

MASSMART

Dedicated to Value

REVIEWED CONSOLIDATED RESULTS FOR THE 26 WEEKS ENDED 26 DECEMBER 2010

Massmart is a managed portfolio of four divisions, each focused on high-volume, low-margin, low-cost distribution of mainly branded consumer goods for cash, in 14 countries in sub-Saharan Africa comprising 308 stores.

The Group is the third largest distributor of consumer goods in Africa, the leading retailer of general merchandise, liquor and home improvement equipment and supplies, and the leading wholesaler of basic foods.

OVERVIEW

Whilst the Massmart Group's sales growth for most of the six months to December 2010 was strong, the softer sales growth over Christmas, and in the eight weeks since then, suggest that the South African economy may not yet be in a sustainable recovery. For the six months to December 2010, sales increased by 13.3% and Operating Profit excluding Foreign Exchange adjustments by 12.7% and Headline Earnings by 6.5%.

The Rand strength against the US Dollar again depressed Rand earnings from our African businesses and resulted in a foreign exchange translation loss of R79.5 million (2009: R13.9 million).

The Group's product deflation has reached record levels, and so the comparable sales growth of 7.3% represents 10.2% of volume growth after taking product deflation of 2.9% into account. Deflation in Food meant that trading in this category in Makro and Masscash was difficult.

The Group continues investing for growth and so trading space increased by 5.9%, being 4.1% in new stores and 1.8% through acquisitions.

Three of the four Divisions performed strongly, growing trading profit at or ahead of sales growth.

Since the first announcement on 27 September 2010, a significant amount of Massmart time and resources have been committed to the Walmart transaction. The approval by Massmart shareholders on 17 January 2011 and the recent positive referral by the Competition Commission give us confidence that the transaction is seen as positive for all stakeholders. The transaction remains subject to approval by the Competition Tribunal which is hearing the matter on 22-24 March 2011. Separate announcements have been, and will be, made by Massmart regarding this process.

ENVIRONMENT

With South African consumer inflation and interest rates at historical lows, it was not surprising to see consumer spending accelerate during the 2010 calendar year, boosted by the economic activity around the 2010 FIFA World Cup. Consumers enjoyed record levels of product deflation, with Massmart statistics showing Food deflation peaking at 4% and General Merchandise deflation peaking at 10%.

The low levels of food inflation allowed consumers to take advantage of the improved economic conditions and increase their spend on semi-durable and durable products.

Nationally, consumer indebtedness has declined but not to the extent that one would expect given the recent benign economic environment.

DIVISIONAL OPERATIONAL REVIEW

Rm	26 weeks December 2010 (Reviewed)		26 weeks December 2009 (Reviewed)		Period % growth	Com- parable Estimated % sales % sales inflation		52 weeks June 2010 (Audited)	
	% of sales	% of sales	% of sales	% of sales		% sales	% sales	% of sales	% of sales
Sales	27,375.8		24,153.5		13.3	7.3	(2.9)	47,451.0	
Massdiscounters	6,993.9		6,114.4		14.4	9.0	(8.2)	12,164.9	
Masswarehouse	6,593.3		5,955.7		10.7	7.8	(1.2)	11,501.2	
Massbuild	3,782.4		3,189.9		18.6	11.8	0.3	6,366.9	
Masscash	10,006.2		8,893.5		12.5	4.2	(1.3)	17,418.0	
Trading profit before interest and tax	1,284.7	4.7	1,161.3	4.8	10.6			2,027.8	4.3
Massdiscounters	473.6	6.8	396.2	6.5	19.5			612.8	5.0
Masswarehouse	397.1	6.0	360.5	6.1	10.2			685.4	6.0
Massbuild	189.5	5.0	139.9	4.4	35.5			260.5	4.1
Masscash	224.5	2.2	264.7	3.0	(15.2)			469.1	2.7
Trading profit before tax	1,355.6	5.0	1,229.1	5.1	10.3			2,190.9	4.6
Massdiscounters	486.6	7.0	412.8	6.8	17.9			660.4	5.4
Masswarehouse	422.4	6.4	382.1	6.4	10.5			743.2	6.5
Massbuild	209.8	5.5	154.1	4.8	36.1			291.7	4.6
Masscash	236.8	2.4	280.1	3.1	(15.5)			495.6	2.8

Trading profit excludes foreign exchange movements. A detailed reconciliation between trading and operating profit can be found below the 'Additional information' table over the page.

