





Dedicated to Value



Massmart Reviewed Results
for the 26 weeks to 27 December 2009

Presentation to Investors, Analysts and Media
February 2010



Agenda

- Group Financial Performance
- Divisional Financial Performance
- Highlights of the Operational Performance
- The Environment
- Vision for Growth 2012
- Vision for Growth 2013 – A New Focus
- Risks & Prospects

ADDENDUM – Additional financial data



December 2009
Group Financial Performance



Key Points ... looking back

The Group traded through a perfect storm:

- Food:
 - Disinflation / deflation
 - Wholesale volumes negative as customers delayed purchases
 - Gross margins contracted
- General Merchandise sale weak:
 - South African consumers cautious
 - Bank consumer credit scarce
 - Compounded by deflation in this category
- Africa:
 - Belated reaction to global crisis
 - Local sales growth negative
 - Initial currency weakness caused over-pricing of stock in Game
- Currency strengthened relative to 1H in FY09:
 - While still very profitable, Rand trading profits from Africa down by 26%

Key Points ... looking ahead

Internal:

- Great operational performance: costs, employees, stock levels
- Sales growth accelerating since mid-December '09
- Builders Warehouse and Game SA trading well
- New stores and acquisitions
- Gained market share

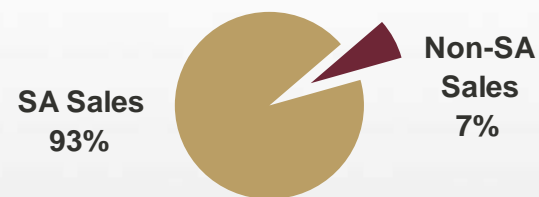
External:

- Increasing and broad-based signs of economic recovery
- African currencies likely to stabilise / strengthen
- CPI to remain low <6%, suggesting a benign to positive economic outlook

Sales

(Rm's)	2009	2008	Total % Chg	Comp % Chg	Infl %
Massdiscounters	6 114	6 088	0.4	-3.8	0.5
Makro	5 956	5 868	1.5	1.5	5.1
Massbuild	3 190	2 936	8.6	-0.4	2.7
Masscash	8 894	7 866	13.1	0.1	-0.4
Total	24 154	22 758	6.1	-0.5	1.6

- Inflation = financial YTD sales inflation
- Excluding Africa, Total and Comparable sales growths were 7.0% and 1.2% respectively



Sales Inflation

- YTD sales inflation to December 2009:
 - General Merchandise -0.5%
 - Home Improvement 2.7%
 - Food & Liquor 2.1%
 - Total 1.6%

- General Merchandise deflation – from relative Rand strength
- Food inflation declining (disinflation). Commodities in deflation
- Group inflation should increase gradually (<5%) in next six months

Store Portfolio

	Massdiscounters	Makro	Massbuild	Masscash	Total
June 09	93	*13	71	77	254
Acquired	-	-	16	9	25
Closed	(1)	-	(3)	-	(4)
Openings	10	-	4	1	15
Dec 09	102	*13	88	87	290

- Massdiscounters: six new Game and four Dion Wired stores
- Massbuild: one new Warehouse, one Express, two Depot stores. Three closures (two Express, one Depot). 16 acquired (incl. 3 ex-Mica)
- Masscash: acquired nine stores in five acquisitions, one new Cambridge

* Excludes two Makro Zimbabwe stores

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Trading Space

- 7.3% net space growth (unweighted)
- Net new space 79 027m²
 - Opened and acquired 87 651m²
 - Closed or converted 8 624m²
- December 2009 trading space 1 164 201m²
- Note that June 2009 space has been corrected by -2 285m² to 1 085 174m²

Sales Growth Analysis

	%
Existing stores (comparable growth)	-0.5
New stores & Acquisitions	6.6
Total sales growth	6.1

- Excluding Africa: total and comparable sales growth 7.0% and 1.2% to December 2009
- 34-week sales growth update to 21 February 2010:
 - 6.7% total and 0.4% comparable
 - But excluding Africa: 8.5% total and 2.3% comparable
- Early recovery evident across all Divisions

Gross Profit

	2009	2008
Gross Profit	R4 310m	R4 128m
<i>As % of Sales</i>	17.8%	18.1%

- Food disinflation & commodities deflation – caused lower Food gross margins in Masscash and Makro
- Low General Merchandise product inflation and muted consumer spending – caused lower gross margins in Massdiscounters and Makro as competitors fought for market-share
- Massbuild gross margins steady

Operating Costs

	2009	2008
Operating Costs	R3 194m	R2 932m
<i>As % of Sales</i>	13.2%	12.9%

- Above figures exclude Forex gains / losses and Other Income in both periods
- Total 8.9% increase
- Comparable expenses increase only 2.5%
- Other Operating Costs up only 3.5% from continued focus on discretionary expenses
- Group electricity costs approx R76m for 1H FY10

Employment Costs (51% of total costs)

	2009	2008
Employment Costs	R1 621m	R1 493m
<i>As % of Sales</i>	6.7%	6.6%

- Total 8.6% increase
- Labour scheduling remains a focus area
- Only 1.5% increase in staff (FTEs) despite 36 new and acquired stores
- Includes non-cash IFRS 2 (share-based payments) charges of R79m (2008: R68m)

Occupancy Costs (20% of total costs)

	2009	2008
Occupancy Costs	R 646m	R 554m
<i>As % of Sales</i>	2.7%	2.4%

- Total 16.7% increase
- With 7.3% space increase
- Leases comprise 72% of these costs, and are 13% higher
- Continued large increases in rates & services (+30%)

Depreciation and amortisation (6% of total costs)

	2009	2008
Depreciation	R187m	R171m
<i>As % of Sales</i>	<i>0.8%</i>	<i>0.8%</i>

- Total 9.2% increase
- Expected to continue ahead of sales growth due to new stores and refurbishments

Forex Gains & Losses (unrealised & realised)

<i>Rm's</i>	2009	2008
Massdiscounters	(7.0)	21.4
Other	(24.4)	45.0
FECs	(37.3)	(13.7)
Total	(68.7)	52.7

- Stronger Rand since June 2009: both *spot* rate 5% and *average* rate 13% stronger (December 2008: both *spot* 23% and *average* 27% weaker)
- Massdiscounters: net realised & unrealised losses from African operations' balance sheet translation (from stronger Rand)
- Other: predominantly unrealised losses from translation of non-African offshore monetary balances (from stronger Rand)
- FECs: net realised & unrealised losses on *ineffective* FECs in this period (defined as being 15%< or >20% away from spot rate)

Divisional Trading Profit before Interest

<i>Rm's</i>	December		
	2009	2008	%
Massdiscounters	417.6	479.7	(12.9)
Masswarehouse	371.5	399.6	(7.0)
Massbuild	151.9	139.3	9.0
Masscash	275.1	262.5	4.8
Trading Profit before Interest	1 216.1	1 281.1	(5.1)

Trading profit excludes foreign exchange gains and losses

Net Interest Paid

<i>Rm's</i>	December		
	2009	2008	%
Massdiscounters	16.6	28.2	(41)
Masswarehouse	21.6	39.5	(45)
Massbuild	14.2	22.6	(37)
Masscash	15.4	20.6	(25)
Corporate	(94.3)	(140.0)	(33)
Total interest paid	(26.5)	(29.1)	(8.9)

- Divisions: less interest received due to lower rates
- Corporate: pays Divisions' interest & funds the net Group position

Divisional Trading Profit before Tax

<i>Rm's</i>	December		
	2009	2008	%
Massdiscounters	434.2	507.9	(14.5)
Masswarehouse	393.1	439.1	(10.5)
Massbuild	166.1	161.9	2.6
Masscash	290.5	283.1	2.6
Trading Profit before tax	1 283.9	1 392.0	(7.8)

