MASSMART

Dedicated to Value

Reviewed consolidated results for the 26 weeks ended December 2006

Massmart is a managed portfolio of nine wholesale and retail chains, each focused on high volume, low margin, low cost distribution of mainly branded consumer goods for cash, in 13 countries in sub-Saharan Africa through four divisions comprising 235 stores, and one buying association serving 480 independent retailers and wholesalers. 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.

Sales from continuing operations increase	Trading profit from continuing operations increases	Headline earnings increase	Headline earnings before the BEE transaction increase	Headline EPS increases	Cash flow from operations increases	Dividend increases
16%	35%	31%	35%	31%	8%	52%
to R18 014 million	to R1 033 million	to R672 million	to R689 million	to 335,6 cents	to R1 757 million	to 197 cents per share

Overview

As we predicted this time last year, the South African consumer economy remained buoyant throughout 2006.

This environment enhanced the effect of aggressive trading strategies on Massmart's low price, high volume, low expense business model, culminating in pleasing comparable store sales growths and excellent first half profit performances from each of Massmart's divisions, despite major integration projects in Massbuild and Masscash, and numerous store openings and conversions in Massdiscounters.

This is Massmart's 36th consecutive half-year of real sales growth over 8% and our 17th consecutive half-year of headline earnings per share growth. We are delighted that this performance has been recognised internationally by our ranking in the annual Deloitte retail survey as the 140th of the largest 250 retailers in the world, and the 15th fastest growing over the past five years.

The highlights of the half-year were:

- Record sales of R18,0 billion, of which 98,7% were cash sales and 5,0% from foreign stores.
- Comparable store sales growth of 11,9%.
- Profit before tax grew 34,4% to R1,01 billion. For the first time half-year profits exceeded R1 billion, equal to those for the full year to June 2005.
- Pre- and post-interest operating profit margins increased to 5,6% and 5,6% respectively.
- Cash flow from operations rose 8,4% to R1,8 billion, only R50 million less than the full year to June 2006.
- Rolling twelve-month return on equity increased from 43,5% to 46,7%.
- The store network was increased to 235 (1 026 320 square meters) with the opening of 11 new stores with estimated annual sales of over R1 billion.

Strategic Overview and Progress

The management of Massmart remains fixated on the art and science of strategy. This fascination has caused us to continually review and refine the core tenets of the Group's existence and progress for almost 19 years: aggressive organic and acquisitive growth; value-adding collaboration between focussed trading entities; and incentivisation for alignment.

Medium term performance is guided by our "Vision for Growth," a rolling three-year internal financial target resulting from implementation of the above strategies, given effect through specific plans and objectives for the growth of sales, cash flows, profits and profitability. Since mid 2005, these activities have been underpinned by the imperative to reduce operating expenses, leverage management capabilities and facilitate shareholder understanding, by simplifying the structures and processes of the Group.

Acquisitions have made no contribution to these results, emphasising our assertion that having achieved the requisite critical mass, Massmart's exciting future sales and profit plans are no longer dependent on acquisitions.

For most South African retailers, good comparable store sales growth in recent times was enhanced by aggressive new store expansion and credit extension. We approach the first with caution and we avoid the second. Excess capacity raises fixed cost ratios and prejudices returns in less favourable times and, given our low gross margins, the expense and complexity of providing credit would undermine our low price proposition to customers.

"Vision for Growth 2009" announced last August contained plans for the unrelenting pursuit of strategic advantage and operating efficiencies, and the opening of 58 stores which will generate additional estimated sales of R6,5 billion by June 2009. 11 of the 17 stores planned to open in the current financial year were opened in the first half and a further 6 are confirmed for the second half. Together these new stores will generate estimated annualised sales of R1,5 billion.

Finally, over the next three to five years, shareholders can look forward to a new source of value being unlocked as we pursue world class supply chain standards in all our divisions.

