MASSMART
Dedicated to Value

POWERED BY
Walmart
Save money. Live better.

REVIEWED CONSOLIDATED RESULTS FOR THE 52 WEEKS ENDED 26 JUNE 2011

Massmart is a managed portfolio of four divisions, each focused on high-volume, low-margin, low-cost distribution of mainly branded consumer goods for cash, in 13 countries in sub-Saharan Africa comprising 313 stores.

The Group is the second 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

We are pleased to report that the Group increased sales by 11.6% and operating profits, excluding Walmart Transaction costs, by 10.3% and headline earnings before Transaction costs by 10.0%.

Including the costs associated with the Walmart Transaction, operating profit decreased by 13.7% and headline earnings decreased by 22.5%.

Total Group sales of almost R53 billion, up by 11.6%, reflect the continued investment for growth which saw trading space increasing by 6.0% for the year. Comparable store sales growth of 5.2% with product deflation of -1.3% indicates strong volume growth.

Effective cost control saw the Group's comparable expenses increase by only 5.4%.

The Group's high stock levels reported at our half-year have been addressed with inventories closing 10.7% above last year, below the level of sales growth.

Internal and independent data sources indicate the Group has been trading well relative to its competitors and has gained market share in all our major categories.

Walmart Transaction

The Board received a non-binding offer from Walmart on 20 September 2010, which was followed up with a binding offer on 24 October 2010 and accepted by the Massmart Board on 26 November 2010. This was followed by approval from all the necessary authorities and Massmart shareholders. The acquisition became effective on 20 June 2011, after receiving Competition Tribunal approval with four voluntary conditions.

Subsequently, three Departments of the South African Government and the Unions have filed a Review and an Appeal respectively, that is set down to be heard by the Competitions Appeal Court on 20 and 21 October 2011. Separately, the Competition Commission of Namibia also appealed the unconditional approval granted by that country's High Court and that matter has been set down to be heard on 17 October 2011. Our legal teams are preparing responses to the interveners' submissions and are confident about our strong legal position. We will keep stakeholders informed of material developments.

Following implementation, the Board of Massmart has been reconstituted with the resignation of Messrs Dods Brand, Kuseni Dlamini, Jim Hodkinson, Nigel Matthews, Peter Maw and Michael Rubin, and Ms Dawn Mokhobo. We thank them for their many years of service, leadership and counsel. Messrs Doug McMillon, Jeff Davis and JP Suarez are the Walmart-appointees to the Board. Grant Pattison and Guy Hayward remain on as CEO and CFO, respectively. The Board now comprises nine directors of whom seven are non-executive and the majority of whom are independent. In addition, each Board committee is chaired by an independent director. The amended composition of the Board's sub-committees will be included in the 2011 annual report.

At the operational level, the integration process has begun. A team of 12 Walmart expatriates and their families have moved to South Africa and joined the Massmart team. Work has begun on the Governance, Culture and Value dimensions of the formal Integration Plan.

Environment

The state of the South African consumer and economy have been difficult to read for the past few months. The different Easter trading periods in 2010 and 2011 and the base-effect of the 2010 FIFA World Cup have made interpretation of internal and external data difficult.

Notwithstanding this, it appears that the current economic environment is a mixed bag. On the positive side, there is low inflation, low interest rates and high real wage increases, but on the negative side, we see high inflation in Government-provided services, a disconcerting political environment and high levels of strikes and unemployment.

We believe we will only be able to form a firm view following the first three months' trading of this new 2012 financial year. Early indications are however, that the consumer environment is perhaps slightly better than we may have thought.

We have settled almost all our collective wage agreements for the 2012 financial year.

Divisional operational review

Rm	June 2011 (Reviewed)	% of sales	June 2010 (Audited)	% of sales	Year % growth	Comparable % sales growth	Estimated % sales inflation
Sales	52,950.1		47,451.0		11.6	5.2	(1.3)
Massdiscounters	13,332.5		12,164.9		9.6	3.7	(7.3)
Masswarehouse	12,722.9		11,501.2		10.6	6.9	(0.4)
Massbuild	7,271.0		6,366.9		14.2	7.2	0.8
Masscash	19,623.7		17,418.0		12.7	4.1	2.1
Trading profit before interest and tax	2,182.9	4.1	2,027.8	4.3	7.6		
Massdiscounters	744.0	5.6	612.8	5.0	21.4		
Masswarehouse	749.0	5.9	685.4	6.0	9.3		
Massbuild	315.1	4.3	260.5	4.1	21.0		
Masscash	374.8	1.9	469.1	2.7	(20.1)		
Trading profit before tax	2,331.6	4.4	2,190.9	4.6	6.4		
Massdiscounters	782.0	5.9	660.4	5.4	18.4		
Masswarehouse	803.2	6.3	743.2	6.5	8.1		
Massbuild	354.7	4.9	291.7	4.6	21.6		
Masscash	391.7	2.0	495.6	2.8	(21.0)		

Trading profit excludes several items. A detailed reconciliation between trading and operating profit can be found below the 'Additional information' table over the page.