Trading profit excludes foreign exchange gains and losses

Tax Charge

	2009	2008
Total tax	R345m	R378m
<i>Tax rate</i>	31.9%	29.7%

- Non-deductible IFRS 2 charges increase this tax rate by 2.2% (2008: 1.5%)
- Includes STC on dividends 2.8% (2008: 2.1%)

Dividend

	2009	2008
Interim dividend per Share (cents)	252	252

- Despite decline in HEPS, are holding current dividend at same level as FY08 interim dividend
- Will not adjust dividend for forex gains or losses unless very significant

Stock & Creditors

	Dec 2009		Dec 2008	
	Rms	Days	Rms	Days
Net Stock (1)	5 997	55.2	5 534	54.2
Trade Creditors (1)	9 117	73.5	8 129	69.8

Great working capital:

- Excluding acquisitions and new stores, stock levels flat
- Creditors' terms improved – from a mix effect as Food declined and General Merchandise increased

1. Days calculated using historic cost of sales (excludes Corporate).

Debtors

	December 2009		December 2008	
	Rms	<i>Days</i>	Rms	<i>Days</i>
Gross Trade Debtors	1 380	9.2	1 227	8.6

- Continue to closely monitor credit
- Good bad debt experience
- Credit insurance in place

Net Capital Expenditure

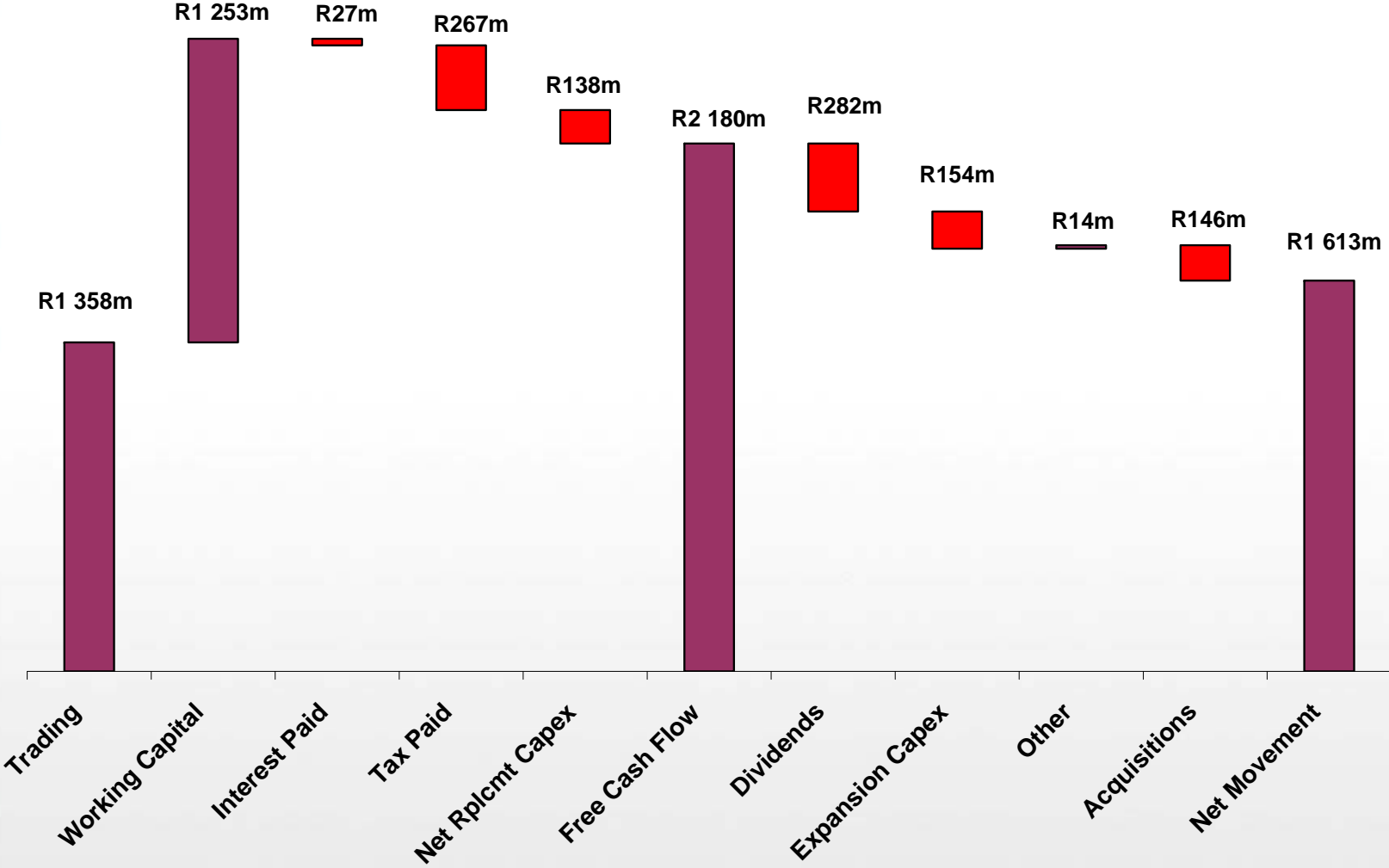
<i>Rm's</i>	Dec 2009	Dec 2008
Replacement Capex	138	124
Investment Capex	154	215
Total Capex	292	339
<i>Depreciation & amortisation</i>	187	171
Businesses acquired	146	147

- Major replacement items: IT and refurb
- Major investment items: new stores R108m
- Acquired seven businesses with 25 stores

