Overview

The overall global economic scenario dominated all agendas, introducing a necessary environment across much of the developed world and global governments across the world scrambled to stem financial institutions and stabilise the domestic realm, the merits and success of which remain to be seen.

In South Africa, high interest rates continued to exert pressures on real consumer spending, but inflation has finally reversed its upward trend, which signals the beginning of a lower interest rate environment. The effects of the global economic crisis have been more pronounced in developing countries. South Africa’s African economic model exposed the real sidekicks such as mining, construction and export-oriented manufacturing.

Massmart continues to perform well, but are likely to have a delayed reaction in the global scenario.

Divisonal Operating Review

For the 26 weeks ended 28 December 2008

<table>
<thead>
<tr>
<th>Division</th>
<th>Sales 2008 (Rm)</th>
<th>Sales 2007 (Rm)</th>
<th>Comparable Estimated 2008 53 weeks % of Total Sales</th>
<th>25 Weeks Ended 28 December 2008 Comparable Estimated 53 weeks % of Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massmart</td>
<td>10 406,5</td>
<td>9 310,9</td>
<td>11,1</td>
<td>11,9</td>
</tr>
<tr>
<td>Massdiscounters</td>
<td>6 807,6</td>
<td>7 273,4</td>
<td>8,4</td>
<td>9,9</td>
</tr>
<tr>
<td>Massbuild</td>
<td>2 386,4</td>
<td>2 156,9</td>
<td>4,0</td>
<td>7,4</td>
</tr>
<tr>
<td>Masscash</td>
<td>486,1</td>
<td>367,7</td>
<td>7,7</td>
<td>21,1</td>
</tr>
<tr>
<td>Total</td>
<td>19 982,6</td>
<td>18 648,8</td>
<td>13,1</td>
<td>12,7</td>
</tr>
</tbody>
</table>

Massmart and Massdiscounters in particular, achieved substantial improvements to their respective inventory levels.

Provision for corporate income tax is based on an estimated effective tax rate of 28,2% (2007: 30,2%), which has increased because of the greater proportion of the preference dividend now accruing to scheme participants (see note 14).

Dividends

The non-cash IFRS 2 charge associated with the Group’s Staff Empowerment scheme, Thuthukani, was R30,6 million (2007: 30,9 million). The total cost of the scheme during the period was R52,4 million (2007: 51,9 million) and has increased to a greater extent on a time-weighted basis compared to the 53 weeks ended 30 June 2008.

Share certificates may not be dematerialised or rematerialised between Monday, 16 March 2009 and Friday, 20 March 2009. Trade ex-dividend from Monday, 16 March 2009. Payment of the dividend will be made on Monday, 23 March 2009.

The new in-store IT system continues to be rolled out as fast as possible.

The acquisition of Retail Cash and Carry formats continues with the acquisition of 51% of the six-store Cambridge Food stores for R21 million (2007: R12,3 million) in cash. The Massmart executive team is focused on the growth of this format both through acquisition and new sites.

Net trading space increased by 9,3% from the 2008 year-end.

Massmart’s investment policy is to diversify and grow its retail and financial dividend representing a 1.7 time dividend cover unless circumstances dictate otherwise.

Progress with Vision 2011

Although management focus has been somewhat diverted by managing a changing economic environment, overall execution of projects was made on our strategic Agenda. Highlights include:

- Upgrading our buyers and markets skills in managing private brands and establishing strategic partnerships
- Re-equilibrating our global financial position
- Securing at least one new site for a Carry store
- Concluding the development of the Boksburg Thuthukani Regional Distribution Centre in Gauteng, which is the second stage in our three-stage process to switch to a new Massdiscounters supply chain model
- Concluding overall purchase agreements for new Retail Cash and Carry stores, subject to the normal regulatory approvals
- Achieving independent verification of our increased BEE score versus the 36 level to a level 5 contribution

Prospects

For the 34 weeks to 22 February 2009, total sales increased by 12,7% and comparable sales increased by 11,3%.

All economists and participants in the consumer goods industry agree that 2009 will be more difficult than 2008, despite the increased interest rate levels. Sales for any further economic scrapping, we anticipate some improvement in the South African consumer environment in the second half of the calendar year.

For the remainder of this financial year however, management is focused on achieving 2008 Group operating margins (adjusted for the 53rd week), which will require particular focus on Massbuild.