Retail Economy

Contrary to the views of most market commentators who attribute the extent and duration of consumer expenditure solely to cyclical macro economic factors, we have held the view (first espoused in 2002) that retail sales are being underpinned in no small part by a structural change in the South African consumer economy. Aided by Black Economic Empowerment and employment equity, the transformation of our society is bringing new, confident, discerning customers into our stores. Industry wide, this phenomenon is sustaining relatively high levels of monthly retail sales growth, which averaged 10% over the reporting period compared to 6,9 % in the previous year.

While gradually rising interest rates and more cautious granting of credit muted slightly the sales growth of some credit retailers towards the year end, all retail sectors reported a record Christmas season with strong comparable sales growths.

Operational Review

General merchandise sales grew 12,2%, home improvement sales 29,4% and food and liquor sales 16,3%. Massmart's 3,7% estimated average inflation on selling prices was the weighted average of 0,6% deflation in general merchandise, 4,7% in home improvement and 6,8% inflation in food and liquor.

Trading profit was depressed by store pre-opening costs of R30,5 million (2005: R18,8 million) and foreign exchange movements of R41,4 million (2005: R16,8 million).

Massdiscounters – comprises retail general merchandise discounters Game (79 stores), which trades in South Africa, Namibia, Botswana, Zambia, Uganda, Mozambique, Mauritius, Malawi, Tanzania, and Nigeria, and Dion (8 stores), which trades in the Gauteng province of South Africa. Divisional comparable store sales grew 7,0% with estimated inflation of 0,5%.

New store development comprised four large Game outlets and three smaller format Game stores. Three Game stores were refurbished and three Dion stores converted to Game. A new experimental format Dion Wired was opened in November.

Sound management of expenses and working capital resulted in a 19,8% growth in profit before tax, which was reduced by store pre-opening expenses of R24 million (2005: R15 million) and a R34,6 million (2005: R13,8 million) foreign exchange loss.

Notwithstanding eight new stores, the division ended the first half with higher inventory in order to obviate the unsatisfactory out of stock situation that depressed sales in the first quarter of 2006.

Despite the fact that seasonality has enhanced the first half trading profit before tax return on sales of 8,5%, the division has exceeded its medium-

Operational review – Continuing operations

Rm	**6 months ended December 2006 (Reviewed)**	Restated 6 months ended December 2005 (Reviewed)	*% change*	Year ended June 2006 (Reviewed)
Sales	**18 013,8**	15 520,7	*16,1*	29 963,6
Massdiscounters	**4 917,0**	4 196,1	*17,2*	8 095,7
Masswarehouse	**4 572,5**	4 057,2	*12,7*	7 661,1
Massbuild	**2 497,0**	1 934,7	*29,1*	3 892,8
Masscash	**6 027,3**	5 332,7	*13,0*	10 314,0
Trading profit before interest and tax*	**1 033,1**	766,8	*34,7*	1 333,5
As a % of sales	***5,7***	*4,9*		*4,5*
Massdiscounters	**399,3**	347,8	*14,8*	546,4
Masswarehouse	**275,5**	167,6	*64,4*	288,3
Massbuild	**206,1**	146,2	*41,0*	290,4
Masscash	**152,2**	105,2	*44,7*	208,4
Trading profit before tax**	**1 085,0**	791,0	*37,2*	1 412,7
As a % of sales	***6,0***	*5,1*		*4,7*
Massdiscounters	**417,9**	356,0	*17,4*	576,4
Masswarehouse	**297,1**	178,4	*66,5*	317,9
Massbuild	**211,5**	147,5	*43,4*	296,8
Masscash	**158,5**	109,1	*45,3*	221,6

The above results exclude Furnex from both prior periods (note 11).
**Trading profit before interest and tax is before asset impairments and the IFRS 2 charge of R17,2 million (2005: R0 million) relating to the BEE transaction.*
*** Trading profit before tax is after interest income but before corporate interest paid of R61,0 million (2005: R42,1 million), asset impairments and the IFRS 2 charge of R17,2 million (2005: R0 million) relating to the BEE transaction.*

term target of 7%, which is accordingly being revised upwards to 8% compared to its international benchmark of 7,4%.

