MASSMART

Dedicated to Value

Reviewed consolidated results for the 26 weeks ended 23 December 2007

Sales increase	Trading profit increases	Headline earnings before the BEE transaction increase	Headline EPS before the BEE transaction increases	Operating cash before working capital increases
11%	**16%**	**16%**	**17%**	**15%**
to R20 123 million	to R1 201 million	to R802 million	to 402 cents	to R1 283 million

CONSOLIDATED RESULTS DECEMBER 2007

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 14 countries in sub-Saharan Africa through four divisions comprising 243 stores.

Overview

In an environment of declining real retail sales growth, the Massmart portfolio – diversified in its participation in the Food, Liquor, General Merchandise and Home Improvement categories – continued to be resilient. This was assisted by our balanced exposure to the low, middle and upper income consumers and our sales being predominantly cash (98,8%).

Sales for the 26 weeks to 23 December 2007 grew 11,1% against the previous period and comparable store sales growth was 9,4%. For the 27 weeks to 30 December 2007, which included the important trading day of 24 December, comparable sales grew 9,8%.

Trading patterns were as expected in this environment with Food and Liquor sales growth of 12,3% (with 9,8% inflation), Home Improvement, reflecting the resilience in the housing market, growing sales at 16,2% (7,4% inflation) and General Merchandise growing at 10,4% (1,6% inflation).

Gross margins were slightly higher while expense growth tracked sales growth. Trading profit before interest and headline earnings before the non-comparable BEE transaction charges grew by 16,2% and 16,4% respectively.

Environment

As the effect of higher interest rates and the National Credit Act (NCA) impacted consumer spending patterns, the relative exposures of the different competing retail formats have become more visible. In particular, we believe that the NCA has ensured that households have a much clearer view of their consolidated debt levels, in some instances perhaps for the first time, and may be driving those customers towards cash-based spending.

It is the middle-income consumer who is the most indebted and so has materially cut their debt-funded spending and is using a greater portion of disposable income to service existing debt. Massdiscounters, for example, has seen a material shift in tender type from credit card to cash.

Despite the credit-related pressures on consumers, their fundamental health is evident in our Food and Liquor, General Merchandise and Home Improvement sales that have, despite higher inflation, still grown in volumes. We believe however, that the various formats in Massbuild are still gaining market share, which may mask some of the slow-down in that sector.

The strong consumer response to our promotional activity is indicative of a clear shift towards affordability and value.

Divisional Operating Review

Rm	**December 2007 (Reviewed)**	*% of sales*	December 2006 (Reviewed)	*% of sales*	*Period % growth*	*Comparable % sales growth*	*Estimated % sales inflation*	June 2007 (Audited)	*% of sales*
Sales	**20 122,9**		18 105,7		*11,1*	*9,4*	*6,3*	34 807,6	
Massdiscounters	**5 383,6**		4 979,4		*8,1*	*4,1*	*2,7*	9 424,5	
Masswarehouse	**5 108,4**		4 566,6		*11,9*	*9,2*	*5,9*	8 640,1	
Massbuild	**2 896,6**		2 497,0		*16,0*	*12,7*	*7,4*	4 948,3	
Masscash	**6 734,3**		6 062,7		*11,1*	*12,1*	*10,5*	11 794,7	
Trading profit before interest and tax*	**1 200,5**	***6,0***	1 033,1	*5,7*	*16,2*			1 753,9	*5,0*
Massdiscounters	**444,0**	***8,2***	399,3	*8,0*	*11,2*			634,2	*6,7*
Masswarehouse	**335,8**	***6,6***	275,5	*6,0*	*21,9*			466,7	*5,4*
Massbuild	**222,7**	***7,7***	206,1	*8,3*	*8,1*			363,0	*7,3*
Masscash	**198,0**	***2,9***	152,2	*2,5*	*30,1*			290,0	*2,5*
Trading profit before tax**	**1 285,9**	***6,4***	1 085,0	*6,0*	*18,5*			1 895,4	*5,4*
Massdiscounters	**462,7**	***8,6***	417,9	*8,4*	*10,7*			686,3	*7,3*
Masswarehouse	**367,7**	***7,2***	297,1	*6,5*	*23,8*			525,4	*6,1*
Massbuild	**238,4**	***8,2***	211,5	*8,5*	*12,7*			379,8	*7,7*
Masscash	**217,1**	***3,2***	158,5	*2,6*	*37,0*			303,9	*2,6*

* *Trading profit before interest and tax is before asset impairments and the BEE transaction IFRS 2 charge of R33,9 million (2006: R17,2 million).*

** *Trading profit before tax is after divisional net interest but before corporate net interest of R113,3 million (2006: R61,0 million), asset impairments and the BEE transaction IFRS 2 charge of R33,9 million (2006: R17,2 million).*

Massdiscounters – comprises the 84-store General Merchandise retail discounter Game, which trades in South Africa, Namibia, Botswana, Zambia, Uganda, Mozambique, Mauritius, Malawi, Tanzania, Nigeria, and Ghana; Dion (4 stores), which trades in the Gauteng province of South Africa; and the new Dion Wired format (3 stores).