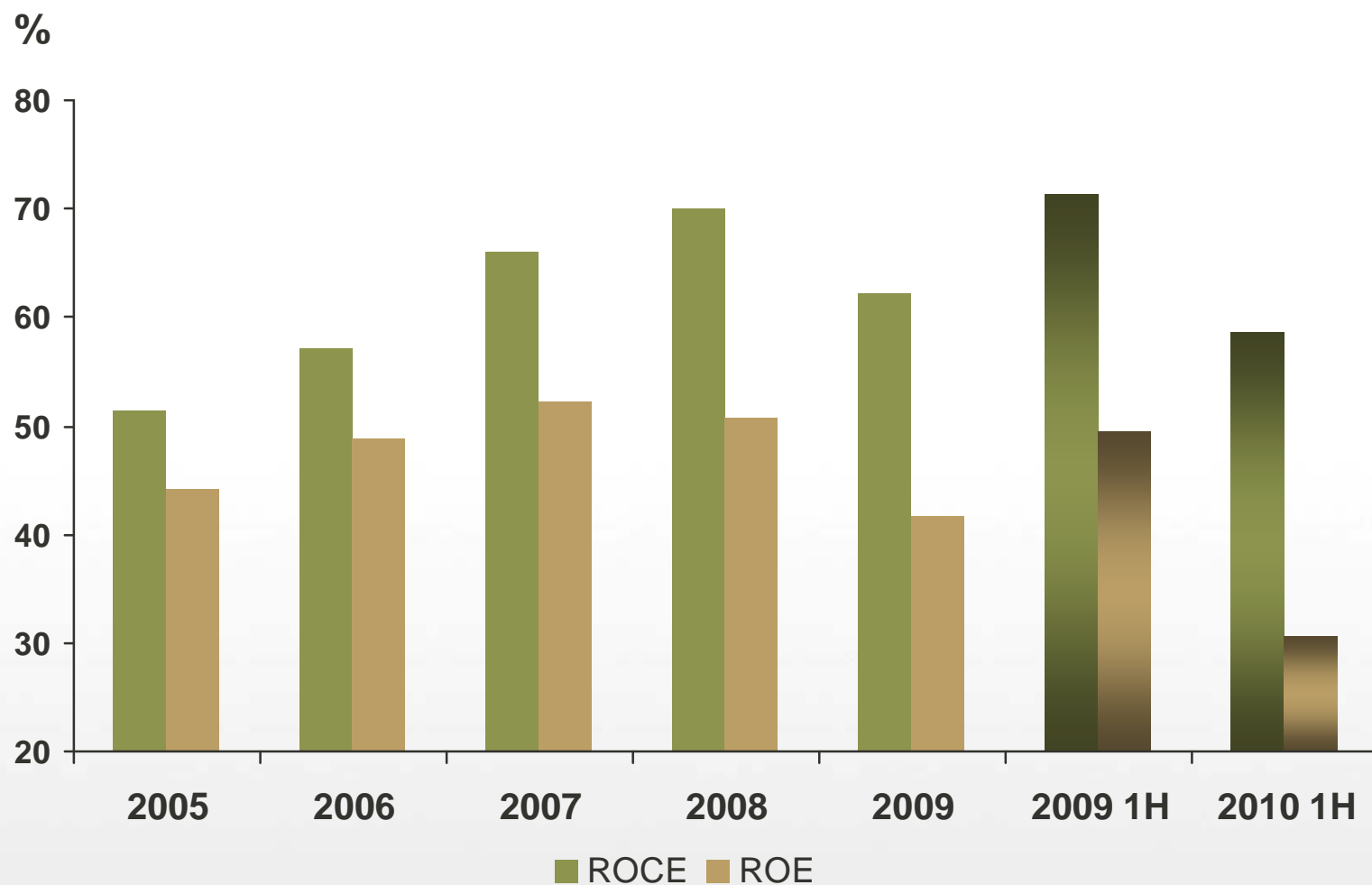
Group Gearing

- Average Group net borrowings R295m (2008: R213m), calculated using net interest paid.
- Average net gearing of 8% (2008: 7%), ignoring property leases
- Making some progress with selected property acquisitions, both for new sites and existing leased properties
- Continue to explore possible acquisition opportunities

Cashflow Analysis



Returns



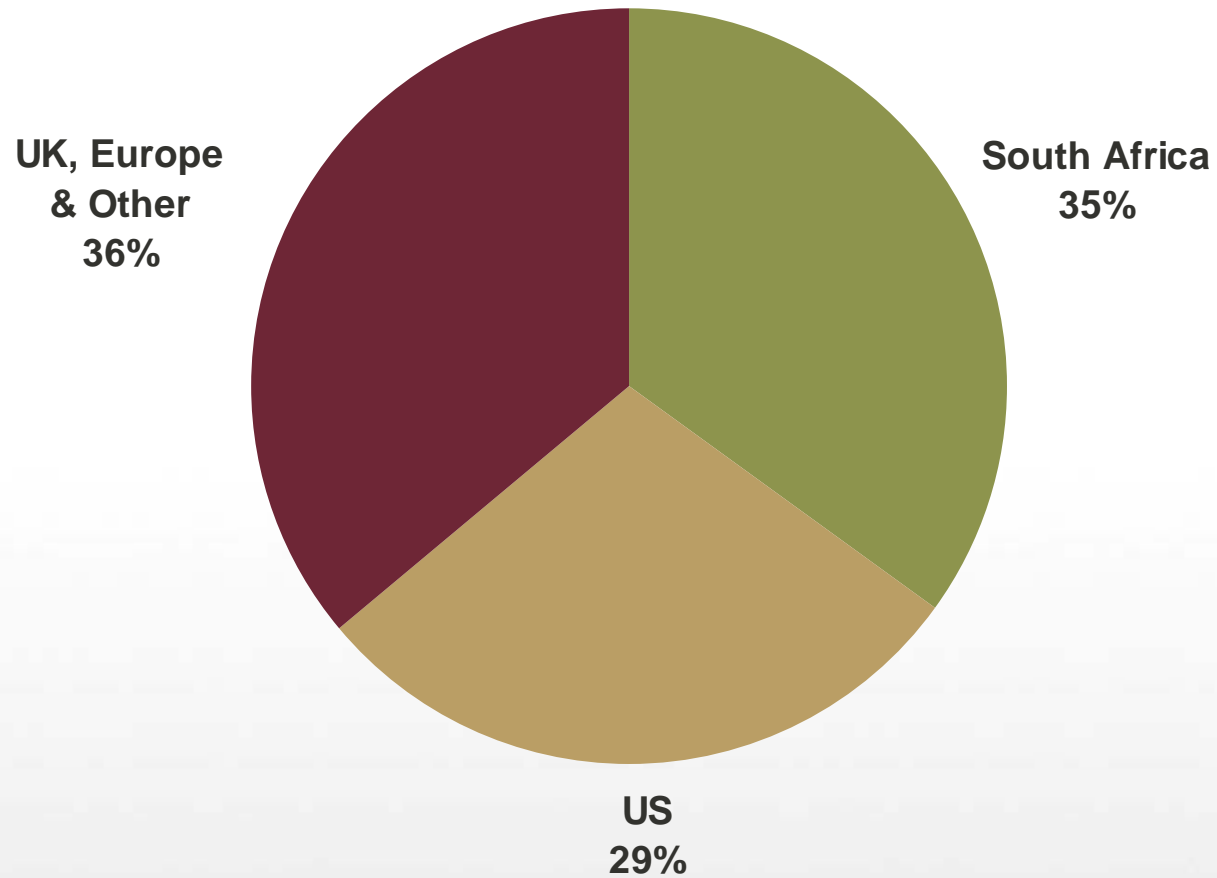
ROCE: EBITA / Average Capital Employed

ROE: Headline Earnings / Average Shareholders Equity

Thuthukani BEE Staff Issue

- Effective 1 October 2006. Remaining total Staff Scheme IFRS 2 charge R132m:
 - Still to be expensed over two years (six in total)
 - Estimated total charge for 2010: R70m
 - Non-cash and no tax relief
- BEE Scheme Dividend: now 100% of ordinary dividend
- In 2009 (calendar) 10 480 participating employees received an average dividend of R3 700 each
- Associated IFRS 2 charge & Scheme dividend affected HEPS by 27.6 cents (2008: 21.3 cents)
- First vesting (33%) this year in October at strike price R49.98

Massmart Shareholding - December 2009

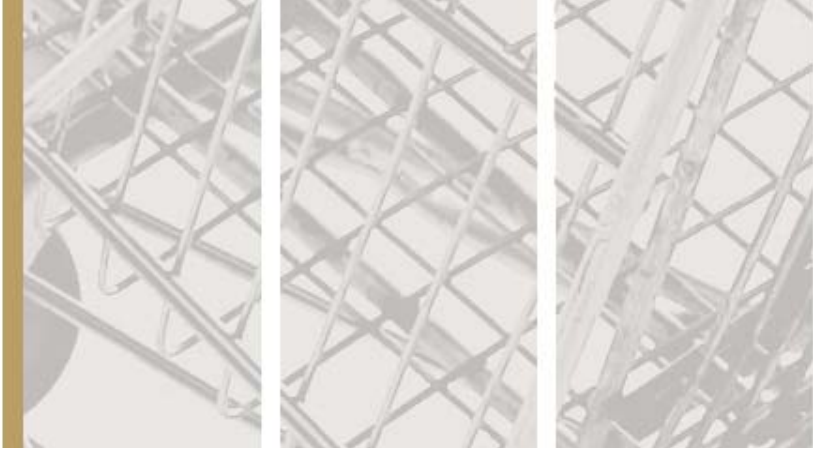


Source: JPMorgan Cazenove.

