MASSMART

Dedicated to Value

Reviewed consolidated results for the 52 weeks ended 28 June 2009

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 256 stores.

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

Overview

The trends in national economic data confirm that South Africa has now transitioned from a traditional interest-rate tightening cycle into its first recession in 17 years, led by the global economy. It is therefore not surprising that real retail sales growth declined throughout this financial year, ending at -6.7% for the month of June 2009 and at -2,6% for the year to June 2009, despite the steady relaxation of interest rates from December 2008.

In the same period, a number of factors have complicated the interpretation of Massmart's current underlying operating performance. The first is the inclusion of an extra week of trading in our 2008 financial results which should be excluded for meaningful comparison to the 2009 results. The second has been the recent weakness of African currencies against the Rand, which caused a large unrealised foreign exchange loss in Massdiscounters.

Excluding the effect of the currency volatility and the 53rd week in the prior year, sales increased by 10,7% (8,2% comparable), trading profit increased by 5,5%, and headline earnings increased by 3,8%.

Including the effect of the currency volatility but excluding the 53rd week in the prior year, sales increased by 10,7%, operating profit declined by 2,1%, and headline earnings declined by 4,3%.

Without these adjustments, sales increased by 8,4%, operating profit declined by 6,5%, and headline earnings declined by 8,5%.

Importantly, despite comparable sales growth declining from 11,9% in the first half to 4,5% in the second half, the business managed to achieve operating profit growth in both halves. This disciplined income statement management was supported by equally disciplined management of the balance sheet, particularly inventories, which ended the year only 2,8% higher than last year.

The business produced strong cash flows with cash generated from operations up by 6,0%.

Trading space increased by 3,8%, from opening seven new stores, acquiring 12 new stores, and closing or selling five stores.

Environment

Towards the end of the financial year, with the South African economy in a clear recession, management's focus shifted to protecting market share, profitability and cash flows. Investment in viable long-term projects continued however, with the opportunities that presented themselves in property and business acquisitions taking priority.

Food and Liquor inflation increased from 12,5% last year to 15,0% this year. Home Improvement inflation remained largely unchanged at 8,1%, while General Merchandise inflation increased from 1,1% last year to 6,4% this year.

The steady 500 basis point reduction in interest rates, beginning in December 2008, has been most welcome and consumers are responsibly reducing their debt. While we monitor our comparable sales for signs of the positive effect of such reductions on consumer expenditure, we do not anticipate this before late 2009.

The greatest management challenges, other than economic, have been in crime prevention and labour relations. The recession has emboldened criminals and we are seeing upturns in fraud, store robberies and shrinkage. In terms of labour relations, we have been fortunate so far, through careful management of other costs, to avoid resorting to cost-saving retrenchments. Within the current South African political and economic environment, it is understandable that the incidence of industrial action has increased as the differing stakeholders' demands exert their pressures. We continue to do our best to adjust our employees' benefits in line with inflation and productivity gains.

The Competition Commission investigation into the large Food Retailers and Wholesalers, announced in June 2009, has recently commenced. We welcome the investigation and look forward to any practical suggestions the Competition Commission has to increase the sustainable competitiveness of the retail and wholesale industry in the interests of the consumers. Notwithstanding the potential outcome of the investigations, we know that the retail and wholesale food industry is among the least concentrated and one of the more competitive industries in South Africa.