Divisional comparable store sales grew by 4,1% with estimated inflation of 2,7%. Total sales grew by 8,1% and trading profit before tax grew 10,7%.

A lack of significant volume growth in this division, caused by the pressure on middle-income consumers, combined with low product inflation, resulted in soft comparable store sales growth in South Africa. Sales growth in the African stores outperformed the South African stores. The Dion Wired brand continues to make pleasing progress with a record opening at the Gateway store in November 2007. A national rollout of this brand is now planned.

As a direct result of the NCA introduced in June 2007, sales of certain categories of insurance product ceased, reducing trading profit by R15 million. Given this and the other consequences of the NCA, it has been decided to sell Massdiscounters' consumer credit division to RCS which has been a business partner for two years and is better suited to manage and grow this division. This cash transaction which represents less than 2,3% of Massmart's market capitalisation is subject to certain conditions precedent and is expected to be effective from May 2008 and will not materially affect earnings or net book value.

During the period, 1 new Dion Wired store was opened, 2 Dion stores were converted to Game stores and 1 Game store was relocated. Before June 2008 all the remaining Dion stores will have been closed or converted to Game stores.

Masswarehouse – comprises the 13-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 grew by 9,2% with estimated inflation of 5,9%. Total sales grew 11,9% and trading profit before tax grew 23,8%.

The new Silver Lakes store, east of Pretoria, had a record opening in October 2007 and made a net positive trading contribution to the division despite pre-opening costs and the anticipated cannibalisation of the other two Makro stores in Pretoria.

Massbuild – comprises 67 outlets, 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 grew 12,7% with estimated inflation of 7,4%. Total sales grew 16,0% and trading profit before tax grew 12,7%.

New stores were opened in Nelspruit (Builders Warehouse), Robindale and Lambton (both Builders Express) and a Builders Trade Depot was relocated in Stellenbosch.

This division continues to mature and is establishing a solid foundation for future growth. The investment in people, structure and systems that adversely affected profitability in the second half of the 2007 financial year had a lesser effect in this period. The consolidated national Builders brand has been well received by customers and the investment in this exciting format is beginning to bear fruit.

Masscash – comprises 65 CBW and 7 Jumbo wholesale cash and carry stores trading in South Africa, Lesotho, Namibia and Botswana, and Shield, a voluntary buying association.

Divisional comparable store sales grew by 12,1% with estimated inflation of 10,5%. Total sales grew by 11,1% and trading profit before tax grew 37,0%.

Apart from food inflation driving sales growth, cost savings and relatively good performances from Jumbo and Shield contributed to growth in trading profit.

Progress in securing new sites for the hybrid format store has been slow but a pipeline of potential stores is being developed.

Financial Review

Income Statement

Total and comparable sales growths for the 26-week period to Sunday, 23 December 2007, were 11,1% and 9,4% respectively. Net trading space increased by 2,9% to a total of 1 023 294m². During the period 4 stores were converted or relocated, and 5 opened, resulting in a total of 243 stores at the end of December 2007.

Gross profit of 18,4% was marginally higher than the prior period's 18,3%, a combination of the increased sales contribution from the higher margin Massbuild division, slightly higher gross margins in Masscash and lower gross margins in Massdiscounters.

Total expenses as a percentage of sales remained constant at 13,1%, partly negatively affected by the new Makro store not yet trading to full capacity.

Included in operating profit are realised and unrealised foreign exchange losses of R14,9 million (2006: R41,4 million loss).

Net interest paid has increased due to higher borrowings funding the total capital expenditure of R350,0 million. In addition, cash was invested in share buybacks of R271,8 million (2006: R106,1 million) over the period (see Note 3).

The non-cash IFRS 2 charge associated with the Group's Staff Empowerment scheme, *Thuthukani*, effective October 2006, has not yet annualised and increased from R17,2 million to R33,9 million.