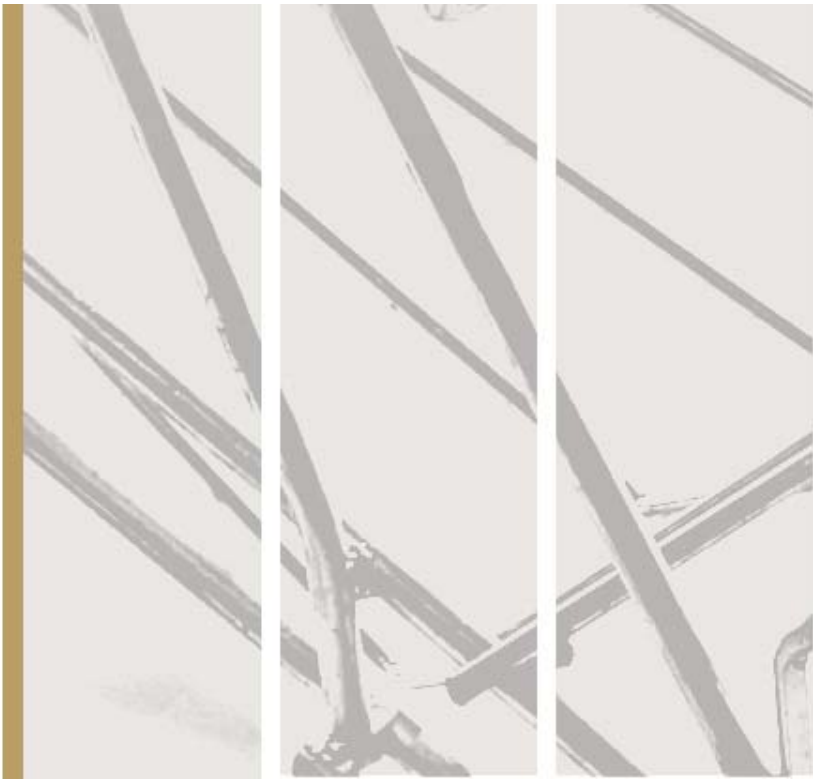
Data shows % owners' not managers' holdings

South African shareholdings in December 2008 41% and June 2009 43%

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December 2009 Divisional Financial Performance



Massdiscounters

	2009	% change
Sales	R 6 114m	0.4%
PBT excl Forex	R434m	-14.5%
<i>PBT margin</i>	<i>7.1%</i>	

- Game SA: good sales growth and profit higher than FY09 1H
- Higher promotional sales mix – negatively affected gross margins
- Excluding new stores, stock levels below December 2008
- New Gauteng RDC opening July 2010 – will cause a new R30m lease-smoothing charge in FY11
- Africa:
 - FY09 saw super-profits: strong local sales & Rand weakness
 - Rand sales declined 25% and local currency sales declined 5%
 - Stronger Rand caused R7m forex loss (2008: R21m gain) in 1H
 - A R128m forex charge in FY09 2H – unlikely to be repeated
 - Repatriation of cash only a problem in one country

Makro

	2009	% change
Sales	R 5 956m	1.5%
PBT	R393m	-10.5%
<i>PBT margin</i>	6.6%	

- Sales typical of the environment – steady Liquor, declining Food, and low General Merchandise
- Disinflation in Food causes wholesale customers to delay purchases
- Some lost export sales to Zimbabwe
- Gross margins pressure due to deflation & competitive intensity
- Stock days improved
- Secured sites for new stores in Gauteng and Cape Town. Good progress on a further two sites

Massbuild

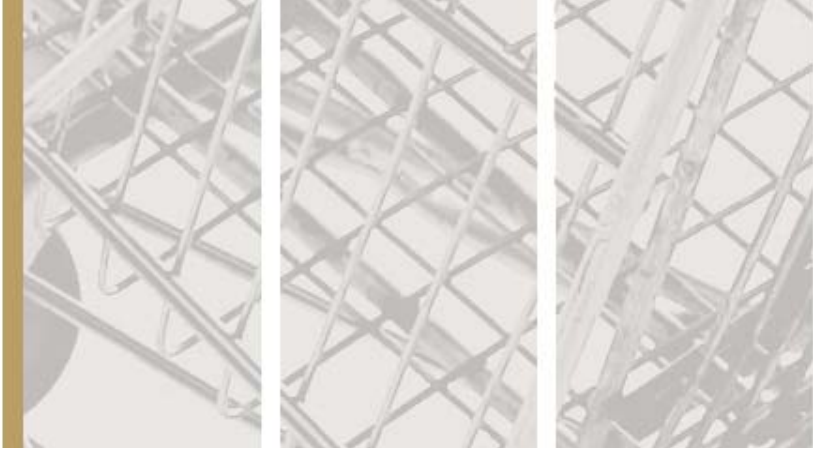
	2009	% change
Sales	R3 190m	8.6%
PBT	R166m	2.6%
<i>PBT margin</i>	<i>5.2%</i>	

- Builders Warehouse positive comparable sales growth. Expect Trade Depot to lag by six months
- Gross margins higher – from less clearance activity and better purchasing
- Great cost control
- Good working capital performance
- Builders Express acquired three ex-Mica stores
- Trade Depot acquired Mocambique-based Kangelana, 13 stores

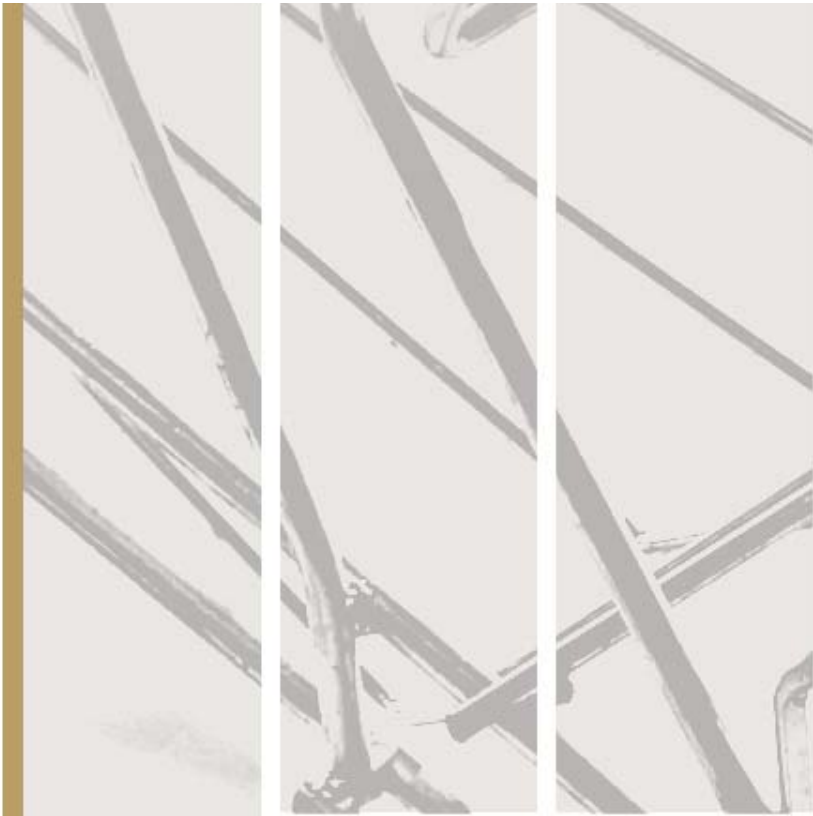
Masscash

	2009	% change
Sales	R8 894m	13.1%
PBT	R291m	2.6%
<i>PBT margin</i>	3.3%	

- All sales growth from acquisitions
- Deflation:
 - In commodities which comprise 21% of sales
 - Wholesale customers delay purchases
 - Gross margins impacted
- Retail Cash & Carry:
 - Acquired nine stores
 - Trading ahead of expectations
 - Net margin > 4%



