

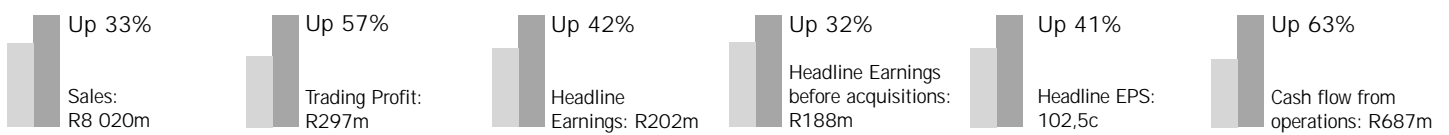


MASSMART

Dedicated to Value Retailing

Consolidated results for the 26 weeks to 23 December 2001

Massmart is a unique managed portfolio of focused high volume, low margin, wholesale and retail distribution formats. Each is reliant on operational excellence as the foundation of price leadership in the sale of mainly branded consumer goods for cash, to the mass markets of Southern Africa.



Overview

Aided by the inclusion of the Jumbo, Browns and Weirs acquisition for the first time, Massmart produced its 10th consecutive half-year of real sales and headline earnings growth.

The most noteworthy features of the period were:

- Record sales, trading profits and pre- and post-interest trading margins in all segments.
- Comparable store and comparable member sales growth of 14%.
- Strong cash generation.
- Non South African sales of R566m.
- An impressive growth in profit and trading margin by Massdiscounters.
- Progress with the restructuring of Shield, manifest in improved member retention and an 8% growth of sales from comparable members.
- The re-opening of Makro Woodmead on 25 October 2001, 25 weeks after its destruction by fire on 6 May 2001.
- The integration and strongly improved performance of the Browns and Weirs chains.
- Continued high profitability and steady progress with the formulation of a growth strategy in Jumbo.
- The acquisition of Furnex for R45m, now subject only to approval by the Competition Commission.
- The refinement of the Group's segmental reporting and disclosure.

Strategy

Massmart is dedicated to creating shareholder value through high quality acquisitive and organic sales growth, which renders superior operating margins, cash flow and returns on capital.

Massmart's performance relies on the achievement of two major objectives. The first - growth through aggressive development of a portfolio of focused chains; the second - collaboration between the chains to create value in addition to that which they could achieve as stand alone entities.

Together they constitute the Group's "Chain and Channel" strategy, which emphasises the imperative for the management of each chain to be dedicated to the needs of a well defined target market, while concurrently participating in collaborative activities which enhance value by leveraging the resources, influence and talent of the Group. The delicate balance between these seemingly contrary objectives is ensured by structures, processes and incentives which fuel entrepreneurship at the expense of bureaucracy.

Environment

Despite the events of 11 September 2001, the "War Against Terrorism" and turbulent global financial markets, consumer confidence in South Africa, as measured by the Stellenbosch Bureau for Economic Research, remained stable during the second half of 2001.

Relative to the same period last year, South African consumers enjoyed lower interest and tax rates with most of the factors which diverted discretionary spending away from retail, now part of the base. The dominant economic feature of the period was the deterioration in the value of the Rand, which bottomed at R13,85 to the Dollar in mid-December.

Central Statistical Services reported a nominal retail sales growth of 10,0% and a real sales growth of 5,8% in October and 8,8% and 4,4% respectively in November. The Retail Liaison Committee reported nominal retail sales growths of 9,6% in October, 10,2% in November and 9,4% in December.

Integration of Jumbo, Browns and Weirs

Sales of R1 233m from the 11 Browns, 11 Weirs and 6 Jumbo outlets contributed pre-tax profits of R42m.

Jumbo traded well throughout the period. A start has been made with the implementation of a structure that will strengthen executive competence and capacity, clarify responsibility and authority and facilitate the definition of a sustainable competitive strategy. An integrated store development, merchandise and marketing response is being formulated. This will include more aggressive pricing and investment in assets and people, to improve customer service, efficiency, control and succession.

The Browns and Weirs results are a tribute to the pre-acquisition analysis and the rapid post-acquisition implementation by CCW management. The institution of decentralised buying and pricing authorities, together with profit sharing incentives for branch managers, has ensured appropriate trading practices, improving performance and high motivation. Notwithstanding some strengthening of the management team, the executive structure of CCW is still inadequate for the enlarged company and a number of senior appointments are imminent.