Massdiscounters – comprises the 97-store General Merchandise retail discounter Game, which trades in South Africa, Botswana, Ghana, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Tanzania, Uganda and Zambia; and the 12-store Hi-tech retailer DionWired.

Divisional comparable store sales increased by 9.0% with estimated deflation of 8.2%. Total sales increased by 14.4% and trading profit before tax increased by 17.9%. Game SA and DionWired traded well with low double-digit comparable sales growth while Game Africa's comparable sales growth was negative in Rands but positive in local currencies.

Two Game stores were converted into Game Foodco in the Western Cape and are trading above expectations. A third Cape store will be converted shortly.

The Division completed December 2010 overstocked by some R300 million as a result of lower than expected Christmas sales and the stock buffer implemented during the commissioning of the Gauteng Regional Distribution Centre (RDC) in July 2010. The new RDC increased this period's rent by R18 million.

Six Game stores, including one in Lilongwe, Malawi, and one DionWired store were opened, increasing trading space by 5.7%. In addition to our South African store expansion, we anticipate opening four stores in Africa in the 2012 financial year.

Masswarehouse – comprises the 14-store Makro warehouse club trading in Food, General Merchandise and Liquor in South Africa (and two Zimbabwean stores, not consolidated in the Group results).

Divisional comparable store sales increased by 7.8%, with estimated deflation of 1.2%. Trading profit before tax increased by 10.5%.

Total sales increased by 10.7% with the opening in October 2010 of the new Makro Vaal store, which increased trading space by 9.0%. This new format store, which is performing ahead of expectations, includes a full range Fresh offering and new butchery layout more suited to the retail customer. New store pre-opening costs of R13 million were incurred during the period.

In February 2011, the Division sold the two Makro Zimbabwe stores to OK Zimbabwe. We remain on schedule to open Makro stores in Nelspruit, Polokwane and Milnerton, Cape Town, in the first-half of the 2012 financial year.

Massbuild – comprises 80 stores, trading in DIY, Home Improvement and Builders Hardware, under the Builders Warehouse, Builders Express and Builders Trade Depot brands in South Africa.

Divisional comparable store sales increased by 11.8% with estimated inflation of 0.3%. Total sales increased by 18.6% and trading profit before tax increased by 36.1%.

The Division has performed well in a difficult market. Whilst the metrics of the South African residential market have stabilised, there is little reason to believe the market has grown. Our market share gains have come through a superior customer offering in all respects.

Three Builders Warehouse stores and two Builders Express stores were opened or acquired, and one Builders Trade Depot store was closed, resulting in net trading space increasing by 3.3%. We expect to open our first African Builders Warehouse store, in Gaborone, Botswana, in July 2011. After being unable to reach agreement with the Namibian authorities, discussions concerning the acquisition of the building materials business, Pupkewitz, have been terminated.

Masscash – comprises 79 Wholesale and 26 Retail Cash and Carry stores trading in South Africa, Botswana, Lesotho, Mozambique, Namibia and Swaziland, and Shield, a voluntary buying association.

Divisional comparable store sales increased by 4.2% with estimated deflation of 1.3%. Total sales increased by 12.5% and trading profit before tax decreased by 15.5%.

As we have seen in previous economic cycles, Food deflation made trading challenging. Whilst volumes increased and trading margins were maintained, growth in comparable sales was below cost increases with the resultant pressure on profitability. With a 25% exposure to commodities, the Wholesale division was particularly adversely impacted. This performance was buffered slightly by the results from the Retail division and its new acquisitions. As the Retail division continues its aggressive growth, we are investing in management capacity, resulting in cost growth exceeding sales growth.

The Division now has annualised Retail sales of R3.5 billion, comprising 26 stores, 11 of which are already branded Cambridge.

Two new Wholesale Cash and Carry stores and six new Retail Cash and Carry stores were opened or acquired. Net trading space increased by 8.7%.

FINANCIAL REVIEW

Statement of comprehensive income

Total sales growth for the six months to December 2010 was 13.3% with comparable sales growth of 7.3%. Selling price inflation declined across most categories and the Group recorded product deflation of 2.9% for the financial year-to-date. There are signs of inflation returning to certain Food categories.