Highlights of the Operational Performance



Group Operating Performance Highlights

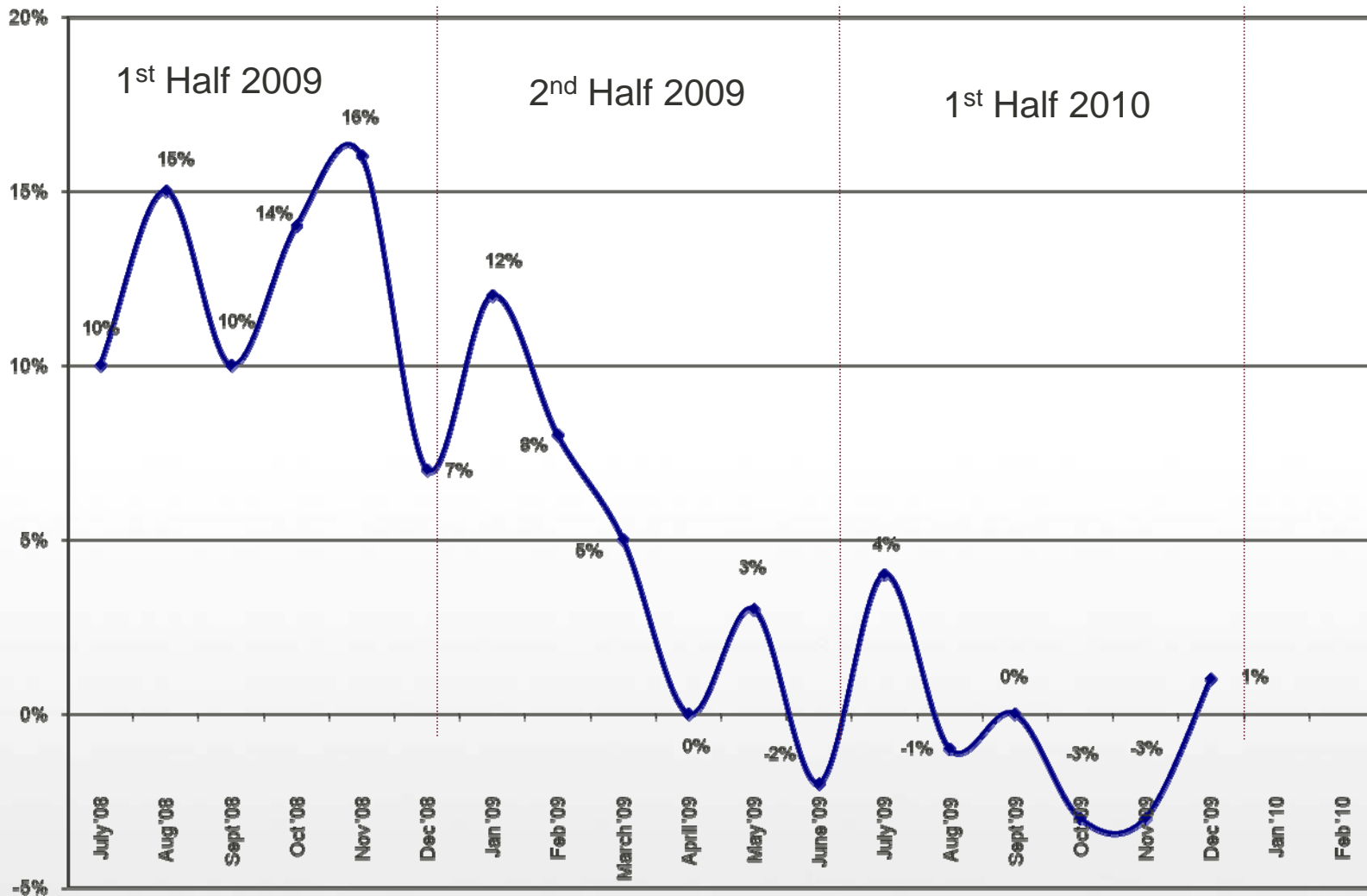
Dec 09

Total Sales growth	+6.1%	<i>7.3% Additional space</i>
Comparable Sales growth	-0.5%	<i>Low inflation and negative volumes</i>
Comparable store expense growth	+2.5%	<i>Great expense control</i>
Decrease in Trading Profit excl Forex	-7.8%	<i>Negative operating leverage</i>
Increase in Inventories	+8.4%	<i>Like for like Inventories flat</i>
Increase in Cash Generated by Ops	+2.2%	<i>Core business intact</i>
Good progress with Retail Cash and Carry	R2.5bn *	<i>Building a team and learning</i>
BEE scorecard	66%	<i>2 years ahead of plan</i>