Masswarehouse – comprises the 14-store Makro warehouse club trading in food, general merchandise and liquor in South Africa and Zimbabwe. Divisional comparable store sales grew 13,7% with estimated inflation of 3,5%.

Innovative merchandising, new cardholder recruitment and the use of Makro's considerable Customer Relationship Management capability to pursue high quality sales, was underpinned by excellent inventory and expense management. The result was an excellent growth on the previous years' trading profit.

While acknowledging the seasonal effect, the Masswarehouse half-year trading profit before tax return on sales of 6,5% has so substantially exceeded its medium-term target of 4% that it is being revised upwards to 5% compared to its international benchmark of 5%.

Massbuild – comprises 64 outlets, trading in DIY, home improvement and builders hardware, under the Builders Warehouse, De La Rey (currently being re-branded as Builders Warehouse), Builders Express and Federated Timbers (currently being re-branded as Builders Trade Depot) brands in the major metropolitan areas of South Africa. Divisional comparable store sales grew 11,6% with estimated inflation of 4,7%.

Aggressive trading created a platform for the division to register significant progress with the implementation of its strategic initiatives: the divisional leadership structure was strengthened; merchandise skills were augmented; the marketing platform was clarified; systems were upgraded; stores re-branded; one De La Rey and one Builders Express store were opened and three Federated Timbers stores closed. The division produced the Group's highest levels of sales, with significantly higher profit growth resulting in an improved profit margin.

Our insight into the business and our rate of progress with the integration of the acquisitions has caused us to raise Massbuild's medium-term trading profit before tax return on sales target to 9%, compared to the 8.5% achieved in this first half and its international benchmark of 10%.

Masscash – comprises 63 CBW and seven Jumbo wholesale cash and carry outlets trading in South Africa, Lesotho, Namibia, and Botswana, and voluntary buying organisation Shield (serving 480 independently owned food outlets). Divisional comparable store sales grew by 14,4% with estimated inflation of 7,2%.

Sales growth was enhanced by food inflation, particularly in commodities, while tight control of expenses and working capital enabled CBW to produce an excellent result with profit growth over twice its double digit sales growth and profitability in excess of the divisional return on sales target. Jumbo (particularly the refurbished Crown Mines store) enjoyed a good first half as did Shield with both producing pleasing profit growth.

Masscash's half-year trading profit return on sales of 2,6% compares to its medium-term target and its international benchmark of 3%.

Sustainability

Board Appointments

On the 1st November 2006, we were pleased to welcome to the Board, Dr Nolulamo Nobambiswano (Lulu) Gwagwa – Chief Operating Officer of Lereko Investments and Mr Kuseni D Dlamini – Executive Chairman of the Richards Bay Coal Terminal.

On the 1st December 2006 Mr Fanus Nothnagel resigned from the Board. We thank him for his contribution to the Board over almost two years.

Governance Structure

The governance structure of Massmart is analogous to the European model, which consists of a Supervisory Board chaired by a non-executive chairperson and comprising mostly non-executive directors and a Management Board chaired by the Group CEO and comprising executives. In Massmart's case the latter has been called the Executive Committee.

From 1st July 2007, when Messrs. Mark Lamberti and Grant Pattison are appointed Non Executive Chairperson and Chief Executive respectively, the Massmart Holdings Limited Board will comprise the non-executive Chairperson, independent non-executive lead director and Deputy Chairperson Mr Chris Seabrooke, the Chief Executive, the Chief Financial Officer and 10 independent non-executive directors. Of the five Black independent non-executive directors, three are women.

Currently, six of the 35 Executive Directors who serve on the Executive Committee and the four Divisional Boards are from previously disadvantaged groups and two are women.

Employment Equity

Massmart's unqualified commitment to transformation is evidenced in the fact that of the 1 321 new employees who were recruited in the reporting period, 39,3% were female and 81,9% were from previously disadvantaged groups. Of the latter 39,0% were female.

At a Top Management level only one appointment was made which was white and male, but at the Senior Management, Professional and Skilled levels, 40%, 36,8% and 62% respectively were from previously disadvantaged groups.