Adjusting for all the non-deductible total IFRS 2 charges, the Group's effective tax rate is 30,2% (2006: 31,4%), which includes the effect of STC of 2,3% (2006: 1,4%). The new lower South African corporate tax rate will be applied for the first time to the full year's taxable income in the June 2008 results.

The minority interests comprise mainly CBW store managers' holding in certain Masscash stores.

Headline earnings before the BEE transaction grew by 16,4% while headline EPS before the BEE transaction grew by 16,8%.

Balance Sheet

Group inventory levels at 23 December 2007 are higher than normal due to the slightly softer Christmas sales in Massdiscounters and Massbuild as well as continuing supply constraints requiring higher Food & Liquor inventory levels particularly in Masscash.

Non-current interest-bearing debt of R346,2 million (2006: R462,8 million) represents gearing of 13,6% (2006: 19,6%).

The annual rolling return on equity of 48,0% is higher than the 46,7% at December 2006.

Progress with Vision 2010

Vision 2010 deals with Leadership and Transformation, Comparable Store Growth, Organic Growth, Supply Chain, Private Label, New Formats and Sustainability.

We are making progress towards our Employment Equity target and we have BEE performance scorecards implemented in all parts of the business, which now forms part of Executive incentives.

The latest review of our store opening opportunities indicates potential for new unweighted space growth of 5,8% and 6,9% in 2009 and 2010 respectively, but there always remains some risk in securing certain sites. Space growth in this 2008 financial year will be 3,4% which includes the 2,9% of new space already opened. These figures exclude any potential minor acquisitions.

Progress continues with the Western Cape Regional Distribution Centre and it is expected to be operational in August 2008 while SAP Forecasting and Replenishment has been recently purchased for implementation into Masswarehouse and Massbuild.

All the Group's Private Label strategies are being re-developed and a small team has been established under the leadership of Joe Owens to investigate the viability of new formats.

We continue to adopt practical measures across the Group that are consistent with sustainable development, in particular in the areas of BEE, social development and environmental awareness.

Acknowledging our people

Every day, throughout the Group's 243 stores, our employees are engaged in improving the customers' shopping experience. Most of the Group's 27 581 staff members are directly employed in our stores and their working hours can seldom coincide with others' leisure time. We acknowledge the contribution of all our people to achieving these good trading results and thank them for their hard work and dedication to ensuring the continuing success of Massmart.

Prospects

A review of the challenges posed by the energy crisis concluded that Massmart's previous investments in electrical self-sufficiency over the past few years have proven worthwhile and we are able to operate our stores and other crucial support functions despite load-shedding. In the short-term, the opportunities presented in selling solutions in energy management appear to balance the increase in the cost of generating our own power, although the effect in the medium- to long-term is difficult to forecast. The plans shared with us by Eskom seem comprehensive and attainable, and we will work closely with them and all the relevant authorities in responding to this crisis.

For the 35 weeks to 24 February 2008, total sales grew 12,4% and comparable sales grew 10,2%.

The higher interest rates are in response to higher inflation, which has historically assisted our comparable sales growths. We however, remain sensitive to the pressures inflation places on consumers and will work with our suppliers to keep the cost of basic goods as low as possible.

Although the economic environment remains uncertain, we anticipate headline earnings growth in the second-half of this 2008 financial year to be higher than that for the first-half. This is because of ongoing Food inflation in Masscash, the new Makro store trading for the full period, and the relatively poor second-half performance of Massbuild to June 2007.

Whilst we will continue to invest in organic and non-organic growth opportunities, which provide superior returns in the medium- to long-term, we will remain vigilant to a consumer slow-down and manage costs and stock appropriately.

We continue to believe in the positive effect of the structural change to the South African consumer market and whilst the upper-end of the growth prospects may have been capped in the medium-term, we believe these more challenging times will also bring opportunities to further consolidate our leadership position in the markets in which we trade.

Distribution and Dividend Policy

Massmart's dividend policy is to declare and pay an interim and final cash dividend representing a 1,7 times dividend cover unless circumstances dictate otherwise.

Notice is hereby given that an interim cash dividend of 223 cents per share in respect of the period ended 23 December 2007 has been declared payable to the holders of ordinary shares recorded in the books of the company on Thursday, 20 March 2008. The last day to trade cum-dividend will therefore be Thursday, 13 March 2008 and Massmart shares will trade ex-dividend from Friday, 14 March 2008. Payment of the cash dividend will be made on Tuesday, 25 March 2008. Share certificates may not be dematerialised or rematerialised between Friday, 14 March 2008 and Thursday, 20 March 2008, both days inclusive.