Furnex Acquisition

Massmart's acquisition of Furnex for R45m, effective from 1 January 2002, was announced on 18 December 2001.

Furnex is a voluntary buying organisation assisting 415 independent retailers of appliances, home electronics and furniture throughout South Africa, with procurement and a limited range of marketing services. Massmart's knowledge of the identical Shield business model and the Group's expertise in the procurement of appliances and home electronics provides opportunities for value creation.

The acquisition extends Massmart's geographic and product reach with a familiar business model and satisfies all strategic and acquisition criteria.

The only outstanding suspensive condition, the ruling of the Competition Commission, is expected before the end of April 2002.

Portfolio and Segmental Reporting

The Jumbo, Browns and Weirs acquisitions, and the yet to be approved Furnex acquisition are closely aligned to Massmart's vision and strategic focus, resulting in them strongly complementing the existing portfolio in both product depth and geographic reach.

Massmart's nine chains, now in seven countries, under six management teams, comprise four coherent segments, constituted on the basis of similar target markets and business models. Accordingly the Group will be managed within the following structure where the synergies of each segment can be exploited in complete accord with Massmart's Chain and Channel strategy.

Retail MASSDISCOUNTERS (Discounters) Sales R2,6b	Retail/Wholesale MAKRO (Warehouse Clubs) Sales R2,1b	Wholesale MASSCASH (Cash & Carry) Sales R2,3b	Wholesale MASSTRADE (Buying Groups) Sales R1,0b
<ul style="list-style-type: none"> • Game (54 stores) General Merchandise - RSA, Botswana, Namibia, Zambia • Dion (11 stores) General Merchandise - RSA 	<ul style="list-style-type: none"> • Makro (14 Outlets) General Merchandise / Food / Liquor - RSA, Zimbabwe 	<ul style="list-style-type: none"> • CCW (22 outlets) Food / Liquor - RSA, Lesotho, Namibia • Browns (11 outlets) Food / Liquor - RSA • Weirs (11 outlets) Food / Liquor - RSA • Jumbo (6 outlets) Cosmetics / Food - RSA 	<ul style="list-style-type: none"> • Shield (381 members) Food - RSA, Botswana, Namibia, Swaziland • Furnex (415 members) Effective 1 January 2002 Furniture / Appliances - RSA, Botswana, Lesotho, Namibia, Swaziland

Massdiscounters, the retail discount division, and Makro, the warehouse club division, will be unchanged. A new third division called Masscash will house CCW, Browns, Weirs and Jumbo, all cash and carry businesses targeted at lower income consumers. The fourth division, to be called Masstrade, will house Shield and Furnex, both buying associations that assist independent retailers and wholesalers with procurement and marketing.

Operating Results

It has been suggested by market commentators that the deterioration in the exchange rate resulted in consumers buying forward during December, in anticipation of price increases. Detailed analysis of the growth trends, by month, of individual product categories within Massmart's businesses indicates that this was marginal. Subsequent sales growth confirms this. We experienced strong growth where we promoted most aggressively.

Group sales growth exceeded that reported by national statistics and competitors, resulting in a growth of market share. Food grew 51%, liquor 25% and general merchandise including apparel 21%. Retail credit sales were 2% of Massmart's sales.

The performance of each chain was enhanced by specific group initiatives in the areas of procurement, cost reduction, market penetration and executive development.

Massdiscounters (Retail) - Aggressive procurement, merchandising and advertising resulted in comparable store sales growth of 16%. This together with sound expense and asset control resulted in good progress towards the division's targeted returns.

Makro (Retail/Wholesale) - Comparable store sales growth of 9% and excellent control of margins, assets and costs resulted in a strong growth of profits. The major SAP Retail software implementation is now complete and benefits will accrue over the coming years.

Masscash (Wholesale) - Comparable store sales growth of 27% and the effect of last year's opening of outlets in Rustenburg, Vryburg and Bloemfontein produced strong sales growth in CCW. Margins, expenses, shrinkage and working capital were well controlled.

The performance of the Jumbo, Browns and Weirs chains is reported on separately.

Masstrade (Wholesale) - Shield's sales and profits improved as quality business was secured and debtors were impeccably controlled. Post-interest profits were depressed by a decapitalisation, in line with group policy to fund only fixed assets with equity.