The Group is a healthy position to weather the economic storms and we anticipate being in an advantageous position to participate in the next economic upswing.

Distribution and Dividend Policy

Massmart’s dividend policy is to declare and pay an interim and final cash dividend representing a 1.7 time dividend cover unless circumstances dictate otherwise.

Notice is hereby given that an interim cash dividend of 252 cents per share in respect of the period ended 28 December 2008 has been declared payable to the holders of ordinary shares registered in the books of the company on Friday, 20 March 2009. The date to trade ex-dividend will be the Friday, 13 March 2009 and Massmart dividend will be trade ex-dividend from Wednesday, 16 March 2009. Payment of the dividend will be made on Monday, 23 March 2009.

All shareholders are required to ensure that their share certificates are not destroyed or renominated within 30 days of the date of declaration, 20 March 2009, both dates inclusive.

The Thuthukani dividend of 180 cents, equivalent to 75% of the Massmart ordinary par share, will be paid to the Thuthukani participants on Monday, 23 March 2009.

On behalf of the Board

Chief Executive Officer

25 February 2009

Gauti Fattouh

Guy Hayford

Chief Financial Officer

25 February 2009

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### Income statement

<table>
<thead>
<tr>
<th>Period</th>
<th>Revenue</th>
<th>Cost of sales</th>
<th>Gross profit</th>
<th>Operating profit</th>
<th>Net profit attributable to equity holders</th>
<th>Diluted basic EPS (cents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2008</td>
<td>22 812,8</td>
<td>(16 838,4)</td>
<td>6 024,6</td>
<td>2 064,3</td>
<td>155,9</td>
<td>6,4</td>
</tr>
<tr>
<td>December 2007</td>
<td>20 277,2</td>
<td>(14 411,0)</td>
<td>6 195,9</td>
<td>2 278,0</td>
<td>172,5</td>
<td>6,7</td>
</tr>
<tr>
<td>June 2008</td>
<td>(Revised)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Balance sheet

<table>
<thead>
<tr>
<th>Period</th>
<th>Total equity</th>
<th>Ordinary share capital</th>
<th>Share premium</th>
<th>General reserve fund</th>
<th>Total reserve fund</th>
<th>Retained profit</th>
<th>Revaluation reserve</th>
<th>Share transactions and distributions</th>
<th>Minority interest</th>
<th>Total</th>
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<tbody>
<tr>
<td>December 2008</td>
<td>3 259,7</td>
<td>2,0</td>
<td>1,0</td>
<td>1,0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3 259,7</td>
</tr>
<tr>
<td>December 2007</td>
<td>3 239,5</td>
<td>2,0</td>
<td>1,0</td>
<td>1,0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
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<td></td>
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### Statement of changes in equity

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<tr>
<th>Period</th>
<th>Ordinary share capital</th>
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<td></td>
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</tr>
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### 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. Shares bought in the market by the Share Trust for the period was 0.7 million shares (2007: 3.3 million) at an average price of R50.47 (2007: 35.62), resulting in R56.3 million (2007: R27.1 million).

3. The impairment of assets in the prior year relates to the impairment of computer software and trademarks.

4. The Massmart BEE transaction, which came into existence in October 2006, gave rise to an IFRS 2 Share-based Payment charge of $30.5 million (2007: $31.6 million).

5. The “A” and “B” preference shares have been issued to the Trust for the Black Share Trust and the Black Skills Trust respectively.

6. The preference shareholders’ portion of R18.2 million (2007: R10.5 million) represents the final dividend of 81.5 cents (2007: 30.75 cents) paid to all Massmart participants. In year to year (2007: 2008), the Trust dividend was equated to 25% of the ordinary dividend, in year to year (2007: 2008) it was equivalent to 50%, in year to year (2009) it is expected to be equivalent to 100%.

7. The number of treasury shares held at December 2008 totalled 1 140 000 shares (2007: 2 269 000 shares).

8. Changes to the cost and finance ratios are incurred.

9. Due to Christine Deling, Massmart's earnings are closely watched in the months to December.

10. Those results have been reviewed by independent external auditors, Deloitte & Touche, and their usual review notes are available for inspection at the registration office.

11. We refer to the National: Dominion Holdings Limited JSE code NHD, registered number 039/002934.

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13. The address of the Mail & Post: The Times, P.O. Box 104, Durban 4000, is available for inspection at the registration office.

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