A Thuthukani dividend equivalent to 50% of the Massmart ordinary dividend per share (111,5 cents) will be paid to the Massmart Thuthukani Empowerment Trust on Tuesday, 25 March 2008.

On behalf of the Board

Grant Pattison
Chief Executive Officer

Guy Hayward
Chief Financial Officer

27 February 2008

Directorate:
MJ Lamberti (Chairman), CS Seabrooke (Deputy Chairman), GM Pattison* (Chief Executive Officer), MD Brand, ZL Combi, KD Dlamini, NN Gwagwa, GRC Hayward*, JC Hodkinson**, P Langeni, IN Matthews, P Maw, DNM Mokhobo, 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 Ext 6, 2191

Company secretary: I Zwarenstein

Transfer secretaries: Computershare Limited, Investor Services Division

Registered auditors: Deloitte & Touche

For more information and a copy of management's presentation to the investment community:
www.massmart.co.za

HKLM

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Sales increase	Trading profit increases	Headline earnings before the BEE transaction increase	Headline EPS before the BEE transaction increases	Operating cash before working capital increases
11%	**16%**	**16%**	**17%**	**15%**
to R20 123 million	**to R1 201 million**	**to R802 million**	**to 402 cents**	**to R1 283 million**

Income statement

Rm	Six months ended December 2007 (Reviewed)	Six months ended December 2006 (Reviewed)	% change	Year ended June 2007 (Audited)
Revenue	**20 217,8**	18 232,0	*10,9*	34 964,7
Sales	**20 122,9**	18 105,7	*11,1*	34 807,6
Cost of sales	**(16 411,0)**	(14 800,3)	*10,9*	(28 435,7)
Gross profit	**3 711,9**	3 305,4	*12,3*	6 371,9
Other income	**91,8**	81,2	*13,1*	157,1
Depreciation and amortisation	**(143,1)**	(115,1)	*24,3*	(240,9)
Impairment of assets (note 5)	**—**	—	—	(26,3)
Employment costs	**(1 350,4)**	(1 215,9)	*11,1*	(2 449,8)
Occupancy costs	**(468,5)**	(417,5)	*12,2*	(846,0)
Other operating costs	**(675,1)**	(622,2)	*8,5*	(1 292,7)
Operating profit	**1 166,6**	1 015,9	*14,8*	1 673,3
Finance costs	**(49,8)**	(38,9)	*28,0*	(100,4)
Finance income	**21,9**	29,8	*(26,5)*	56,0
Net finance costs	**(27,9)**	(9,1)	*206,6*	(44,4)
Profit before taxation	**1 138,7**	1 006,8	*13,1*	1 628,9
Taxation	**(359,3)**	(324,7)	*10,7*	(554,8)
Profit for the period	**779,4**	682,1	*14,3*	1 074,1
Attributable to:				
Equity holders of the parent	**762,9**	673,2	*13,3*	1 049,9
Preference shareholders (note 7)	**5,0**	—		8,9
Minority interest	**11,5**	8,9		15,3
	779,4	682,1		1 074,1
Basic EPS (cents)	**382,5**	336,4	*13,7*	523,7
Diluted basic EPS (cents)	**370,3**	329,0	*12,6*	514,6
Dividend (cents):				
– Interim	**223,0**	197,0	*13,2*	197,0
– Final	**—**	—		123,0
Total				320,0
Reconciliation of net profit for the period to headline earnings				
Net profit attributable to equity holders of the parent	**762,9**	673,2		1 049,9
Impairment of assets (note 5)	**—**	—		26,3
Loss/(profit) on disposal of fixed assets	**0,2**	(2,1)		0,8
Loss on disposal of Furnex	**—**	—		6,2
Total tax effects of adjustments	**(0,1)**	0,5		0,1
Headline earnings	**763,0**	671,6	*13,6*	1 083,3
BEE transaction (note 6 and 7)	**38,9**	17,2		63,2
Headline earnings before the BEE transaction	**801,9**	688,8	*16,4*	1 146,5
Headline EPS (cents)	**382,6**	335,6	*14,0*	540,4
Headline EPS before the BEE transaction (cents) (note 6 and 7)	**402,1**	344,2	*16,8*	571,9
Diluted headline EPS (cents)	**370,3**	328,2	*12,8*	530,9