* Annualised

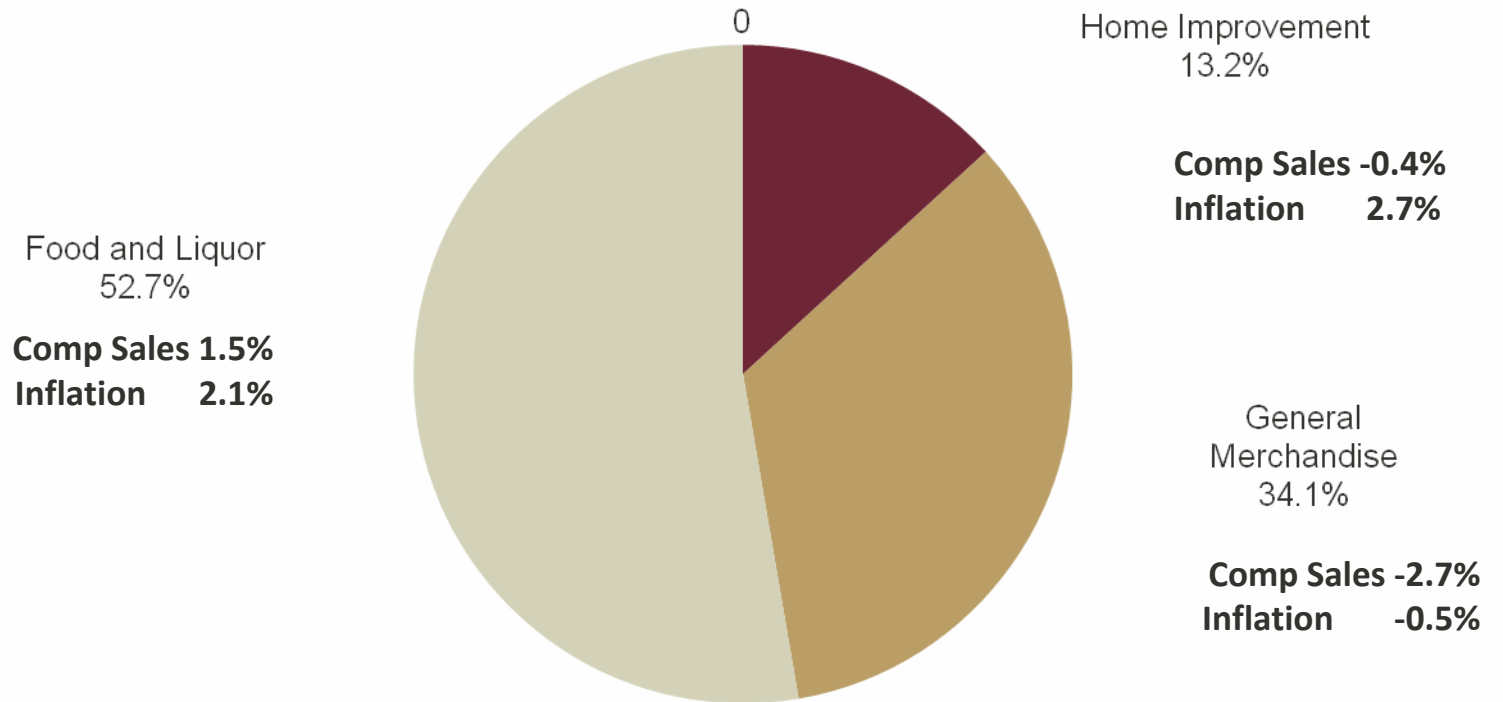
MASSMART

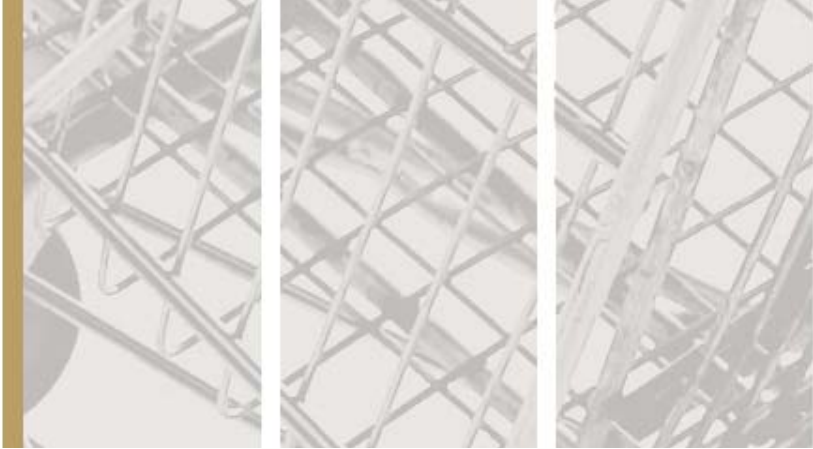
Comparable store sales growth - Total Massmart



Contribution and Performance by category

Total Contribution by Category





December 2009 Divisional Financial Performance



Massdiscounters

	2009	% change
Sales	R6 114m	0.4%
PBT excl Forex	R434m	(14.5%)
<i>PBT margin</i>	<i>7.1%</i>	

- Sales inflation 0.5%. Comparable sales 3.8%.
- Game SA: total and comparable sales growing at 6.2% and 2.7% respectively
- New Gauteng RDC opening July 2010
- Space planning rolled out nationally in FMCG
- African business model and returns intact.
- 6 New Game stores and 4 new Dion Wired stores – all trading well
- Re-launched Game store credit card (outsourced) beating expectations
- Dion Wired out-performing competitors – taking market share

Makro

	2009	% change
Sales	R5 956m	1.5%
PBT	R393m	(10.5%)
<i>PBT margin</i>	6.6%	

- Sales inflation 5.1%. Comparable sales +1.5%.
- Volumes under pressure in food as wholesale customers delay purchases in expectation of lower prices. Margins under pressure.
- Great performance in liquor – taking market share.
- General merchandise suffering with little inflation and volume growth.
- Stock and costs well controlled.
- Good progress on sites in Gauteng and Cape Town. Started building a new store in Vanderbijlpark – new layout.

Massbuild

	2009	% change
Sales	R3 190m	8.6%
PBT	R166m	2.6%
<i>PBT margin</i>	<i>5.2%</i>	

- Sales inflation 2.7%. Comparable sales -0.4%.
- Builders Warehouse and Builders Express performing well, growing market share and profits.
- Trade Depot still suffering from poor bonded residential property market.
- New Kempton Park store is world class.
- Newly acquired Builders Express stores from Mica performing very well.
- Decision taken to fully integrate Trade Depot.
- First Builders Warehouse store will open in Durban in 2010.

Masscash

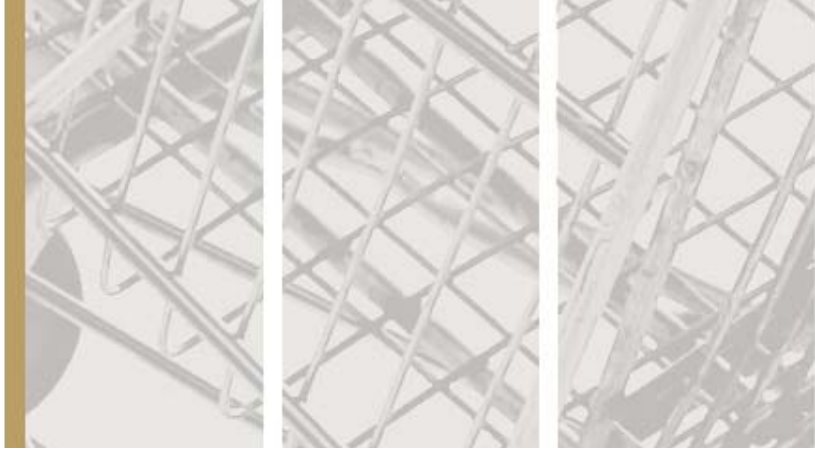
	2009	% change
Sales	R8 894m	13.1%
PBT	R291m	2.6%
<i>PBT margin</i>	3.3%	

- Sales inflation -0.4%. Comparable sales 0.1%. Inflation slowing. Deflation in some commodities.
- Cash and Carry business suffering low food inflation and volumes.
- Great operating performance with costs well controlled.
- New Retail Cash and Carry business growing fast and should comfortably exceed R2bn target this year.
- Deal and new-store pipeline growing.
- Decision on National brand later this year.
- Now have a food business in Mozambique.

Masscash Cont.

Retail

- Number of Stores – 20
- Space – 50,500 m²
- Annualised turnover – R2.5bn
- Average equity held – 55%
- New acquisitions Astor, Sunshine, Top Spot and Kawena
- First new store opened in Jabulani in Feb with 5 more in progress
- Management team being assembled with now 8 Executives and Senior Managers in place



Environment



Environment - Economic SA

- **The end of recession**
 - The 4th quarter real GDP increased by an annualised rate of 3.2% compared to the 3rd quarter 0.9%.

- **Consumer remained under extreme pressure**
 - Real retail sales still negative: -6.6% in November
 - Banks report high levels of non-performing loans
 - Car sales were depressed
 - Bonded residential market metrics still contracting materially

- **CPI just entering the target zone**
 - Food inflation low, assisting the consumer
 - However labour, energy and local taxes putting pressure on CPI
 - Flow through impact of Eskom on all pricing unknown, and the resultant Reserve Bank response material

- **Consumers starting to recover in the past few months**
 - Retail sales growth improving to -3.7% in December
 - Car sales growing at 20% in January 2010
 - Residential property market rose by 3.6% on a m-o-m basis in December; annual house inflation is at 0.2%
 - Improved big ticket performance
 - Increased interest in Home Maintenance

Environment - Economic Africa

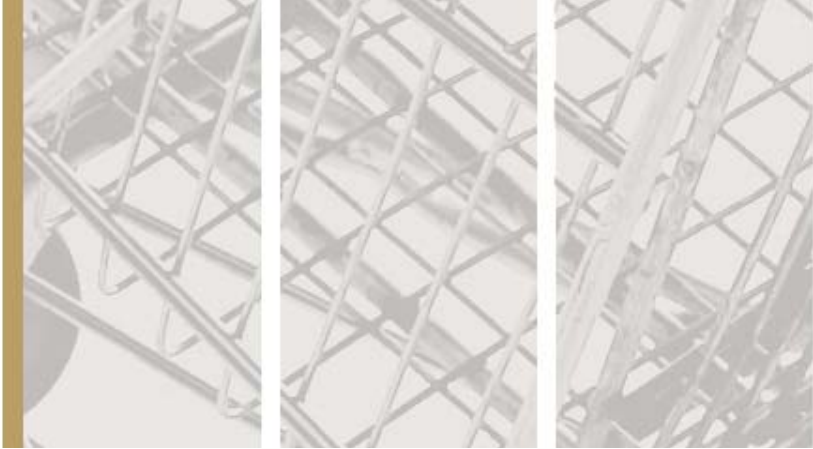
- Impact of global crisis certainly evident in our Africa business
- Currencies stabilising at weaker levels
- Currency availability did not worsen, perhaps pointing to continued investment from China
- Comparable local currency sales stabilised by December
- CPI on imported goods in Africa greater than 20%, changing spending patterns significantly
- Africa contribution to Massmart profit materially down

Environment - Competition Commission

- We will be making a submission to the Commission in March in response to their subpoena.
- Four allegations
 1. Market Concentration – rebates, discounts, slotting fees etc
 2. Long Leases with exclusivity clauses
 3. Category Captains
 4. Information Sharing
- No allegations of “prohibitive acts”.
- Investigation under “rule of reason” section.
- Without pre-judging the outcome, we have not found any reportable transgressions in our own internal reviews.