Divisional Operational Review

Rm	52 weeks to June 2009 (Reviewed)	*% of sales*	53 weeks to June 2008 (Audited)	53rd week *pro forma* adjustment	52 weeks to June 2008 (Pro forma)	*% of sales*	*52 week total % growth*	*52 week comparable % sales growth*	*Estimated % sales inflation*
Sales	**43 128,7**		39 783,6	(825,3)	**38 958,3**		*10,7*	*8,2*	*11,4*
Massdiscounters	**11 206,0**		10 406,5	(276,7)	**10 129,8**		*10,6*	*8,9*	*6,6*
Masswarehouse	**11 102,4**		10 103,8	(191,8)	**9 912,0**		*12,0*	*10,0*	*13,4*
Massbuild	**5 604,6**		5 662,9	(99,9)	**5 563,0**		*0,7*	*(3,7)*	*11,4*
Masscash	**15 215,7**		13 610,4	(256,9)	**13 353,5**		*13,9*	*11,6*	*14,0*
Trading profit before interest and taxation	**2 097,5**	***4,9***	2 094,4	(92,0)	**2 002,4**	*5,1*	*4,7*		
Massdiscounters	**680,0**	***6,1***	661,8	(33,9)	**627,9**	*6,2*	*8,3*		
Masswarehouse	**713,0**	***6,4***	640,3	(24,3)	**616,0**	*6,2*	*15,7*		
Massbuild	**222,6**	***4,0***	390,2	(22,2)	**368,0**	*6,6*	*(39,5)*		
Masscash	**481,9**	***3,2***	402,1	(11,6)	**390,5**	*2,9*	*23,4*		
Trading profit before taxation	**2 348,9**	***5,4***	2 323,9	(97,0)	**2 226,9**	*5,7*	*5,5*		
Massdiscounters	**746,6**	***6,7***	720,4	(35,0)	**685,4**	*6,8*	*8,9*		
Masswarehouse	**802,6**	***7,2***	730,9	(26,8)	**704,1**	*7,1*	*14,0*		
Massbuild	**270,1**	***4,8***	433,1	(23,0)	**410,1**	*7,4*	*(34,1)*		
Masscash	**529,6**	***3,5***	439,5	(12,2)	**427,3**	*3,2*	*23,9*		

Trading profit excludes foreign exchange movements for the first time. A detailed reconciliation between trading and operating profit can be found below the statement of changes in equity.

The December 2008 Divisional trading results have been restated to exclude foreign exchange movements and can be found in note 8.

To make comparisons with the prior financial year meaningful, all current year income statement figures in this announcement are compared to the equivalent figure for the prior year's 52-week period. To further assist, the income statement shows both the 52-week and 53-week results to June 2008.

Massdiscounters – comprises the 87-store General Merchandise retail discounter Game, which trades in South Africa, Namibia, Botswana, Zambia, Uganda, Mozambique, Mauritius, Malawi, Tanzania, Nigeria, and Ghana; and the six-store Hi-tech retailer Dion Wired.

Divisional comparable store sales increased by 8,9% with estimated inflation of 6,6%. Total sales increased by 10,6% and trading profit increased by 8,9%.

Game South Africa, with its exposure to the middle-income consumer, remained under pressure throughout the year increasing comparable sales by 1,8%. Game Africa's sales increased 26,9% in local currency and 37,0% in Rands. The recent volatility in the African currencies was unprecedented. Dion Wired continued to perform well and is now positioned to expand nationally.

Investments in efficiency and competitiveness continued, and the new Cape Town Regional Distribution Centre (RDC) which opened in August 2008 is operating successfully.

In October 2008, a new look and feel Game store in Boksburg was unveiled and experienced record-breaking opening sales.

Three Game stores and one Dion Wired store were opened and one Game store was closed, increasing trading space by 1,0% to 341 687m².

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 increased by 10,0% with estimated inflation of 13,4%. Total sales increased by 12,0% and trading profit by 14,0%.

Makro traded well throughout the year and, as a result of good margin control and effective cost management, increased its trading profit margin.

No new stores were opened, although solid progress was made in securing future sites in South Africa.

Massbuild – comprises 71 stores, trading in DIY, Home Improvement and Builders Hardware, under the Builders Warehouse, Builders Express and Builders Trade Depot brands in South Africa.

Divisional comparable store sales decreased by 3,7% with estimated inflation of 11,4%. Total sales increased by 0,7% and trading profit decreased by 34,1%.

Sales were under pressure throughout the year, driven by the slump in the residential property market. Those categories associated with home maintenance however, experienced good growth, protecting the Division from the marked decline in residential building activity.

Under new leadership, the Division is well positioned to benefit from the expected recovery in the market.

One Builders Warehouse store, one Builders Express store, four Builders Trade Depot stores were opened or acquired, and two Builders Express stores and one Builders Trade Depot store were closed. Net trading space increased by 3,8% to 357 589m² (Massbuild's 2008 year end trading space was adjusted upwards to 344 388m² following accurate re-measurement).

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

Divisional comparable store sales increased by 11,6% with estimated inflation of 14,0%. Adjusting for the change in the BATSA cigarette distribution model in the current year, comparable sales increased to 16,6%. Total sales increased by 13,9% and trading profit increased by 23,9%.