It would be insulting to the previously disadvantaged members of Massmart at any level to suggest that they hold their positions for any reason other than competence. Our progress with employment equity will be driven by this principle acknowledging the qualities required for successful business leadership and the desperate skills and leadership shortage in our country.

Thuthukani Empowerment Transaction

On the 19th March this year 14 829 members of Massmart's permanent general staff represented by the Thuthukani Empowerment Trust will receive their first dividend of 49 cents per share in terms of the R1 billion, company funded empowerment transaction that was approved by shareholders on the 14th July 2006.

This initial 25% share of the dividend will rise to full participation over the next three years and together with their voting rights through the trust, will afford these staff members, 83% of whom are previously disadvantaged, the same rights as all ordinary shareholders.

The cost of the scheme has reduced first half earnings per share by 8,6 cents.

Ownership by Previously Disadvantaged Directors

After Massmart's empowerment schemes were announced in May 2006, the Group temporarily withdrew its proposals for a share trust for previously disadvantaged non-executive directors.

After consultation with major shareholders, the Board resolved at its November 22nd Board meeting to propose to shareholders that the these directors be offered the opportunity to acquire shares in Massmart at a discount to the five-day weighted average price before that Board meeting. Ownership of the shares will be subject to normal vesting conditions.

As soon as the Corporate Laws Amendment Bill has been promulgated, a circular will be dispatched with all necessary information, for shareholder approval.

Crime
Crime continues to increase costs and risks for Massmart, while imposing fear, trauma, injury, bereavement, grief and material loss on our employees and their families. Armed robberies and burglaries in the six months resulted in the loss of R12,7 million of merchandise and cash.

The impact of crime on our society is insidious and it threatens many of the rights and freedoms of our young democracy. We are wholly supportive of all efforts by Government to eliminate this scourge, inter alia by using the creative ideas, unconventional insights and organisational and leadership skills that organised business can mobilise, without abdicating its prime responsibility for the safety and security of its citizens. Insofar as business is invited to play a role, the magnitude and complexity of the challenge demands a thoughtful, measured response, sustained through appropriate structures.

HIV/AIDS
We are experiencing increased utilisation by staff of the services of IMPILO, our health and wellness programme, which provides free medical attention and anti-retroviral treatment to staff members.

Massmart's People

For retailers, the six months to December is a very demanding period. The functional expertise in the business is directed at preparation for that extraordinary last quarter of the year when the rigours of the holiday season devolve mainly on the women and men who work in our 235 stores in 12 countries in sub-Saharan Africa.

We are deeply grateful for the efforts and energies that each of our 23 500 Massmart colleagues devoted to delivering this outstanding result.

Prospects

The excellent monetary and fiscal management of the South African economy continues to provide an environment conducive to confident investment, extensive infrastructural development, the growth of the private sector and the steady creation of sustainable jobs at all levels. These factors should sustain healthy growth for the retail sector although in the short-term it is likely that higher interest rate levels and the introduction of the National Credit Bill will result in a contraction of consumer credit.

All of the above augers well for Massmart. As a cash business we are less susceptible to pressures on credit, our business model is structured to deliver exceptional value and our unique portfolio of businesses comprises product categories that will be stimulated by the economic scenario described above.

Notwithstanding this positive outlook, we continue to invest more time and resource in developing flexibility than we do in attempting to predict the future. Over many years we have proven that our strategic initiatives and trading tactics have reduced the correlation of our performance with tightening economic cycles.

For these reasons we retain the view that Massmart will enjoy an exceptional year to June 2007, with earnings growth well ahead of sales growth, although our second half profit growth may be lower than that reported here.

For the 34 weeks to the 18th February, total sales grew 16,1%, comparable store sales grew 12,1%, with profit growth significantly ahead of sales growth and last year.

Distribution and Changed Dividend Policy

In view of the continued strong cash generation by the Group and its liquid balance sheet, the Board has revised Massmart's dividend policy to declare and pay an interim and final dividend representing a 1,7 times dividend cover unless circumstances dictate otherwise.