Balance sheet

Rm	December 2007 (Reviewed)	December 2006 (Reviewed)	% change	June 2007 (Audited)
ASSETS				
Non-current assets	**3 670,6**	3 359,3		3 448,2
Property, plant and equipment	**1 326,9**	1 068,8	*24,1*	1 123,8
Goodwill and other intangible assets	**1 488,0**	1 455,5		1 477,0
Investments and loans	**437,8**	399,3		414,6
Deferred taxation	**417,9**	435,7		432,8
Current assets	**9 415,7**	8 961,1		7 401,4
Inventories	**5 300,2**	4 242,8	*24,9*	4 027,3
Accounts receivable and prepayments	**2 352,3**	2 350,4	*0,1*	1 876,5
Taxation	**13,5**	15,4		251,9
Cash and bank balances	**1 749,7**	2 352,5		1 245,7
Total	**13 086,3**	12 320,4		10 849,6
EQUITY AND LIABILITIES				
Total equity	**2 563,0**	2 372,6		2 264,8
Equity attributable to equity holders of the parent	**2 542,2**	2 356,7	*7,9*	2 239,0
Minority interest	**20,8**	15,9		25,8
Non-current liabilities	**1 075,7**	1 183,3		1 122,2
Non-current liabilities – interest-bearing	**346,2**	462,8		402,7
Other non-current liabilities and provisions	**601,4**	606,6		604,0
Deferred taxation	**128,1**	113,9		115,5
Current liabilities	**9 447,6**	8 764,5		7 462,6
Accounts payable and accruals	**8 952,0**	8 127,5	*10,1*	6 759,6
Taxation	**309,4**	426,3		534,4
Bank overdrafts and short-term borrowings	**186,2**	210,7		168,6
Total	**13 086,3**	12 320,4		10 849,6

Additional information

	Six months ended December 2007 (Reviewed)	Six months ended December 2006 (Reviewed)	Year ended June 2007 (Audited)
Net asset value per share (cents)	**1 264,0**	1 171,7	1 113,2
Ordinary shares (000's):			
– In issue	**201 129**	201 041	201 073
– Weighted-average	**199 451**	200 102	200 461
– Diluted weighted-average	**206 048**	204 609	204 037
Preference shares (000's):			
– Thuthukani "A" shares (note 6)	**17 912**	17 952	17 968
– Black Scarce Skills Trust "B" shares (note 6)	**2 000**	—	2 000
Capital expenditure (Rm)			
– Authorised and committed	**149,6**	32,5	101,0
– Authorised not committed	**208,3**	193,5	327,7
Operating lease commitments (2008 – 2022) (Rm)	**6 327,1**	4 704,0	6 082,5
US dollar exchange rates – period end	**7,08**	7,10	7,20
– average	**6,96**	7,26	7,22

Cash flow statement

Rm	Six months ended December 2007 (Reviewed)	Six months ended December 2006 (Reviewed)	Year ended June 2007 (Audited)
Operating cash before working capital movements	**1 283,3**	1 114,5	1 926,4
Working capital movements	**509,3**	642,3	(28,3)
Cash generated from operations	**1 792,6**	1 756,8	1 898,1
Taxation paid	**(315,0)**	(181,2)	(531,6)
Net interest paid	**(27,9)**	(9,1)	(44,4)
Investment income	**32,7**	27,9	53,6
Dividends received	**2,2**	—	2,5
Dividends paid	**(249,5)**	(160,1)	(565,1)
Cash inflow from operating activities	**1 235,1**	1 434,3	813,1
Investment to maintain operations	**(153,1)**	(53,2)	(142,3)
Investment to expand operations	**(196,9)**	(223,0)	(317,9)
Businesses acquired	**—**	—	(160,0)
Other investing activities	**(343,1)**	(172,7)	(70,6)
Cash outflow from investing activities	**(693,1)**	(448,9)	(690,8)
Cash outflow from financing activities	**(48,3)**	(88,8)	(288,4)
Net increase/(decrease) in cash and cash equivalents	**493,7**	896,6	(166,1)
Foreign exchange losses taken to statement of changes in equity	**(8,4)**	(1,6)	(1,5)
Opening cash and cash equivalents	**1 208,7**	1 376,3	1 376,3
Closing cash and cash equivalents	**1 694,0**	2 271,3	1 208,7