Food inflation peaked in November 2008 and sales growths slowed in sympathy with declining inflation in the latter part of the financial year. The Division completed a number of acquisitions, including 51% of Cambridge Food, and is currently in discussions on several more. At year end the annualised contribution of Retail Cash and Carry reached R2 billion.

No Wholesale Cash and Carry stores were opened, nine Retail Cash and Carry stores were acquired, and one store was sold. Net trading space increased by 9,4%.

Financial Review

Income statement

Total sales growth for the year to June 2009 was 10,7% and comparable sales growth was 8,2%. Group sales inflation for the year was 11,4%. During the year sales inflation increased due to high food inflation, now declining, and we saw inflation returning to the general merchandise category caused by imported Chinese product inflation and, for a period, the weaker South African currency.

During the year five stores were closed or sold, seven opened and 12 stores acquired, resulting in a total of 256 stores at the end of June 2009. Net trading space increased by 3,8% to 1 087 459m² (the Group's opening trading space figure was adjusted upwards to 1 047 539m² following accurate re-measurement in one Division).

Gross profit of 18,0% was lower than the prior year's 18,4%, a combination of steady gross margins in Makro and Masscash and lower gross margins in Massdiscounters and Massbuild.

Effective expense management resulted in total expenses increasing by only 8,2% and improving as a percentage of sales over the prior year.

Included in operating profit are net realised and unrealised foreign exchange losses of R78,4 million (2008: R62,5 million gain). The year end translation of Massdiscounters' African balance sheets accounted for a loss of R106,6 million (2008: R63,0 million gain) and there was a net gain from other non-African monetary balances of R28,2 million (2008: R0,5 million loss). In the fourth quarter of the year, the basket of African currencies to which Massdiscounters is exposed weakened by more than 20%.

Net interest paid decreased as commercial interest rates softened and better working capital levels were achieved in the second half of the year.

The non-cash IFRS 2 *Share-based Payments* charge associated with the Group's Staff Empowerment scheme and the Black Scarce Skills Trust was R66,9 million (2008: R67,1 million). Including the preference dividend paid to participants however, the total cost of the scheme was R104,9 million (2008: R89,6 million) and has increased because of the greater proportion of the ordinary dividend now accruing to scheme participants (see note 5).

The Group's effective tax rate is high at 32,6% (2008: 32,7%) because of the non-tax-deductible IFRS 2 charges of R133,5 million (2008: R109,1 million). Excluding these charges results in an adjusted tax rate of 30,5% (2008: 31,1%), which includes the effect of STC of 3,8% (2008: 3,4%). STC is higher due to the prior year's final dividend having been bolstered by the 53rd week's earnings.

The minority interests comprise mainly CBW store managers' holdings in certain Masscash stores and Cambridge Food, 51% of which was acquired with effect from 1 December 2008.

Headline earnings declined by 4,3% (53-weeks: 8,5% decline) while headline EPS declined by 4,6% (53-weeks: 8,7% decline). Excluding the net realised and unrealised foreign exchange movements from both years however, headline earnings grew by 3,8% (53-weeks: 0,9% decline) while headline EPS grew by 3,6% (53-weeks: 1,1% decline).

Balance sheet

Group inventory levels were well controlled in response to the trading environment and at June 2009 are only slightly higher than 2008.

At year end, the non-current interest-bearing debt of R149,6 million (2008: R267,7 million) represents gearing of 4,9% (2008: 9,8%). A more representative figure however, being average interest-bearing debt for the year, was R360,1 million (2008: R501,7 million) which suggests gearing of 12,4% (2008: 20,4%).

The annual return on equity of 41,7% at June 2009 is lower than the 2008 figure of 50,7%.

Cash flow

Cash flow from operations grew a pleasing 6,0% as working capital management improved. Total capital expenditure of R685,6 million (2008: R572,7 million) comprises R345,5 million on replacement and R340,1 million on expansionary expenditure. Expenditure on acquisitions of R198,5 million includes Cambridge Food with six stores, three Buildrite stores, and two Retail Cash and Carry businesses with three stores.

Progress with Vision 2012

The annual Strategic review resulting in Vision 2012 produced no significant changes. Supply Chain, Private Label and Financial Service investments continue and are making excellent progress. Our commitment to Leadership Development, Transformation and Sustainability remain unchanged. Our space expansion plans, in South Africa and Africa remain on track with space growth planned for the three years averaging 5% per annum, including the Retail Cash and Carry acquisitions. We continue to explore other acquisition opportunities in strategically aligned markets and formats.