	6 months ended December 2001 (Unaudited) Rm	6 months ended December 2000 (Restated & Unaudited) Rm	% Change	Year to June 2001 (Audited) Rm
Trading Profit Before Tax	297,5	188,9	57,5	291,9
<i>As a % of Sales</i>	<i>3,7</i>	<i>3,1</i>		<i>2,5</i>
Massdiscounters	117,4	71,3	64,7	84,4
Makro	84,5	71,2	18,7	98,4
Masscash	69,1	21,1	227,5	62,8
Masstrade	26,5	25,3	4,7	46,3

Prospects

Global economic trends, regional socio-political developments and the deterioration of the Rand/Dollar exchange rate will affect Southern African consumer and business confidence and exert both direct and indirect upward pressure on the prices of goods. Whether and when this will result in volume declines is difficult to predict given the expected positive impact of the 2002 Budget on the South African consumer.

In these conditions, the imperative to respond to changing consumer needs with exceptional value is paramount. Massmart will achieve this through superior merchandising, cost control and asset management, with continuing emphasis on cash generation.

Shareholders are reminded that Massmart's second half earnings growth may be below that of the first. The reasons for this are the Group's traditional seasonality and the inclusion of Jumbo's earnings for the quarter to June 2001.

In the absence of a sharp deterioration of the Southern African economy, we remain confident that Massmart will produce a real growth in earnings per share at the forefront of the retail sector.

Sales growth for the 34 weeks to 17 February 2002 is 37%.

Dividend Policy

Massmart's dividend policy is to declare and pay an interim dividend representing a four times dividend cover but a total annual dividend of three times cover, unless circumstances dictate otherwise.

Dividend

Notice is hereby given that an interim dividend of 25,0 cents per share in respect of the six months to December 2001 has been declared payable to the holders of ordinary shares recorded in the books of the company on 15 March 2002. The last date to trade cum-dividend will therefore be 8 March 2002 and Massmart shares will trade ex-dividend from 11 March 2002. Payment of the dividend will be made on 18 March 2002. Share certificates may not be dematerialised or rematerialised between 4 March 2002 and 15 March 2002, both days inclusive.

On behalf of the board

Mark J Lamberti
Executive Chairman
22 February 2002

Guy Hayward
Chief Financial Officer

INCOME STATEMENT

	6 months ended December 2001	6 months ended December 2000 (Restated & Unaudited)	% Change	Year to June 2001 (Audited)
	(Unaudited) Rm	Rm		Rm
Turnover	8 020,2	6 010,0	33,4	11 568,4
Massdiscounters	2 615,5	2 253,2	16,1	4 183,9
Makro	2 143,3	2 091,0	2,5	3 903,0
Masscash	2 255,0	717,1	214,5	1 784,6
Masstrade	1 006,4	948,7	6,1	1 696,9
Trading Profit Before Interest	297,3	189,8	56,6	277,0
<i>As a % of Sales</i>	3,7	3,2		2,4
Massdiscounters	135,0	89,8	50,3	114,3
Makro	75,6	59,6	26,8	70,7
Masscash	62,2	19,3	222,3	54,9
Masstrade	24,5	21,1	16,1	37,1
Goodwill Amortisation	(17,3)	-		(9,1)
Exceptional Items (note 1)	15,7	(19,7)		(30,6)
Net Interest (Paid)/Received	(8,7)	6,9		9,4
Profit Before Tax	287,0	177,0	62,1	246,7
Taxation	(87,4)	(46,2)		(63,0)
Profit After Tax	199,6	130,8	52,6	183,7
Associate Company	(2,0)	0,8		(0,1)
Minorities	(2,4)	(3,4)		(3,9)
Attributable Income	195,2	128,2	52,3	179,7
Headline Earnings Adjustments (note 1)	6,7	14,5		36,3
Headline Earnings	201,9	142,7	41,5	216,0
Headline EPS (cents)	102,5	72,8	40,8	109,9
Diluted Headline EPS (cents)	101,9	72,7	40,2	109,8
Attributable EPS (cents)	99,1	65,4	51,5	91,4
Diluted Attributable EPS (cents)	98,5	65,3	50,8	91,3
Dividend (cents):				
- Interim	25,0*	15,0*	66,7	15,0
- Final				21,0*
Ordinary Shares (000's):				
- In Issue	197 206	197 077		197 077
- Weighted-Average	197 079	195 984		196 529
- Diluted Weighted-Average	198 193	196 211		196 730