Notice is hereby given that an interim dividend of 197 cents per share in respect of the period ended 24 December 2006 has been declared payable to the holders of ordinary shares recorded in the books of the company on Friday, 16 March 2007. The last day to trade cum dividend will therefore be Friday, 9 March 2007 and Massmart shares will trade ex dividend from Monday, 12 March 2007. Payment of the dividend will be made on Monday, 19 March 2007. Share certificates may not be dematerialised or rematerialised between Monday, 12 March 2007 and Friday, 16 March 2007, both days inclusive.

A Thuthukani dividend equivalent to 25% of the Massmart ordinary dividend per share will be paid to the Thuthukani participants on Monday, 19 March 2007.

On behalf of the Board

Mark J Lamberti
Deputy Chairman and Chief Executive Officer

Guy Hayward
Chief Financial Officer

21 February 2007

Directorate: CS Seabrooke (Chairman), MJ Lamberti* (Deputy Chairman and Chief Executive Officer), MD Brand, ZL Combi, KD Dlamini, NN Gwagwa GRC Hayward*, JC Hodkinson**, P Langeni, IN Matthews, P Maw, DNM Mokhobo, GM Pattison*, MJ Rubin * Executive ** United Kingdom

Massmart Holdings Limited JSE code – MSM, **ISIN** – ZAE000029534, **Company registration number:** 1940/014066/06

Registered office: Massmart House, 16 Peltier Drive, Sunninghill Extension 6, 2191, **Company secretary:** I Zwarenstein, **Registered auditors:** Deloitte & Touche

For more information: www.massmart.co.za

Condensed balance sheet

Rm	December 2006 (Reviewed)	Restated December 2005 (Reviewed)	% change	June 2006 (Audited)
ASSETS				
Non-current assets	**3 359,3**	2 903,3		3 034,1
Property, plant and equipment	**1 068,8**	875,1	*22,1*	944,3
Goodwill and other intangible assets	**1 455,5**	1 267,3		1 298,7
Investments and other financial assets	**399,3**	316,9		381,6
Deferred taxation	**435,7**	444,0		409,5
Current assets	**8 961,1**	7 863,7		6 584,3
Inventories	**4 242,8**	3 573,2	*18,7*	3 221,0
Trade receivables and prepayments	**2 350,4**	2 284,9		1 770,0
Taxation	**15,4**	11,7		151,7
Cash and bank balances	**2 352,5**	1 993,9		1 441,6
Total	**12 320,4**	10 767,0		9 618,4
EQUITY AND LIABILITIES				
Total equity	**2 372,6**	1 894,0		1 952,4
Equity attributable to equity holders of the parent	**2 356,7**	1 846,5	*27,6*	1 901,8
Minority interest	**15,9**	47,5		50,6
Non-current liabilities	**1 183,3**	1 158,4		1 133,8
Non-current liabilities – interest-bearing	**462,8**	548,0		519,7
Other non-current liabilities and provisions	**606,6**	507,0		516,9
Deferred taxation	**113,9**	103,4		97,2
Current liabilities	**8 764,5**	7 714,6		6 532,2
Trade payables and accruals	**8 127,5**	7 133,8	*13,9*	5 881,0
Taxation	**426,3**	319,0		410,9
Bank overdraft and short-term borrowings	**210,7**	261,8		240,3
Total	**12 320,4**	10 767,0		9 618,4