Prospects

For the 8 weeks to 23 August 2009, total sales increased by 5,5% and comparable sales increased by 1,3%.

As is evident from this sales update, the South African consumer remains under pressure. Until there are clear signs of recovery in consumer expenditure, management remains focused on protecting the income statement and balance sheet, whilst continuing to invest for growth where returns are clear.

The first-half of the 2010 financial year will undoubtedly be very difficult as we trade over a reasonably resilient first-half last year, and we may see profit decline compared to that period. Profit growth for the full financial year will depend on the timing of any economic recovery – there may be no profit growth if this recovery is delayed past December 2009.

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

Conclusion

Massmart has so far weathered the economic storm and its strategic, operational and long-term growth prospects are intact. We are responding to the short-term environmental challenges, but remain confident in the underlying strengths of the Group and are positive about our medium to long-term growth potential in our markets in both South Africa and the rest of Africa.

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. Despite the slightly lower headline earnings and this policy, the Board has decided to maintain this year's dividend at the same level as last year.

Notice is hereby given that a final cash dividend of 134 cents per share in respect of the period ended 28 June 2009 has been declared payable to the holders of ordinary shares recorded in the books of the company on Friday, 18 September 2009. The last day to trade cum-dividend will therefore be Friday, 11 September 2009 and Massmart shares will trade ex-dividend from Monday, 14 September 2009. Payment of the cash dividend will be made on Monday, 21 September 2009. Share certificates may not be dematerialised or rematerialised between Monday, 14 September 2009 and Friday, 18 September 2009, both days inclusive.

A Thuthukani dividend equivalent to 75% of the Massmart ordinary dividend per share (100,5 cents) will be paid to the Massmart Thuthukani Empowerment Trust on Monday, 21 September 2009.

On behalf of the Board

Grant Pattison
Chief Executive Officer

Guy Hayward
Chief Financial Officer

26 August 2009

Directorate
MJ Lamberti (Chairman), CS Seabrooke (Deputy Chairman), GM Pattison* (Chief Executive Officer), MD Brand, ZL Combi, KD Dlamini, NN Gwagwa, GRC Hayward* (Chief Financial Officer), JC Hodkinson**, P Langeni, IN Matthews, P Maw, DNM Mokhobo, MJ Rubin
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For more information
www.massmart.co.za

MASSMART

Dedicated to Value

*Total sales	*Operating profit before foreign exchange movements	*Headline earnings	*Headline EPS	Cash generated from operations
+10,7%	**+5,1%**	**-4,3%**	**-4,6%**	**+6,0%**
to R43 129 million	**to R2 029 million**	**to R1 207 million**	**to 605 cents**	**to R2 462 million**