*Declared and paid after the accounting period

BALANCE SHEET

	December 2001	December 2000	June 2001
	(Unaudited) Rm	& Unaudited Rm	(Restated (Audited) Rm
Assets			
Property, Plant and Equipment	375,2	378,0	368,2
Intangible Assets	323,9	-	340,2
Investments and Loans	209,3	172,3	185,9
Deferred Tax	299,1	261,1	339,3
Inventories	2 151,4	1 487,1	1 555,7
Accounts Receivable and Prepayments	1 265,6	994,8	835,9
Cash and Bank Balances	793,9	688,7	518,2
Total	5 418,4	3 982,0	4 143,4
Equity and Liabilities			
Shareholders' Equity	1 376,1	1 182,5	1 204,6
Minority Interests	14,0	15,5	11,1
Long Term Liabilities - Interest Bearing	310,4	9,5	6,9
Other Long Term Liabilities and Provisions	41,6	65,4	58,8
Deferred Tax	5,5	3,3	5,6
Accounts Payable and Accruals	3 636,8	2 654,6	2 839,2
Bank Overdraft and Short Term Borrowings	34,0	51,2	17,2
Total	5 418,4	3 982,0	4 143,4
Net Asset Value per Share (cents)	697,8	600,0	611,2

CASH FLOW STATEMENT

	6 months ended December 2001 (Unaudited) Rm	6 months ended December 2000 (Restated & Unaudited) Rm	Year to June 2001 (Audited) Rm
Cash Inflow from Trading	388,8	238,1	335,6
Working Capital Movement	298,2	183,7	8,8
Cash Flow from Operations	687,0	421,8	344,4
Cash Outflow from Other Operating Activities	(53,3)	(24,2)	(34,3)
Dividends Paid	(41,4)	(16,1)	(48,0)
Investment In and Replacement of Fixed Assets	(62,6)	(104,2)	(120,0)
Other Investing Activities	(12,9)	(19,5)	(525,8)
Net Financing Activities	(254,6)	458,4	965,9
Opening Cash and Cash Equivalents	498,8	(83,4)	(83,4)
Closing Cash and Cash Equivalents	761,0	632,8	498,8

STATEMENT OF CHANGES IN EQUITY

Opening Balance	1 204,6	576,7	576,7
Exchange Differences	16,7	1,9	3,2
Dividends paid	(41,4)	-	(29,5)
Attributable Income	195,2	128,2	179,7
Shares Issued / Converted	-	475,7	474,5
Other	1,0	-	-
Closing Balance	1 376,1	1 182,5	1 204,6

ADDITIONAL INFORMATION

Trading Profit Before Items Below:	330,6	215,0	331,9
- Dividends Received	15,4	13,3	28,1
- Depreciation	(48,7)	(38,5)	(83,0)
Trading Profit Before Interest	297,3	189,8	277,0
Capital Expenditure:			
- Authorised and Committed	5,2	5,1	31,3
- Authorised not Committed	15,9	33,5	102,9
Contingent Liabilities (note 5)	151,0	162,8	225,6
Operating Lease Commitments (2003-2013)	3 905,9	4 078,6	4 066,4

NOTES

1. Exceptional items comprise profit on assets destroyed in the Makro Woodmead fire and the loss on disposal of Sip 'n Save. The adjustment to headline earnings of R6,7m represents the net after-tax exceptional profit of R10,6m and the goodwill amortisation.
2. Included in trading profit is R4,7m in net realised and unrealised foreign exchange translation gains.
3. These financial statements have been prepared on a basis consistent with prior periods, in accordance with South African Statements of Generally Accepted Accounting Practice.
4. In light of the foreign currency crisis in Zimbabwe, the results of Makro Zimbabwe are no longer consolidated. Earnings are now accounted for on a cash received basis. Comparative figures have been restated.
5. Included in contingent liabilities are obligations under FEC's of R44,4m (2000:R57,8m).

Directorate: M.J Lamberti (Executive Chairman), D.G Barrett* (Executive), G.R.C Hayward (Executive), W. Kirsh, S. Leggatt* (Executive), I.N Matthews, J.D Newton, M.J Rubin, F. Schukken** (alternate D.C Doijer**), C.S Seabrooke. *British, ** Netherlands.
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 Registered Office - Massmart House, 16 Peltier Drive, Sunninghill Ext 6, 2157, Company Secretary: R.A McKee

For more information: www.massmart.co.za