During the six-month period one store was closed, 16 opened, and five stores acquired, resulting in a total of 308 stores at December 2010. Net trading space increased by 8.7% from December 2009 to a total of 1,249,584m².

The Group's gross margin of 18.06% was slightly higher than the prior year's 17.81%, as gross margins recovered, to different degrees, in all divisions.

Total expenses (excluding the foreign exchange loss) increased by 16.2% while comparable expenses increased by only 7.8%. Total expense growth exceeded sales growth due to the impact of the new stores not yet trading to full capacity, the associated store pre-opening costs, the Massdiscounters' Gauteng RDC opening, and the store refurbishment programmes in Masscash Food Retail. These results do not include any material costs associated with the Walmart transaction.

Included in operating profit are net realised and unrealised foreign exchange losses of R79.5 million (2009: R13.9 million loss). The translation of Massdiscounters' African balance sheets accounted for R57.8 million of this (2009: R7.0 million loss) and there was a net loss from other foreign monetary balances of R21.7 million (2009: R6.9 million loss). Over the six-month period, the average ZAR/US\$ rate strengthened by 6% while the closing spot rate was 11% stronger.

Despite lower commercial rates, net interest paid increased as the Group funded new stores, Massmart shares acquired by the Employee Trust, and acquisitions, including those in the second half of the 2010 financial year. Working capital performance improved in three Divisions, whilst Massdiscounters was overstocked by approximately R300 million at the period end.

The Group's effective tax rate of 31.68% (2009: 31.89%) includes the effect of STC of 2.6% (2009: 2.8%). The effective tax rate is anticipated to reduce slightly as Group profitability improves, diluting the effect of non-deductible expenditure.

The minority interests comprise those from certain acquisitions and store managers' holdings in certain Masscash stores. The Cambridge Food 49% minority interest was acquired with effect from April 2010.

Headline earnings increased by 6.5% while headline EPS increased by 5.6%. Excluding the foreign exchange losses from both years however, headline earnings increased by 13.1% while headline EPS increased by 12.1%.

Statement of financial position

Group inventory levels were 22.3% higher than December 2009. This includes the Massdiscounters' overstocking and about R100 million inventory in the new Makro store. Historical days in inventory at December 2010 are 59.7 (2009: 55.2 days).

Acquisitions continue to increase the amount of goodwill. During the period five businesses, representing five stores, were acquired for a net cash consideration of R87.0 million.

Average interest-bearing debt for the period was R1,162.9 million (2009: R588.9 million) representing average gearing of 31.4% (2009: 17.4%). The reasons for the greater net debt levels are noted in the net interest paid paragraph above.

Despite the significant investment in the business and the acquisitions, the improvement in the Group's profitability slightly increased the annual rolling return on equity to 30.8% at December 2010 (December 2009: 30.6%).

Statement of cash flows

Operating cash flow improved by 2.7% but after net working capital movements declined by 13.7%. Total capital expenditure of R566.0 million (2009: R291.1 million) comprises R215.9 million on replacement or maintenance and R350.1 million on expansionary expenditure, respectively. A further amount of R87.0 million was spent on business acquisitions.

STRATEGIC VISION 2013

Whilst organic growth continues in all formats, the highlight of our growth strategy is our expansion into Food retail through Cambridge, Game Foodco and Makro.

We continue to invest in Supply Chain development, having opened the Massdiscounters' Gauteng RDC and growing Makro Logistics services.

We are also very proud of increasing our BEE status to level three.

The offer by Walmart to acquire 51% of Massmart is a signal of confidence in our Strategic Vision and our ability to implement it. We expect Walmart, subject to approval by the Competition Tribunal, to greatly reduce the risk inherent in our entry into Food retail, whilst assisting us with the implementation of all other aspects of Vision 2013.

PROSPECTS

For the 34 weeks to 20 February 2011, total sales increased by 12.6% and comparable sales increased by 6.4%.

Should the trends experienced in the Christmas period and the subsequent eight weeks continue, we expect a difficult second-half. Management will be focused on reducing stock levels, holding gross margins and containing costs, to continue to grow annual operating profit (excluding foreign exchange losses or profits), albeit perhaps at lower levels than achieved in the first half of this financial year.