Massdiscounters – comprises the 100-store General Merchandise retail discounter Game, which trades in South Africa, Namibia, Botswana, Zambia, Uganda, Mozambique, Mauritius, Malawi, Tanzania, Nigeria and Ghana; and the 13-store Hi-tech retailer DionWired.

Divisional comparable store sales increased by 3.7% with estimated deflation of -7.3%. Total sales increased by 9.6% and trading profit before tax increased by 18.4%. Game SA performed well, with aggressive trading and good cost control. The post-Christmas over-stocked position has been cleared but interest received was adversely affected as a consequence. Game Africa's sales continued to lag in Rands but are performing better in local currency as the African economies appear to be recovering. DionWired had another spectacular year.

Nine Game stores and two DionWired stores opened, increasing space by 9.1%. The new Gauteng Regional Distribution Centre opened in July 2010 and several small warehouses closed. The Foodco concept was rolled out into four stores during the financial year and in July 2011, it had a successful opening in Game Maputo, Mozambique.

Masswarehouse – comprises the 14-store Makro warehouse club trading in Food, General Merchandise and Liquor in South Africa.

Divisional comparable store sales increased by 6.9% with estimated deflation of -0.4%. Total sales increased by 10.6% and trading profit before tax increased by 8.1%. Despite the costs of a new Makro store, including pre-opening costs of R14.0 million, the Division controlled costs and margin well, delivering a solid result in a low Food inflation environment.

A new Makro store with a full Fresh offering was opened in Vanderbijlpark, and good progress has been made in securing several other sites, with three new stores scheduled to open during the period to December 2011.

Massbuild – comprises 81 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 increased by 7.2% with estimated inflation of 0.8%. Total sales increased by 14.2% and trading profit before tax increased by 21.6%.

Builders Warehouse and Builders Express reported very good trading performances, despite residential housing market statistics indicating a declining market. This performance suggests our sales growth is underpinned by market share gains. Builders Trade Depot sales growth was positive but muted as that sector of the building market showed no signs of recovery.

Three Builders Warehouse stores and three Builders Express stores were opened or acquired, and one Builders Trade Depot store was closed, resulting in a net trading space increase of 3.4%.

Masscash – comprises 105 Wholesale and Retail stores, which include the Cambridge brand, trading in South Africa, Lesotho, Namibia, Botswana and Mozambique, and Shield, a voluntary buying association.

Divisional comparable store sales increased by 4.1% with estimated inflation of 2.1%. Total sales increased by 12.7% but trading profit before tax decreased by 21.0%.

The Division suffered from, first, deflation and then low Food inflation. Profits were impacted by low margins, high conversion and investment costs in Retail, and some one-off costs related to the completion of the new IT system implementation in Wholesale. The underlying Wholesale business remains solid with high growth potential. We will be deliberate and patient as we build the new Retail Division.

One new Wholesale Cash and Carry store and seven new Retail Cash and Carry stores were opened or acquired. Net trading space increased by 4.8%.

Financial review

Statement of comprehensive income

Total Group sales growth for the year to June 2011 was 11.6% with comparable sales growth of 5.2%. Sales in our African businesses represented 7% of total Group sales and total African sales grew by 8.3% in Rands and 11.4% in local currencies.

The Group's product inflation remained in deflation overall and was -1.3% for the year. General Merchandise remained strongly in deflation (-7.8%) while Food & Liquor moved into inflation (1.6%) and Home Improvement was steady at 0.7% inflation.

During the year one store was closed, 20 opened, and four stores acquired, resulting in a total of 313 stores at June 2011. Net trading space increased by 6.0% to a total of 1 280 936m².

The Group's gross margin of 18.26% improved on that of the prior year (17.90%) as margins improved in Massdiscounters, Makro and Massbuild. Deflation in Food and a highly competitive environment adversely affected gross margins in Masscash.

Due to acquisitions, new stores and the investment in Cambridge's infrastructure, total expenses (excluding the foreign exchange losses) increased by 15.6%. Comparable expenses however increased by 5.4%.