Statement of changes in equity

Six months ended December 2007 (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**	**254,7**	**205,4**	**1 776,9**	**2 239,0**	**25,8**	**2 264,8**
Exchange differences	**—**	**—**	**(8,5)**	**—**	**(8,5)**	**—**	**(8,5)**
Dividends declared	**—**	**—**	**—**	**(249,5)**	**(249,5)**	**—**	**(249,5)**
Cash flow hedges taken directly to equity	**—**	**—**	**(8,0)**	**—**	**(8,0)**	**—**	**(8,0)**
Profit for the period	**—**	**—**	**—**	**767,9**	**767,9**	**11,5**	**779,4**
Changes in minority interests and distribution to minorities	**—**	**—**	**—**	**—**	**—**	**(16,5)**	**(16,5)**
Release of deferred taxation on trademarks	**—**	**—**	**(2,9)**	**2,9**	**—**	**—**	**—**
Net movement of treasury shares	**—**	**(215,5)**	**—**	**—**	**(215,5)**	**—**	**(215,5)**
Share trust transactions and IFRS 2 charge	**—**	**—**	**52,4**	**(35,6)**	**16,8**	**—**	**16,8**
Total	**2,0**	**39,2**	**238,4**	**2 262,6**	**2 542,2**	**20,8**	**2 563,0**

Six 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	—	—	(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

Year ended June 2007 (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	262,6	143,4	1 493,8	1 901,8	50,6	1 952,4
Exchange differences	—	—	0,6	—	0,6	—	0,6
Deconsolidation of Makro Zimbabwe (note 2)	—	—	5,9	—	5,9	—	5,9
FV adjustment of investment in Makro Zimbabwe (note 2)	—	—	(13,2)	—	(13,2)	—	(13,2)
Dividends declared	—	—	—	(565,0)	(565,0)	—	(565,0)
Cash flow hedges taken directly to equity	—	—	1,2	—	1,2	—	1,2
Profit for the year	—	—	—	1 058,8	1 058,8	15,3	1 074,1
Changes in minority interests and distribution to minorities	—	—	—	—	—	(40,1)	(40,1)
Release of deferred taxation on trademarks	—	—	(5,8)	5,8	—	—	—
Net movement of treasury shares	—	(3,4)	—	—	(3,4)	—	(3,4)
BEE transaction costs	—	(4,5)	—	—	(4,5)	—	(4,5)
Share trust transactions and IFRS 2 charge	—	—	73,3	(216,5)	(143,2)	—	(143,2)
Total	2,0	254,7	205,4	1 776,9	2 239,0	25,8	2 264,8

In an environment of declining real retail sales growth, the Massmart portfolio – diversified in its participation in the Food, Liquor, General Merchandise and Home Improvement categories – continued to be resilient.

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.

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 in the past. In the prior year, a decision was taken to deconsolidate Makro Zimbabwe prospectively. This decision was made on the basis that the Group no longer had day-to-day control of the entity. Control is defined as "the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities".
3. The total share buyback (including shares bought in the market by the Share Trust) for the period was 3,3 million shares (2006: 2,0 million) at an average price of R83,10 (2006: R53,02) totalling R271,8 million (2006: R106,1 million).
4. The net realised and unrealised foreign exchange translation losses deducted from trading profit amounted to R14,9 million (2006: loss of R41,4 million).
5. The impairment of assets in the prior year-end results relates to the write-off of Dion inventory, consumables and plant and equipment and the impairment of certain goodwill in an old Jumbo acquisition.
6. The Massmart BEE transaction, which came into operation in the prior year, gave rise to an IFRS 2 *Share-based Payment* charge of R33,9 million (2006: R17,2 million). In terms of this transaction the "A" and "B" preference shares were issued to the Thuthukani Trust and the Black Scarce Skills Trust respectively.
7. The preference shareholder amount of R5,0 million represents the final dividend of 30,75 cents per share paid to all Thuthukani participants. In year one (to June 2007), the Thuthukani dividend was equivalent to 25% of the ordinary dividend, in year two (2008) it will be equivalent to 50%, in year three (2009) it will be equivalent to 75%, in year four (2010) it will be equivalent to 100%.
8. Related party transactions in the current year involve certain properties leased by Builders Express (formally Servistar) that were owned by John Keil, a former director and owner of Servistar. Certain properties used by CBW are leased from CCW Property Holdings in which Robin Wright has a minority shareholding. Robin Wright is a director and former owner of CBW. From time to time, in the normal course of business, Massmart and its divisions make use of private aircraft hired from selected charter companies, two of which operate aircraft indirectly beneficially owned by Mr MJ Lamberti, Chairman of Massmart.
9. Due to Christmas trading, Massmart's earnings are weighted towards the six months to December.
10. These results have been reviewed by independent external auditors Deloitte & Touche and their unqualified review opinion is available for inspection at the registered office.