In the event that the Walmart transaction is approved, shareholders are reminded of the financial effects associated with the transaction that were communicated in the circular to Massmart shareholders dated 9 December 2010, including advisors' fees of R194 million.

The financial information on which this outlook statement is based has not been reviewed or reported on by the Company's external auditors.

DISTRIBUTION AND DIVIDEND POLICY

Massmart's current dividend policy is to declare and pay an interim and final cash dividend representing a 1.7 times dividend cover unless circumstances dictate otherwise. Shareholders are reminded that while headline earnings declined over the past two years the dividend level was maintained, effectively reducing the dividend cover. Although headline earnings are higher than those for the prior period, the Board has decided to maintain this year's dividend at the same level as last year's dividend and will continue to do so until such time as the dividend cover returns to the Group's policy of 1.7 times.

Notice is hereby given that an interim cash dividend of 252 cents per share in respect of the period ended 26 December 2010 has been declared payable to the holders of ordinary shares recorded in the books of the company on Friday, 18 March 2011. The last day to trade *cum-dividend* will therefore be Friday, 11 March 2011 and Massmart shares will trade *ex-dividend* from Monday, 14 March 2011. Payment of the dividend will be made on Tuesday, 22 March 2011. Share certificates may not be dematerialised or rematerialised between Monday, 14 March 2011 and Friday, 18 March 2011, both days inclusive.

A Thuthukani dividend equivalent to 100% of the Massmart ordinary dividend per share of 252 cents will be paid to the Thuthukani participants on Tuesday, 22 March 2011.

On behalf of the Board

Grant Pattison
Chief Executive Officer
23 February 2011

Guy Hayward
Chief Financial Officer

Directorate

MJ Lamberti (Chairman),
CS Seabrooke (Deputy Chairman),
GM Pattison* (Chief Executive Officer),
MD Brand, KD Dlamini, NN Gwagwa,
GRC Hayward* (Chief Financial Officer),
JC Hodgkinson**, P Langeni, IN Matthews,
P Maw, DNM Mokhobo, MJ Rubin

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Massmart Holdings Limited

("the Company" or "the Group")

JSE code

MSM

ISIN

ZAE000029534

Company registration number

1940/014066/06

Registered office

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Company secretary

I Zwarenstein

Sponsor

Deutsche Securities (SA) (Proprietary) Limited

Transfer secretaries

Computershare Investor Services
(Proprietary) Limited

Registered auditors

Deloitte & Touche

For more information
www.massmart.co.za

Sales	Operating profit before foreign exchange movements	Cash generated from operations	Headline EPS	Dividend per share
+13.3%	+12.7%	-13.7%	+5.6%	252 cents
to R27,376 million	to R1,265 million	to R2,232 million	to 366 cents	unchanged

INCOME STATEMENT

Rm	26 weeks December 2010 (Reviewed)	26 weeks December 2009 (Reviewed)	% change	52 weeks June 2010 (Audited)
Revenue	27,458.8	24,214.2	13.4	47,550.6
Sales	27,375.8	24,153.5	13.3	47,451.0
Cost of sales (note 4)	(22,431.5)	(19,852.5)	(13.0)	(38,955.9)
Gross profit	4,944.3	4,301.0	15.0	8,495.1
Other income	83.0	60.7	36.7	99.6
Depreciation and amortisation	(221.5)	(187.0)	(18.4)	(382.8)
Impairment of assets (note 3)	-	-	-	(3.7)
Employment costs	(1,836.5)	(1,621.0)	(13.3)	(3,352.9)
Occupancy costs (note 4)	(827.1)	(689.3)	(20.0)	(1,415.1)
Foreign exchange loss (note 4)	(79.5)	(13.9)	(87.7)	(87.7)
Other operating costs (note 4)	(877.7)	(742.2)	(18.3)	(1,485.8)
Operating profit	1,185.0	1,108.3	6.9	1,866.7
Finance costs	(58.3)	(48.6)	(20.0)	(92.6)
Finance income	17.6	22.1	(20.4)	45.9
Net finance costs	(40.7)	(26.5)	(53.6)	(46.7)
Profit before taxation	1,144.3	1,081.8	5.8	1,820.0
Taxation	(362.5)	(345.0)	(5.1)	(608.2)
Profit for the period	781.8	736.8	6.1	1,211.8
Profit attributable to:				
Owners of the parent	738.5	693.7		1,129.9
Preference shareholders (note 6)	16.9	13.5		46.5
Non-controlling interests	26.4	29.6		35.4
Profit for the period	781.8	736.8	6.1	1,211.8
Basic EPS (cents)	365.3	346.2	5.5	562.8
Diluted basic EPS (cents)	342.6	335.9	2.0	538.5
Dividend (cents):				
- Interim	252.0	252.0	-	252.0
- Final	-	-	-	134.0
- Total	-	-	-	386.0