Income statement

Rm	6 months ended December 2006 (Reviewed)	Restated 6 months ended December 2005 (Reviewed)	% change	Year ended June 2006 (Audited)
Continuing operations				
Revenue	**18 232,0**	15 648,8	*16,5*	30 129,4
Sales	**18 013,8**	15 520,7	*16,1*	29 963,6
Cost of sales	**(14 800,3)**	(12 831,5)	*15,3*	(24 650,0)
Gross profit	**3 213,5**	2 689,2	*19,5*	5 313,6
Depreciation and amortisation	**(115,1)**	(101,0)	*14,0*	(202,9)
Impairment of assets (note 9)	**–**	–	–	(5,4)
Employment costs	**(1 215,9)**	(1 027,5)	*18,3*	(2 079,0)
Occupancy costs	**(417,5)**	(350,7)	*19,0*	(740,5)
Net operating costs	**(449,1)**	(443,2)	*1,3*	(957,7)
Operating profit	**1 015,9**	766,8	*32,5*	1 328,1
Finance costs	**(38,9)**	(44,9)	*13,4*	(95,9)
Finance income	**29,8**	27,0	*10,4*	63,7
Net interest paid	**(9,1)**	(17,9)	*49,2*	(32,2)
Profit before taxation	**1 006,8**	748,9	*34,4*	1 295,9
Taxation	**(324,7)**	(230,0)	*41,2*	(444,6)
Profit for the period from continuing operations	**682,1**	518,9	*31,5*	851,3
Discontinued operations:				
Profit for the period (note 11)	**–**	3,4		3,7
Loss on disposal (note 11)	**–**	–		(1,8)
Profit for the period	**682,1**	522,3	*30,6*	853,2
Attributable to:				
Equity holders of the parent	**673,2**	512,2	*31,4*	828,5
Minority interest	**8,9**	10,1		24,7
	682,1	522,3		853,2
Basic EPS (cents)	**336,4**	257,0	*30,9*	415,3
Basic EPS from continuing operations (cents)	**336,4**	255,3		414,3
Basic EPS from discontinued operations (cents)	**–**	1,7		1,0
Diluted basic EPS (cents)	**329,0**	248,6	*32,3*	404,4
Diluted basic EPS from continuing operations (cents)	**329,0**	247,0		403,4
Diluted basic EPS from discontinued operations (cents)	**–**	1,6		1,0
Dividend (cents):				
– Interim	**197,0**	130,0	*51,5*	130,0
– Final	**–**	–		80,0
Reconciliation of net profit for the period to headline earnings				
Net profit attributable to equity holders of the parent	**673,2**	512,2		828,5
Impairment of assets (note 9)	**–**	–		3,8
Write-off costs incurred on acquisition (note 10)	**–**	–		3,3
Loss on disposal of discontinued operation (note 11)	**–**	–		1,8
Profit on disposal of fixed assets	**(1,6)**	(0,6)		(0,8)
Headline earnings	**671,6**	511,6	*31,3*	836,6
IFRS 2 BEE transaction charge (note 12)	**17,2**	–		–
Headline earnings before the BEE transaction	**688,8**	511,6	*34,6*	836,6
Headline EPS (cents)	**335,6**	256,7	*30,7*	419,3
Headline EPS before the BEE transaction (cents)	**344,2**	256,7	*34,1*	419,3
Diluted headline EPS (cents)	**328,2**	248,3	32,2	408,3

Condensed cash flow statement

Rm	6 months ended December 2006 (Reviewed)	Restated 6 months ended December 2005 (Reviewed)	Year ended June 2006 (Audited)
Cash inflow from trading	**1 114,5**	881,7	1 543,6
Working capital movements	**642,3**	739,5	260,4
Cash generated from operations	**1 756,8**	1 621,2	1 804,0
Taxation paid	**(181,2)**	(213,4)	(487,4)
Net interest paid	**(9,1)**	(18,2)	(32,7)
Investment income	**27,9**	45,5	34,6
Dividends received	**–**	–	3,2
Dividends paid	**(160,1)**	(143,8)	(402,8)
Net cash inflow from operating activities	**1 434,3**	1 291,3	918,9
Investment to maintain operations	**(53,2)**	(72,4)	(170,2)
Investment to expand operations	**(223,0)**	(113,5)	(184,1)
Disposal of subsidiary	**–**	–	25,7
Other investing activities	**(172,7)**	(95,8)	(130,9)
Net cash outflow from investing activities	**(448,9)**	(281,7)	(459,5)
Net cash (outflow)/inflow from financing activities	**(88,8)**	465,3	506,0
Net increase in cash and cash equivalents	**896,6**	1 474,9	965,4
Foreign exchange losses taken to statement of changes in equity	**(1,6)**	(5,3)	6,1
Cash and cash equivalents at the beginning of the period	**1 376,3**	404,8	404,8
Cash and cash equivalents at the end of the period	**2 271,3**	1 874,4	1 376,3