*52 week percentage change

Income statement

Rm	52 weeks June 2009 (Reviewed)	53 weeks June 2008 (Audited)	53rd week *pro forma* adjustment	52 weeks June 2008 (Pro forma)	*52 week total % change*
Revenue	**43 231,8**	39 944,8	(827,3)	**39 117,5**	*10,5*
Sales	**43 128,7**	39 783,6	(825,3)	**38 958,3**	*10,7*
Cost of sales	**(35 351,0)**	(32 481,4)	699,7	**(31 781,7)**	*(11,2)*
Gross profit	**7 777,7**	7 302,2	(125,6)	**7 176,6**	*8,4*
Other income	**103,1**	161,2	(2,0)	**159,2**	*(35,2)*
Depreciation and amortisation	**(343,1)**	(297,8)	–	**(297,8)**	*(15,2)*
Impairment of assets (note 3)	**(1,6)**	(4,7)	–	**(4,7)**	*66,0*
Employment costs	**(2 965,8)**	(2 736,2)	13,1	**(2 723,1)**	*(8,9)*
Occupancy costs	**(1 135,5)**	(962,7)	10,4	**(952,3)**	*(19,2)*
Foreign exchange (loss)/gain	**(78,4)**	62,5	–	**62,5**	–
Other operating costs	**(1 405,8)**	(1 439,4)	12,1	**(1 427,3)**	*1,5*
Operating profit	**1 950,6**	2 085,1	(92,0)	**1 993,1**	*(2,1)*
Finance costs	**(112,8)**	(110,6)	1,2	**(109,4)**	*(3,1)*
Finance income	**64,2**	46,5	3,2	**49,7**	*29,2*
Net finance costs	**(48,6)**	(64,1)	4,4	**(59,7)**	*18,6*
Profit before taxation	**1 902,0**	2 021,0	(87,6)	**1 933,4**	*(1,6)*
Taxation	**(620,4)**	(662,9)	30,1	**(632,8)**	*2,0*
Profit for the year	**1 281,6**	1 358,1	(57,5)	**1 300,6**	*(1,5)*
Attributable to:					
Equity holders of the parent	**1 210,9**	1 314,1	(57,5)	**1 256,6**	*(3,6)*
Preference shareholders (note 5)	**38,0**	22,5	–	**22,5**	
Minority interest	**32,7**	21,5	–	**21,5**	
	1 281,6	1 358,1	(57,5)	**1 300,6**	
Basic EPS (cents)	**606,9**	660,3	(28,8)	**631,5**	*(3,9)*
Diluted basic EPS (cents)	**593,4**	644,6	(28,2)	**616,4**	*(3,7)*
Dividend (cents):					
– Interim	**252,0**	223,0	–	**223,0**	*13,0*
– Final	**134,0**	163,0	–	**163,0**	*(17,8)*
– Total	**386,0**	386,0	–	**386,0**	–
Reconciliation of net profit for the year to headline earnings					
Net profit attributable to equity holders of the parent	**1 210,9**	1 314,1	(57,5)	**1 256,6**	
Impairment of assets (note 3)	**1,6**	4,7	–	**4,7**	
Loss on disposal of fixed assets	**1,7**	3,8	–	**3,8**	
Profit on sale of assets classified as held for sale	**(7,0)**	–	–	**–**	
Total tax effects of adjustments	**(0,1)**	(3,2)	–	**(3,2)**	
Headline earnings	**1 207,1**	1 319,4	(57,5)	**1 261,9**	*(4,3)*
Headline earnings before foreign exchange	**1 263,5**	1 274,4	(57,5)	**1 216,9**	*3,8*
Headline EPS (cents)	**605,0**	663,0	(28,9)	**634,1**	*(4,6)*
Headline EPS before foreign exchange (cents)	**633,3**	640,4	(28,9)	**611,5**	*3,6*
Diluted headline EPS (cents)	**591,6**	647,2	(28,2)	**619,0**	*(4,4)*

Balance sheet

Rm	June 2009 (Reviewed)	June 2008 (Audited)	*% change*
ASSETS			
Non-current assets	**4 397,5**	3 840,6	
Property, plant and equipment	**1 696,6**	1 393,0	*21,8*
Goodwill and other intangible assets	**1 747,4**	1 494,4	
Investments and loans	**534,3**	538,0	
Deferred taxation	**419,2**	415,2	
Current assets	**8 129,4**	7 892,7	
Inventories	**4 893,2**	4 758,6	*2,8*
Accounts receivable and prepayments	**1 851,1**	1 764,1	*4,9*
Taxation	**329,3**	310,4	
Cash and bank balances	**1 055,8**	1 059,6	
Assets classified as held for sale (note 6)	**–**	167,6	
Total	**12 526,9**	11 900,9	
EQUITY AND LIABILITIES			
Total equity	**3 096,7**	2 766,5	
Equity attributable to equity holders of the parent	**3 054,7**	2 735,8	*11,7*
Minority interest	**42,0**	30,7	
Non-current liabilities	**858,3**	1 015,9	
Non-current liabilities – interest-bearing	**149,6**	267,7	
Other non-current liabilities and provisions (note 7)	**560,2**	606,3	
Deferred taxation	**148,5**	141,9	
Current liabilities	**8 571,9**	8 118,5	
Accounts payable and accruals	**7 692,5**	7 391,5	*4,1*
Taxation	**490,4**	543,1	
Bank overdrafts and short-term borrowings	**389,0**	183,9	
Total	**12 526,9**	11 900,9	