HEADLINE EARNINGS

Reconciliation of net profit for the period to headline earnings

Rm	26 weeks December 2010 (Reviewed)	26 weeks December 2009 (Reviewed)	% change	52 weeks June 2010 (Audited)
Net profit attributable to equity holders of the parent	738.5	693.7		1,129.9
Impairment of assets (note 3)	-	-	-	3.7
Loss on disposal of fixed assets	0.8	0.9		0.6
Loss on disposal of business	-	-	-	5.3
Release of negative goodwill	(0.2)	-		-
Loss on sale of assets classified as held for sale (note 7)	0.7	-		-
Total tax effects of adjustments	(0.3)	(0.3)		(0.9)
Headline earnings	739.5	694.3	6.5	1,138.6
Headline earnings before foreign exchange	796.7	704.3	13.1	1,201.7
Headline EPS (cents)	365.8	346.5	5.6	567.2
Headline EPS before foreign exchange (cents)	394.1	351.5	12.1	598.6
Diluted headline EPS (cents)	343.0	336.1	2.1	542.7

STATEMENT OF COMPREHENSIVE INCOME

Rm	26 weeks December 2010 (Reviewed)	26 weeks December 2009 (Reviewed)	% change	52 weeks June 2010 (Audited)
Profit for the period	781.8	736.8		1,211.8
Foreign currency translation reserve	(5.9)	(31.9)		(30.9)
Cash flow hedges	(30.6)	10.8		16.3
Revaluation of listed shares	0.1	-		-
Income tax relating to components of other comprehensive income	8.6	(3.0)		(4.5)
Other comprehensive income for the period, net of tax	(27.8)	(24.1)		(19.1)
Total comprehensive income for the period	754.0	712.7	5.8	1,192.7
Total comprehensive income attributable to:				
Owners of the parent	710.7	669.6		1,110.8
Preference shareholders (note 6)	16.9	13.5		46.5
Non-controlling interests	26.4	29.6		35.4
Total comprehensive income for the period	754.0	712.7	5.8	1,192.7

STATEMENT OF FINANCIAL POSITION

Rm	December 2010 (Reviewed)	December 2009 (Reviewed)	% change	June 2010 (Audited)
ASSETS				
Non-current assets	5,536.0	4,739.3		4,974.9
Property, plant and equipment	2,443.8	1,794.4	36.2	2,055.2
Goodwill and other intangible assets	2,224.8	1,973.5		2,095.8
Investments and loans	616.6	559.6		585.6
Deferred taxation	250.8	411.8		238.3
Current assets	12,440.6	11,192.5		9,314.5
Inventories	7,336.1	5,997.3	22.3	5,601.5
Trade, other receivables and prepayments	2,953.1	2,585.3	14.2	2,322.6
Taxation	33.8	31.3		22.1
Cash and bank balances	2,117.6	2,578.6		1,368.3
Assets classified as held for sale	4.6	-		-
Total	17,981.2	15,931.8		14,289.4
EQUITY AND LIABILITIES				
Total equity	4,009.7	3,677.7		3,591.8
Equity attributable to equity holders of the parent	3,857.5	3,547.9	8.7	3,469.7
Minority interest	152.2	129.8		122.1
Non-current liabilities	859.8	821.2		895.3
Non-current liabilities - interest-bearing	353.2	78.8		385.8
Other non-current liabilities and provisions	487.4	567.9		490.1
Deferred taxation	19.2	174.5		19.4
Current liabilities	13,111.7	11,432.9		9,802.3
Trade, other payables and provisions	12,503.7	10,779.6	16.0	9,220.1
Taxation	267.7	228.3		201.9
Bank overdrafts and short-term borrowings	340.3	425.0		380.3
Total	17,981.2	15,931.8		14,289.4