Condensed statement of changes in equity

6 months ended December 2006 (Reviewed)

Rm	Ordinary share capital	Share premium	General non-distributable reserve	Retained profit	Equity attributable to equity holders of the parent	Minority interest	Total
Opening balance	**2,0**	**262,6**	**143,4**	**1 493,8**	**1 901,8**	**50,6**	**1 952,4**
Exchange differences and hyperinflation movements	**–**	**–**	**(6,2)**	**(0,9)**	**(7,1)**	**–**	**(7,1)**
Dividends declared	**–**	**–**	**–**	**(160,1)**	**(160,1)**	**–**	**(160,1)**
Profit for the period	**–**	**–**	**–**	**673,2**	**673,2**	**8,9**	**682,1**
Changes in minority interests and distribution to minorities	**–**	**–**	**–**	**–**	**–**	**(43,6)**	**(43,6)**
Release of deferred taxation on trademarks	**–**	**–**	**(2,9)**	**2,9**	**–**	**–**	**–**
Net movement of treasury shares	**–**	**(2,1)**	**–**	**–**	**(2,1)**	**–**	**(2,1)**
BEE transaction costs	**–**	**(4,6)**	**–**	**–**	**(4,6)**	**–**	**(4,6)**
Share trust transactions and IFRS 2 charge	**–**	**–**	**27,1**	**(71,5)**	**(44,4)**	**–**	**(44,4)**
Total	**2,0**	**255,9**	**161,4**	**1 937,4**	**2 356,7**	**15,9**	**2 372,6**

Restated 6 months ended December 2005 (Reviewed)

Rm	Ordinary share capital	Share premium	General non-distributable reserve	Retained profit	Equity attributable to equity holders of the parent	Minority interest	Total
Opening balance	2,0	209,4	122,1	1 187,8	1 521,3	37,7	1 559,0
Exchange differences and hyperinflation movements	–	–	(4,8)	0,3	(4,5)	–	(4,5)
Dividends declared	–	–	–	(143,8)	(143,8)	–	(143,8)
Profit for the period	–	–	–	512,2	512,2	–	512,2
Changes in minority interests and distribution to minorities	–	–	–	–	–	9,8	9,8
Release of deferred taxation on trademarks	–	–	(2,9)	2,9	–	–	–
Shares issued (net of costs)	–	1,1	–	–	1,1	–	1,1
Share trust transactions and IFRS 2 charge	–	–	11,2	(51,0)	(39,8)	–	(39,8)
Total	2,0	210,5	125,6	1 508,4	1 846,5	47,5	1 894,0

Year ended June 2006 (Audited)

Rm	Ordinary share capital	Share premium	General non-distributable reserve	Retained profit	Equity attributable to equity holders of the parent	Minority interest	Total
Opening balance	2,0	209,4	122,1	1 187,8	1 521,3	37,7	1 559,0
Exchange differences and hyperinflation movements	–	–	9,7	0,1	9,8	–	9,8
Dividends declared	–	–	–	(402,8)	(402,8)	–	(402,8)
Profit for the period	–	–	–	828,5	828,5	24,7	853,2
Changes in minority interests and distribution to minorities	–	–	–	–	–	(11,8)	(11,8)
Release of deferred taxation on trademarks	–	–	(5,8)	5,8	–	–	–
Reduction of deferred tax asset	–	–	–	(33,7)	(33,7)	–	(33,7)
Shares issued (net of costs)	–	71,5	–	–	71,5	–	71,5
Net movement of treasury shares	–	(18,3)	–	–	(18,3)	–	(18,3)
Share trust transactions and IFRS 2 charge	–	–	17,4	(91,9)	(74,5)	–	(74,5)
Total	2,0	262,6	143,4	1 493,8	1 901,8	50,6	1 952,4

