at 31 December 2009 amounting to R306 million. The Group also concluded a debt restructuring during January 2010, with a new multi-bank platform introduced, improved borrowing rates and a correction between short and long term funding.

Continued close management of collections and strict credit policies, together with the Group's policy of credit insurance, assisted management in maintaining bad debt levels below 0,1% of revenue.

Net finance costs decreased by 28% to R41,3 million (2009: R57,1 million), resulting mainly from the declining trend in interest rates, and the lower average debt levels of R618 million compared to R775 million during the comparative period.

Net asset value of 525,7 cents (2009: 513,5 cents) per share was 2,4% higher.

The negative impact of foreign currency conversions in cross-border operations resulted in a foreign exchange loss of R1,2 million compared to a gain of R13,5 million in H1 F2009.

Working capital received a strong focus from management and inventory reduced by a further R70 million during the period since 30 June 2009. Overall working capital days improved to a net 44 days at 31 December 2009.

MANAGEMENT ACTIONS

As outlined above, the balance sheet was significantly strengthened through a debt restructuring and a debt reduction process.

The Support Services division enabled the Group to implement cost reductions across all businesses. The Group's headcount was reduced by 15%, with the benefits due to reflect from the second half of the financial year.

The relocation of the Libra factory to Vaal has been successfully concluded and Libra is now an efficient, low breakeven operation. The post-period R4 million acquisition of Plexicor, an acrylic bath manufacturer based in Pietermaritzburg, will contribute to improved efficiencies between the two factories.

The Group's management reporting structure was flattened and businesses structured more effectively within clusters. This will improve information flow and decision making. The focused cluster approach will also allow for the extraction of synergies and cost reduction, while capacity is enhanced at cluster operations.

In order to bolster the capacity and depth of the Dawn executive management team, a new Chief Operating Officer was appointed with effect from 1 March 2010. Collin Bishop has a long-standing relationship with the Group, having acted as the corporate advisor on mergers and acquisitions over the last decade. As such he has an intimate knowledge and understanding of Group strategies and financial drivers.

Jan Beukes has taken on the role of Risk and Internal Audit Officer with effect from 1 March 2010, giving greater impetus and focus to corporate governance compliance issues.

BASIS OF PREPARATION

The Board acknowledges its responsibility for the preparation of the condensed consolidated financial statements for the six months ended 31 December 2009 in accordance with IAS 34: Interim Financial Reporting, JSE Limited Listings Requirements and the South African Companies Act.

The Group financial results from which these condensed financial statements were derived have been prepared on the historical cost basis, excluding financial instruments which are fair valued, and conform to International Financial Reporting Standards (IFRS). The accounting policies are consistent with those applied in the annual financial statements for the year ended 30 June 2009, with the exception of the adoption of IAS 1 Revised – Presentation of Financial Statements. The condensed consolidated financial statements do not include all the information required by IFRS for full financial statements.

EVENTS AFTER BALANCE SHEET DATE

The Group acquired the business of Plexicor, an acrylic bath manufacturer, with effect from 1 January 2010 for an effective purchase consideration of R4 million.

The Group concluded its debt restructuring agreement with the Standard Bank of South Africa Limited and FirstRand Bank Limited on 29 January 2010. The total debt in the Group was structured into appropriate term funding to secure alignment between the Group's cash flows and debt repayment requirements.

Management is not aware of any material events that occurred subsequent to the interim period, other than as outlined above. There has been no material change in the Group's contingent liabilities since the period-end.

PROSPECTS

Through the focus on cost management, a R180 million annualised saving (including R48 million finance cost savings) will be realised from H2 2010, with the full impact of interest savings through lower gearing and better borrowing rates.

Going forward, a turnaround is expected at DPI, Incledon and Plexicor. DPI's factory loading levels have already improved significantly. Improved margins and government's priority spend in water and sanitation (which has become critical spend) should benefit the Group across the board, with a particularly positive impact on DPI and Incledon.

Libra is also set on a turnaround path, with factory optimisation and a return to profit in the second half of the year.

All other businesses should improve due to a return of an inflationary environment on input prices, although this is still dependent on volumes not declining further.

Dawn is now right-sized for the market, without having compromised capacity for any upturn. Furthermore, new product lines continued to be introduced across the Group, which will benefit Dawn's earnings going forward.

Inventory pipelines are significantly depleted and any recovery in demand will be preceded by increased stocking and restocking of the pipeline, which will benefit all Dawn companies.

In line with the actions taken, the board therefore believes that there will be an improvement in H2 2010 on this period, with better prospects anticipated from F2011 if the infrastructure and building sectors recover as expected. This general forecast has not been reviewed nor audited by the Company's auditors.

DIVIDEND

In line with previous years, no interim dividend is proposed for the period under review.

On behalf of the Board

LM Alberts	**DA Tod**	Johannesburg
Chairman	*Chief Executive Officer*	10 March 2010

The presentation to investors is available on the Dawn website.