STATEMENT OF CASH FLOWS

Rm	26 weeks December 2010 (Reviewed)	26 weeks December 2009 (Reviewed)	52 weeks June 2010 (Audited)
Operating cash before working capital movements	1,368.3	1,331.8	2,346.8
Working capital movements	863.7	1,253.2	292.6
Cash generated from operations	2,232.0	2,585.0	2,639.4
Taxation paid	(316.9)	(267.4)	(552.8)
Net interest paid	(40.7)	(26.5)	(46.7)
Investment income	34.3	26.7	36.1
Dividends paid	(286.9)	(281.9)	(822.4)
Cash inflow from operating activities	1,621.8	2,035.9	1,253.6
Investment to maintain operations	(215.9)	(137.6)	(277.8)
Investment to expand operations	(350.1)	(153.5)	(346.1)
Disposal of subsidiary	-	-	26.9
Businesses acquired	(87.0)	(146.0)	(369.9)
Other investing activities including minority interests acquired	(24.0)	14.5	(163.8)
Cash outflow from investing activities	(677.0)	(422.6)	(1,130.7)
Cash (outflow)/inflow from financing activities	(249.9)	(89.6)	193.8
Net increase in cash and cash equivalents	694.9	1,523.7	316.7
Foreign exchange loss taken to other comprehensive income	(5.9)	(31.9)	(30.9)
Opening cash and cash equivalents	1,310.9	1,025.1	1,025.1
Closing cash and cash equivalents	1,999.9	2,516.9	1,310.9

STATEMENT OF CHANGES IN EQUITY

Six months ended December 2010 (Reviewed)	Ordinary share capital	Share premium	General reserves	Retained profit	Equity attributable to equity holders of the parent	Minority interest	Total
Opening balance	2.0	142.0	464.6	2,861.1	3,469.7	122.1	3,591.8
Dividends declared	-	-	-	(286.9)	(286.9)	-	(286.9)
Total comprehensive income	-	-	(27.8)	755.4	727.6	26.4	754.0
Changes in minority interests and distribution to minorities	-	-	-	-	-	(11.8)	(11.8)
Cost of acquiring minority interests	-	-	(24.9)	-	(24.9)	-	(24.9)
Minorities relating to acquisitions	-	-	-	-	-	15.5	15.5
Share trust transactions and IFRS 2 charge	-	-	52.7	(98.8)	(46.1)	-	(46.1)
Treasury shares (acquired)/realised	-	111.4	(93.3)	-	18.1	-	18.1
Total	2.0	253.4	371.3	3,230.8	3,857.5	152.2	4,009.7
Six months ended December 2009 (Reviewed)							
Opening balance	2.0	149.4	298.7	2,604.6	3,054.7	42.0	3,096.7
Dividends declared	-	-	-	(281.8)	(281.8)	-	(281.8)
Total comprehensive income	-	-	(24.1)	707.2	683.1	29.6	712.7
Changes in minority interests and distribution to minorities	-	-	-	-	-	(20.3)	(20.3)
Cost of acquiring minority interests	-	-	(30.8)	-	(30.8)	-	(30.8)
Minorities relating to acquisitions	-	-	-	-	-	78.5	78.5
Share trust transactions and IFRS 2 charge	-	-	78.7	(21.2)	57.5	-	57.5
Treasury shares (acquired)/realised	-	(50.7)	115.9	-	65.2	-	65.2
Total	2.0	98.7	438.4	3,008.8	3,547.9	129.8	3,677.7
Year ended June 2010 (Audited)							
Opening balance	2.0	149.4	298.7	2,604.6	3,054.7	42.0	3,096.7
Dividends declared	-	-	-	(822.4)	(822.4)	-	(822.4)
Total comprehensive income	-	-	(19.1)	1,176.4	1,157.3	35.4	1,192.7
Changes in minority interests and distribution to minorities	-	-	-	-	-	(42.4)	(42.4)
Cost of acquiring minority interests	-	-	(212.8)	-	(212.8)	-	(212.8)
Minorities relating to acquisitions	-	-	-	-	-	87.1	87.1
Release of financial liability raised on a business acquisition	-	-	120.0	-	120.0	-	120.0
Share trust transactions and IFRS 2 charge	-	-	149.4	(97.5)	51.9	-	51.9
Treasury shares (acquired)/realised	-	(7.4)	128.4	-	121.0	-	121.0
Total	2.0	142.0	464.6	2,861.1	3,469.7	122.1	3,591.8