Additional information

	Year ended June 2009 (Reviewed)	Year ended June 2008 (Audited)
Net asset value per share (cents)	**1 517,5**	1 359,8
Ordinary shares (000's):		
– In issue	**201 303**	201 195
– Weighted average	**199 533**	198 996
– Diluted weighted average	**204 054**	203 867
Preference shares (000's):		
– Thuthukani 'A' shares held by the participants (note 5)	**13 694**	15 311
– Black Scarce Skills Trust 'B' shares (note 5)	**1 979**	1 979
Capital expenditure (Rm)		
– Authorised and committed	**286,9**	278,0
– Authorised not committed	**320,0**	287,2
Operating lease commitments (2009 – 2025) (Rm)	**9 959,6**	6 270,7
US dollar exchange rates – year end	**7,94**	7,96
– average	**9,05**	7,31

Cash flow statement

Rm	52 weeks June 2009 (Reviewed)	53 weeks June 2008 (Audited)
Operating cash before working capital movements	**2 398,2**	2 394,9
Working capital movements	**63,8**	(73,2)
Cash generated from operations	**2 462,0**	2 321,7
Taxation paid	**(700,3)**	(668,1)
Net interest paid	**(48,6)**	(64,1)
Investment income	**29,5**	47,7
Dividends received	**13,4**	2,2
Dividends paid	**(867,4)**	(709,9)
Cash inflow from operating activities	**888,6**	929,5
Investment to maintain operations	**(345,5)**	(263,1)
Investment to expand operations	**(340,1)**	(309,6)
Disposal of assets classified as held for sale	**174,3**	–
Disposal of subsidiary	**4,3**	–
Businesses acquired	**(198,5)**	–
Other investing activities	**8,1**	(325,5)
Cash outflow from investing activities	**(697,4)**	(898,2)
Cash outflow from financing activities	**(160,7)**	(222,7)
Net increase/(decrease) in cash and cash equivalents	**30,5**	(191,4)
Foreign exchange (loss)/gain taken to statement of changes in equity	**(27,3)**	4,6
Opening cash and cash equivalents	**1 021,9**	1 208,7
Closing cash and cash equivalents	**1 025,1**	1 021,9

Statement of changes in equity

Year ended June 2009 (Reviewed) Rm	**Ordinary share capital**	**Share premium**	**General reserves**	**Retained profit**	**Equity attributable to equity holders of the parent**	**Minority interest**	**Total**
Opening balance	**2,0**	**151,7**	**269,0**	**2 313,1**	**2 735,8**	**30,7**	**2 766,5**
Exchange differences	**–**	**–**	**(27,3)**	**–**	**(27,3)**	**–**	**(27,3)**
Dividends declared	**–**	**–**	**–**	**(867,4)**	**(867,4)**	**–**	**(867,4)**
Cash flow hedges taken directly to equity	**–**	**–**	**(11,7)**	**–**	**(11,7)**	**–**	**(11,7)**
Profit for the year	**–**	**–**	**–**	**1 248,9**	**1 248,9**	**32,7**	**1 281,6**
Changes in minority interests and distribution to minorities	**–**	**–**	**–**	**–**	**–**	**(21,4)**	**(21,4)**
Release of deferred taxation on trademarks	**–**	**–**	**(0,6)**	**0,6**	**–**	**–**	**–**
Financial liability raised on a business acquisition	**–**	**–**	**(120,0)**	**–**	**(120,0)**	**–**	**(120,0)**
Net movement of treasury shares	**–**	**(2,3)**	**55,8**	**–**	**53,5**	**–**	**53,5**
Share trust transactions and IFRS 2 charge	**–**	**–**	**133,5**	**(90,6)**	**42,9**	**–**	**42,9**
Total	**2,0**	**149,4**	**298,7**	**2 604,6**	**3 054,7**	**42,0**	**3 096,7**

Year ended June 2008 (Audited) Rm	**Ordinary share capital**	**Share premium**	**General reserves**	**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	–	–	4,6	–	4,6	–	4,6
Dividends declared	–	–	–	(709,9)	(709,9)	–	(709,9)
Cash flow hedges taken directly to equity	–	–	(1,9)	–	(1,9)	–	(1,9)
Profit for the year	–	–	–	1 336,6	1 336,6	21,5	1 358,1
Changes in minority interests and distribution to minorities	–	–	–	–	–	(16,6)	(16,6)
Release of deferred taxation on trademarks	–	–	(5,8)	5,8	–	–	–
Net movement of treasury shares	–	(103,0)	(42,4)	–	(145,4)	–	(145,4)
Share trust transactions and IFRS 2 charge	–	–	109,1	(96,3)	12,8	–	12,8
Total	2,0	151,7	269,0	2 313,1	2 735,8	30,7	2 766,5