Additional information

	6 months ended December 2006 (Reviewed)	Restated 6 months ended December 2005 (Reviewed)	Year ended June 2006 (Audited)
Net asset value per share (cents)	**1 172,2**	924,4	946,0
Ordinary shares (000s):			
– In issue	**201 041**	199 741	201 041
– Weighted average	**200 102**	199 293	199 507
– Diluted weighted average	**204 609**	206 006	204 886
– Thuthukani 'A' preference shares (note 12)	**17 952**	–	–
Capital expenditure (Rms)			
– Authorised and committed	**32,5**	21,9	183,0
– Authorised not committed	**193,5**	225,1	143,0
Operating lease commitments (2007 – 2022) (Rms)	**4 704,0**	4 472,9	5 977,2
US dollar exchange rates – period end	**7,10**	6,37	7,48
– average	**7,26**	6,55	6,42

Notes

1 These condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting,* using accounting policies that are in line with IFRS and consistently applied to prior periods.

2 Makro Zimbabwe operates in a hyperinflationary environment, and thus the principles of IAS 29 *Financial Reporting in Hyperinflationary Economies* have been applied. The financial impact on net profit attributable to equity holders of the parent for December 2006 is a profit of R2,1 million (R0,4 million in 2005).

3 In the prior year the Group amended its accounting policy for the treatment of extended warranty protection provided on the sale of goods and products. This was done with guidance from Financial Accounting Standards Board (FASB) technical bulletin FTB 90-1 *Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts* which clarified that revenue from separately priced extended warranty contracts should be deferred and recognised in income on a straight-line basis over the contract period. The prior half year results have been restated.

4 In terms of IAS 39 *Financial Instruments: Recognition and Measurement*, certain financial assets have been present valued using the effective interest rate method. The prior half year results have been restated.

5 The prior half year results have been restated following Circular 9/2006 *Transactions giving rise to Adjustments to Revenue/Purchases*, issued by SAICA in May 2006. This circular provided clarity on the accounting treatment for cash discounts, settlement discounts, rebates and extended payment terms which are in line with the accounting treatment required by IAS 18 *Revenue* and IAS 2 *Inventories*.

6 The total share buyback for the period was 2,0 million shares (2005: 1,9 million) at an average price of R53,02 (2005: R52,00) totalling R106,1 million (2005: R99,3 million).

7 The net realised and unrealised foreign exchange translation losses deducted from trading profit amounted to R41,4 million (2005: R16,8 million).

8 The operating lease smoothing adjustment expensed in the period as a result of circular 7/2005 was a charge of R14,6 million after tax (2005: R10,2 million).

9 The impairment of assets in the prior year relates to the write-off of IT software at CBW.

10 Capital costs written off in the prior year were due to The Competition Tribunal prohibiting the acquisition of Moresport.

11 Furnex (a division of Masscash) was disposed of effective 1 March 2006. The sale was accounted for in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*. Results from the discontinued operation were as follows:

Discontinued operation	Sales	Trading profit	PBT	Taxation	PAT
December 2005	395,1	6,2	5,8	(2,4)	3,4
June 2006	484,4	7,0	6,5	(2,8)	3,7

12 The Massmart BEE transaction, which came into operation in the current period, gave rise to an IFRS 2 *Share-based Payment* charge of R17,2 million. The 'A' preference shares have been issued to the Thuthukani staff trust.

13 Related party transactions in the current period involve properties used by Builders Express, CBW and De La Rey, which are owned, partially or wholly, directly or indirectly, by parties that are directors of those companies. The relevant directors of Builders Express and De La Rey are no longer directors of these companies. From time to time, in the normal course of business, Massmart and its divisions make use of private aircraft hired from competitively selected charter companies, two of which operate aircraft indirectly beneficially owned by Mr MJ Lamberti.

14 Due to Christmas trading, Massmart's earnings are weighted towards the six months to December.

15 These results have been reviewed by independent external auditors Deloitte & Touche and their unqualified review opinion is available for inspection at the registered office.