ADDITIONAL INFORMATION

	26 weeks December 2010 (Reviewed)	26 weeks December 2009 (Reviewed)	52 weeks June 2010 (Audited)
Net asset value per share (cents)	1,893.2	1,761.9	1,722.0
Ordinary shares (000's):			
- In issue	203,754	201,370	201,496
- Weighted average	202,185	200,367	200,751
- Diluted weighted average	215,581	206,545	209,817
Preference shares (000's):			
- Thuthukani Trust 'A' shares held by the participants (note 5)	9,190	13,513	12,826
- Black Scarce Skills Trust 'B' shares held by the participants (note 5)	2,154	2,314	2,203
Capital expenditure (Rm):			
- Authorised and committed	562.2	231.9	226.9
- Authorised not committed	209.0	76.8	450.5
Operating lease commitments (2011 - 2025) (Rm)	9,736.8	8,849.2	8,573.4
US dollar exchange rates - year end (R/\$)	6.79	7.55	7.67
- average (R/\$)	7.16	7.68	7.61

RECONCILIATION BETWEEN TRADING AND OPERATING PROFIT

Rm	26 weeks December 2010 (Reviewed)	26 weeks December 2009 (Reviewed)	52 weeks June 2010 (Audited)
Profit before interest and taxation	1,284.7	1,161.3	2,027.8
Trading profit before interest and taxation	1,284.7	1,161.3	2,027.8
Asset impairments	-	-	(3.7)
BEE transaction IFRS 2 charge (note 5)	(20.2)	(39.1)	(69.7)
Foreign exchange loss	(79.5)	(13.9)	(87.7)
Operating profit before interest and taxation	1,185.0	1,108.3	1,866.7
Profit before taxation	1,355.6	1,229.1	2,190.9
Trading profit before taxation	1,355.6	1,229.1	2,190.9
Corporate net interest	(111.6)	(94.3)	(209.8)
Asset impairments	-	-	(3.7)
BEE transaction IFRS 2 charge (note 5)	(20.2)	(39.1)	(69.7)
Foreign exchange loss	(79.5)	(13.9)	(87.7)
Operating profit before taxation	1,144.3	1,081.8	1,820.0

NOTES

- These condensed financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), Schedule 4 of the Companies Act and the AC 500 standards as issued by the Accounting Practices Board or its successor. The financial statements are in accordance with IAS 34 *Interim Financial Reporting*, using accounting policies that have been consistently applied to prior periods.
- During the period under review, the only shares bought in the market were by the Share Trust where 1.4 million shares (0.7% of average shares in issue) were bought at an average price of R126.84 totalling R175.2 million. No Massmart shares were bought in the market for the prior six month period. During the prior year, the only shares bought in the market were by the Share Trust where 1.2 million shares (0.6% of average shares in issue) were bought at an average price of R114.44 totalling R137.2 million.
- There was no impairment of assets in the current or prior six month period. The impairment of assets in the prior year relates to the impairment of computer software in Builders Warehouse due to an IT upgrade and the impairment of fixed assets in Game due to a fire in the Benoni store.
- Foreign exchange movements relating to the cost of stock have been reallocated from 'Foreign exchange loss' to 'Cost of sales' in December 2009 (R54.8 million) and June 2010 (R76.6 million), in line with the Group's accounting policy. Water and electricity charges have been reallocated from 'Other operating costs' to 'Occupancy costs' in December 2009 (R43.0 million) and June 2010 (R88.4 million) in line with the Group's accounting policy.
- The Massmart BEE transaction, which came into operation in October 2006, gave rise to an IFRS 2 *Share-based Payment* charge of R20.2 million (2009: R39.1 million). The 'A' and 'B' preference shares have been issued to the Thuthukani Trust and the Black Scarce Skills Trust respectively.
- The preference shareholders' dividend amount of R16.9 million (2009: R13.5 million) represents the final cash dividend of 134 cents (2009: 100.5 cents) paid to all Thuthukani participants. The Thuthukani dividend was equivalent to 100% of the ordinary dividend for the current and prior period.