Environment - Competitive Retail

- Retail sales volumes declined 6.6% in November and 3.7 % in December.
- Performance across categories varied.
- *Food*: Deflation in commodities had an impact on volumes and profit, particularly in wholesale, although volumes stabilised by December.
- *Food*: Very aggressive pricing in Retail, as the war for market share and price perception continues, particularly in commodities.
- *General Merchandise*: Performance improving in South Africa in the value segment. Very high response to promotional discounting.
- *Home Improvement*: Builders Warehouse improving all the time, but we are unsure just how much is market and how much is market-share gain.
- *Home Improvement*. Bonded residential building and alterations not improving as evident in Trade Depot trading.
- Overall the food retailers and clothing retailers have out-performed food wholesale and general merchandise retail.



Vision for Growth 2012



Update on Vision for Growth 2012

- Leadership and Transformation
- Growth of the core business
- New stores (expanding footprint)
- New formats and categories
- Acquisitions
- Sustainability

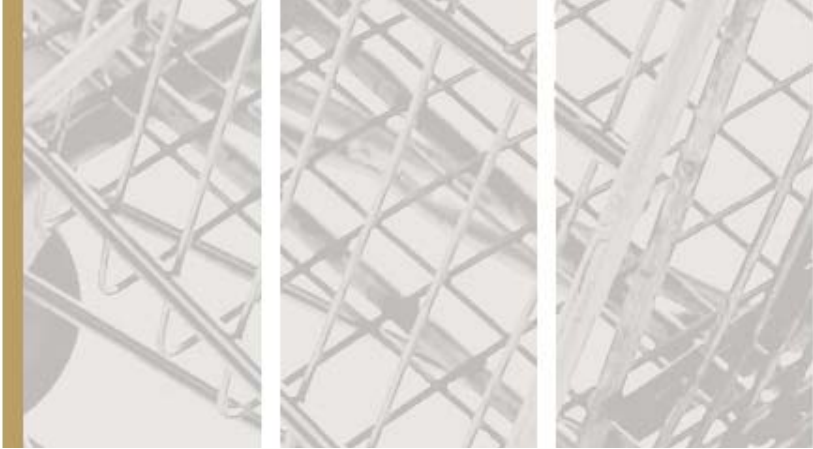
Vision for Growth 2012 - Progress

- A new group of 43 Graduates, 97% PDI, recruited and in training. 70% of prior year appointed or in the process of being appointed.
- Massmart University EDP, MDP, LDP 2010 programs initiated.
- Supply Chain and Private Label now imbedded in core Group processes and philosophy.
- Begun process to put Financial Services into Massbuild.
- 7.3% space opened or acquired. Retail Cash and Carry business growth gaining momentum and ahead of expectations.
- BEE scorecard up to 66% - with 100% of purchases from us qualifying as BEE procurement.

Vision for Growth 2012

- **Trading space planned growth (including store acquisitions):**
 - 2010 – 7.1 % (7.3%)
 - 2011 – 5.0%
 - 2012 – 5.4%

- **New stores – 3 years (including store acquisitions)**
 - Net 62 (36) stores [68 (40) opened and acquired, 6 (4) closed]:
 - 13 (6) Game, 7(4) Dion Wired
 - 3 (0) Makro
 - 1 (4) Wholesale Cash and Carry
 - 34 (6) Retail Cash and Carry
 - 3 (1) Builders Warehouse, 3 (4) Builders Express
-2 (15) Builders Trade Depot
 - 171,000 m², R7.7bn annualised turnover

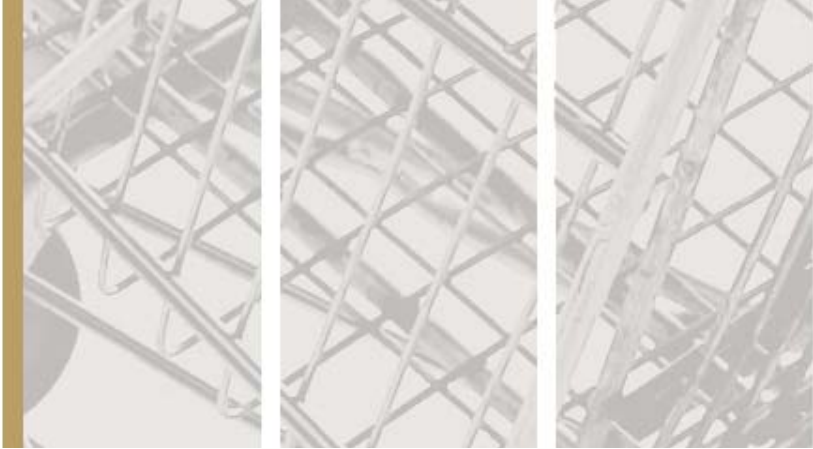


Vision for Growth 2013 A New Focus



Vision for Growth 2013 - A New Focus

- Coming to the end of my first 3 years in “Office”.
- Investment in systems, infrastructure and competency has been material and will continue.
- We have a fantastic portfolio: Human Capital, Property Assets, Culture, Competencies and Brands.
- We have been inwardly focussed for the past 12 months
- With the worst behind us our attentions will be on growing market share through great retail innovation and discipline.
- We have fantastic opportunities in new revised formats and categories.
- Over the next six months we will develop and approve a new Strategic Action Plan for Vision for Growth 2013.
- Communicate in August 2010.