Reconciliation between Trading and Operating profit

Rm	52 weeks to June 2009 (Reviewed)	53 weeks to June 2008 (Audited)	53rd week *pro forma* adjustment	52 weeks to June 2008 (Pro forma)
Profit before interest and taxation				
Trading profit before interest and taxation	**2 097,5**	2 094,4	(92,0)	**2 002,4**
Asset impairments	**(1,6)**	(4,7)	–	**(4,7)**
BEE transaction IFRS 2 charge	**(66,9)**	(67,1)	–	**(67,1)**
Foreign exchange (loss)/gain	**(78,4)**	62,5	–	**62,5**
Operating profit before interest and taxation	**1 950,6**	2 085,1	(92,0)	**1 993,1**
Profit before taxation				
Trading profit before taxation	**2 348,9**	2 323,9	(97,0)	**2 226,9**
Corporate net interest	**(300,0)**	(293,6)	9,4	**(284,2)**
Asset impairments	**(1,6)**	(4,7)	–	**(4,7)**
BEE transaction IFRS 2 charge	**(66,9)**	(67,1)	–	**(67,1)**
Foreign exchange (loss)/gain	**(78,4)**	62,5	–	**62,5**
Operating profit before taxation	**1 902,0**	2 021,0	(87,6)	**1 933,4**

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. The total share buyback (including shares bought in the market by the Share Trust) for the year was 1,6 million shares (2008: 3,3 million) at an average price of R78,76 (2008: R83,10) totalling R126,0 million (2008: R271,8 million).
3. The impairment of assets in the current year relates to computer software in Shield. The impairment of assets in the prior year related to computer software and trademarks in Shield and Corporate.
4. The Massmart staff BEE transaction, which came into operation in October 2006, gave rise to an IFRS 2 *Share-based Payment* charge of R66,9 million (2008: R67,1 million). The 'A' and 'B' preference shares have been issued to the Thuthukani Trust and the Black Scarce Skills Trust, respectively.
5. The preference shareholders dividend amount of R38,0 million represents the final cash dividend of 81,5 cents and an interim cash dividend of 189,0 cents paid to all Thuthukani participants. In year three (2009), the Thuthukani dividend is equivalent to 75% of the ordinary dividend, and in year four (2010) it will be equivalent to 100%.
6. The assets classified as held for sale in the prior year relate to the cash sale of the Massdiscounters' retail debtors' book effective from 30 June 2008, immediately after closing the 2008 financial year.
7. Other non-current liabilities and provisions include the lease smoothing liability of R463,6 million (2008: R467,4 million).
8. Trading results for December 2008 have been restated to exclude foreign exchange movements:

Rm	Trading PBIT	Trading PBT
Massdiscounters	479,7	507,9
Masswarehouse	399,6	439,1
Massbuild	139,3	161,9
Masscash	262,5	283,1
	1 281,1	1 392,0

9. The net asset value of the businesses acquired during the year was R34,8 million.
10. Related party transactions include certain properties used by Masscash that are leased from CCW Property Holdings in which Robin Wright has a 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 competitively selected charter companies, two of which operate aircraft indirectly beneficially owned by Mr MJ Lamberti.
11. The *pro forma* financial effects, for which the directors of Massmart are responsible, are provided for illustrative purposes only. These show the effect of the additional week of trading in the prior year on the financial information of Massmart. This allows a like-on-like comparison of the 52-week periods.

    Because of its nature, the *pro forma* financial effects may not fairly present the Group's financial position, changes in equity, results of operations or cash flows.

    The *pro forma* financial effects have been prepared using accounting policies that comply with International Financial Reporting Standards. The accounting policies are consistent with those applied in the previous financial year.

    The *pro forma* financial effects have been compiled from the financial information for the 53 weeks ended June 2008.
12. Due to Christmas trading, Massmart's earnings are weighted towards the six months to December.
13. These results have been reviewed by independent external auditors, Deloitte & Touche, and their unmodified review opinion is available for inspection at the registered office. The review was performed in accordance with ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

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