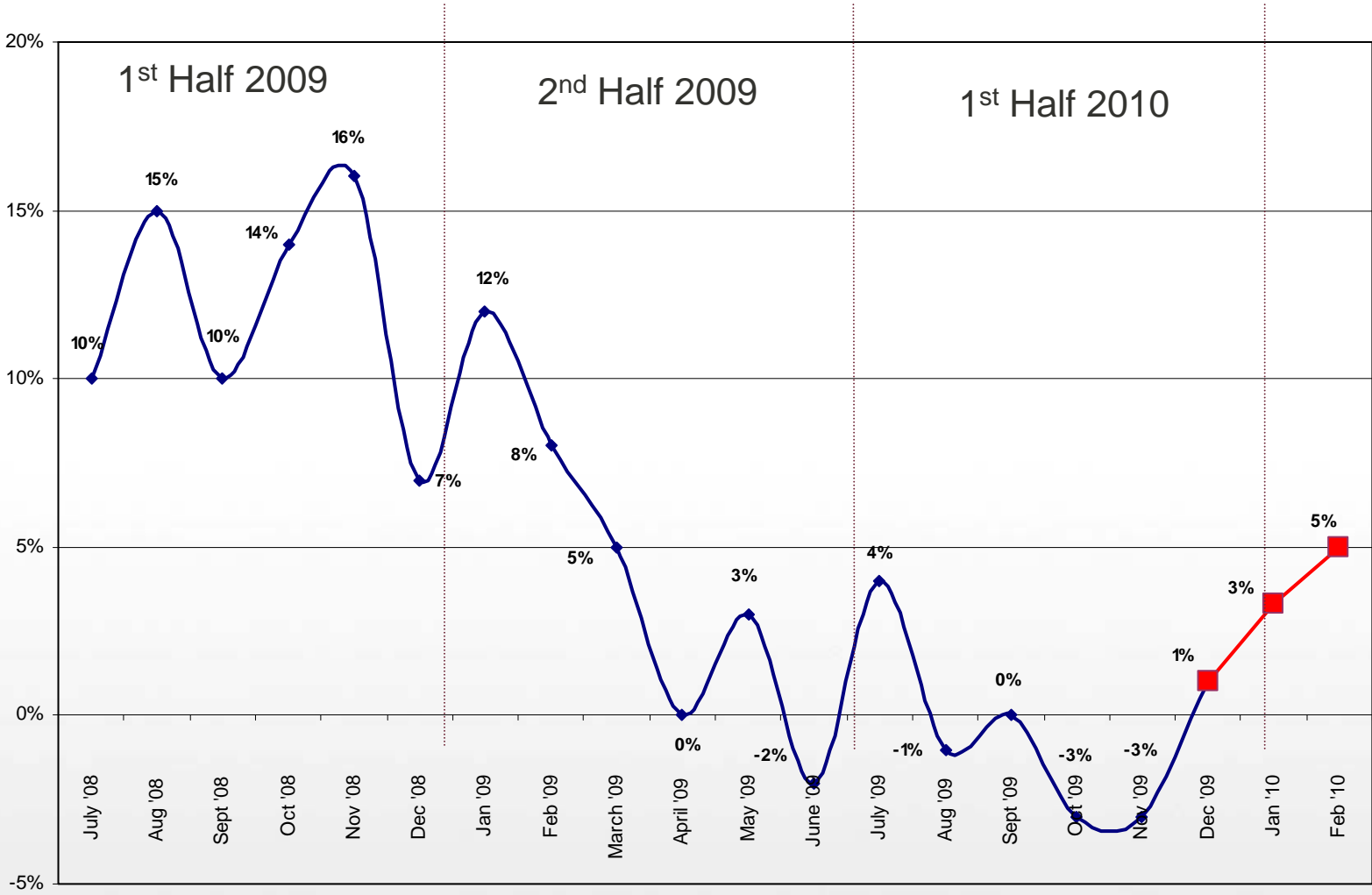
Risks & Prospects



Massmart's 2010 Prospects

- **The worst appears to be behind us**
 - Last 8 weeks comparable sales growth of 3.4%.

Comparable store sales growth - Total Massmart



Massmart's 2010 Prospects

- **The worst appears to be behind us**
 - Last 8 weeks comparable sales growth of 3.4%.
 - Food still under pressure with low inflation and little or no volume growth - this will improve.

- **Second-half likely to see profits grow**
 - Trading has improved in South Africa and we should see gross margins start to recover.
 - Business has costs under control, but this will start to annualise.
 - Space growth in the first half should bear fruit in the second half.
 - Africa should start to recover in the last quarter.
 - Unlikely to experience the same levels of Forex losses as in the second half FY 2009 (-R130m).
 - Product Inflation may start to increase in the last few months of the financial year, as the strong rand annualises.

- **Perhaps even grow profits-before-forex for the full year**

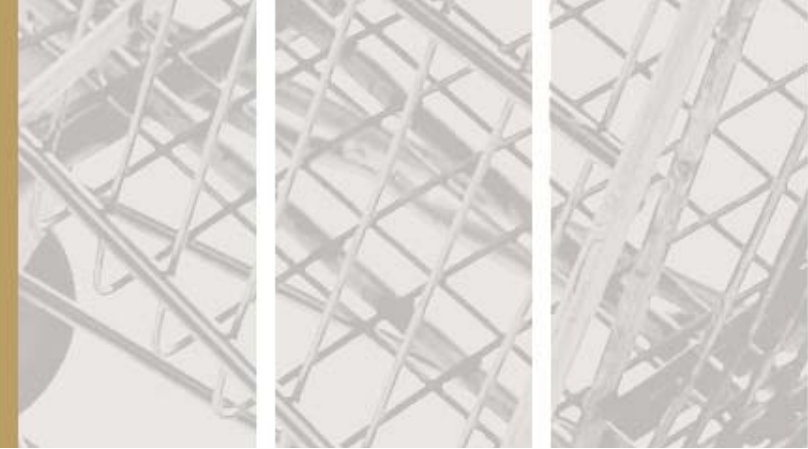
Risks

- **External**

- Expense inflation driven by labour, electricity and “other” taxes.
- Interest rates rising to fight this inflation, effectively dealing the consumer and business a double blow.
- More currency shocks.
- African country illiquidity.
- Entry of a global player.

- **Internal**

- Skills shortage to manage growth.
- Industrial action as we get tough on wage increases.
- Acquisition integration



Conclusion



Conclusion

- Very tough six months – perhaps our toughest ever.
- African business contribution declined from super profit levels last year.
- Good operating performance on all key operating metrics.
- Great counter-cyclical performance in space growth.
- Momentum building in Retail Cash and Carry.
- The consumer seems to have turned.
- All indications are that it should be a good six months.
- We will be turning our attention from protecting the income statement and balance sheet to gaining market share and productivity.



Additional Financial Data



Headline Tax Rate Reconciliation

%	Dec 2009	Dec 2008
Standard tax rate	28.0	28.0
Disallowed expenses	3.4	2.3
Exempt income	(0.2)	(1.2)
Foreign tax	(0.1)	(0.1)
Prior year	(0.2)	-
STC	2.8	2.2
Other	(1.8)	(1.5)
Group tax rate	31.9	29.7

Analysis of Tax Charge

Rm's	Dec 2009	Dec 2008
SA tax	256.4	289.6
STC	21.0	32.4
Deferred tax	34.2	2.6
Foreign tax	28.7	40.6
Foreign deferred tax	4.7	13.0
Income Statement Charge	345.0	378.2

Capital Expenditure

Rm's	Dec 2009	Dec 2008
Land & buildings	5.8	9.9
Leasehold improvements	38.0	39.5
PPE	166.9	195.3
Computers	71.0	70.6
Motor vehicles	12.3	15.9
Sub-total	294.0	331.2
Goodwill & trademarks	0.1	11.0
Total	294.0	342.2

Headline Earnings Reconciliation

Rm	Dec 2009	Dec 2008
Attributable earnings	693.7	868.3
Loss on fixed asset disposals	0.9	0.6
Profit on sale of Consumer Book	-	(7.0)
Tax effects on adjustments	(0.3)	0.7
Headline earnings	694.3	862.6

Number of Shares

	(000's)
At June 2009	201 303
Shares issued	67
At December 2009	201 370
Weighted-average for period	200 367
Fully-diluted weighted average	206 545

IAS 33 requires the fully-diluted weighted-average shares calculation to be based on the extent to which the BEE shares are in-the-money. This must take into account the strike price, the associated IFRS 2 charge and average annual share price for the past financial year. This calculation produces the additional 6.2m shares that are now included in the fully-diluted weighted-average number of shares.

Targets

Group Annual ROS	> 5.5%
Int-bearing Debt : Equity	< 30%
Return on Capital Employed	> 45%
Return on Equity	> 35%

(ROCE = EBITA / Average capital employed, excluding goodwill and deferred tax assets)

(ROE = Headline Earnings / Average shareholders equity, excluding goodwill and deferred tax assets)

Group Forex Exposures & Effect

Main Types of Exposure	Exchange Rate?	Disclosure of Resulting Forex Gain or Loss?
Foreign balance sheets	At Spot	<p><i>Fixed Assets, Stock & Equity:</i> no Income Statement effect, instead forex movement shown in Balance Sheet</p> <p><i>Debtors, Cash & Creditors:</i> forex gain or loss shown in Income Statement</p> <p>Spot rate = higher volatility</p>
Foreign income statements	At Average	<p>No separate forex gain / loss, just higher or lower Rand-denominated foreign earnings</p> <p>Average rate = lower volatility</p>
FECs on imports	At Spot	<p>FEC premium shown in <i>Cost of Sales</i> not as forex loss. But if ineffective (>20%) then included in forex loss.</p> <p><i>Stock</i> is shown at the FEC rate</p>

FEC = Foreign Exchange Contract, being forward cover contracts on imports



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