Included in operating profit are net realised and unrealised foreign exchange losses of R72.3 million (2010: R87.7 million loss). The translation of Massdiscounters' African balance sheets accounted for R58.7 million of this (2010: R64.2 million loss) and there was a net loss from other foreign monetary balances of R13.6 million (2010: R23.5 million loss).

Costs incurred by the Group in connection with the Walmart Transaction totalled R408.8 million. Included here are total advisors' fees and expenses of R238.7 million, the R100.0 million Supplier Development Fund and R70.1 million in accelerated IFRS 2 charges. The latter two amounts are non-cash and a portion of the total amount may not be tax-deductible. The other effects of the Walmart Transaction on the Group's results are noted below.

The agreement to sell Makro Zimbabwe was signed in November 2010 and was finalised in late February 2011. The loss on sale of R38.6 million represents costs relating to the disposal of the Makro Zimbabwe stores.

Net interest paid of R107.2 million increased significantly as a result of the Group's highest ever capital expenditure programme and funding the post-December 2010 over-stocking in Massdiscounters as well as higher stock levels in Makro and Masscash. At R1,484.8 million the Group's average net borrowings were higher than the prior year's equivalent figure of R583.8 million.

The Group's tax rate is 38.9% (2010: 33.4%) but this is artificially higher because of the non-deductible amounts included in Transaction costs and also the effect of STC of 5.6% (2010: 4.6%). Adjusting for the Transaction costs results in a more representative tax rate of 32.6%.

The minority interests comprise those from acquisitions and store managers' holdings in certain Masscash stores.

Headline earnings declined by 22.5% and headline EPS declined by 23.6%. Excluding the after-tax effect of the Transaction costs however, headline earnings increased by 10.0% and headline EPS increased by 8.5%.

Statement of financial position

For most of the second-half of the 2011 financial year, Group inventory levels were high but by June 2011 had been restored to historical levels. Days in inventory at June 2011 were 49.8 (2010: 52.6 days) for the Group, and inventory days are higher only in Masscash. The level of supplier funding returned to normal Group levels as the prior year had been bolstered by the additional inventory purchases for the 2010 FIFA World Cup.

Acquisitions and IT capital expenditure increased the amount of goodwill and intangible assets. During the financial year, seven businesses representing six stores and a property were acquired for a net cash consideration of R171.0 million. A net amount of R108.4 million was invested in IT this year.

Excluding the effect of Transaction costs, the annual rolling return on equity was 33.7% at June 2011.

Statement of cash flows

Operating cash of R2,26 billion was 3.5% below the prior year but this includes the cash effect of the Transaction costs. Adjusting for these costs results in a more representative figure of R2,50 billion which is 6.7% above the prior year. Cash from operations was 37,9% lower due to the Transaction costs and the retention of cash in net working capital level. This figure adjusted for the cash effect of the Transaction costs is R1,88 billion which is 28,8% below the prior year. Total capital expenditure of R1,148.2 million is 84% higher than the prior year, and comprises R305.2 million on replacement and R843,0 million on expansionary expenditure. Larger items included in expansionary expenditure are the costs of the new Makro store in Milnerton, Cape Town and Cambridge stores.

Effect of Walmart Transaction

There were two main financial consequences of the Walmart Transaction, being the Transaction costs of R408.8 million described above and the effects of the vesting and purchase by Walmart of the Massmart options held by share trust beneficiaries. With regard to the latter, in June 2011 share premium increased by a net cash amount of R481.6 million as 51% of all vested and unvested Massmart options held by trust beneficiaries (including Thuthukani) were converted into ordinary shares and then acquired by Walmart. Issued shares therefore increased by 12.4 million or 6.1% to 213.9 million shares. These additional shares had a limited impact on the weighted-average number of shares due to the transaction occurring in late June 2011.

In addition, cash proceeds were received from Walmart on 20 June 2011 but, at 26 June 2011, the actual year-end date, had not yet been paid to share trust beneficiaries. As the share trusts are consolidated with the Group, the net cash proceeds of R1,093.6 million are shown as Restricted cash held on behalf of scheme beneficiaries, with an equal amount shown as a Scheme beneficiaries' liability.

Strategic Vision 2014

Our Strategic Agenda has remained consistent and we have maintained its implementation momentum throughout this period.

The focus remains on increasing comparable store sales growth through aggressive trading, supply chain development and the addition of Financial Services. This year we opened and commissioned a new Massdiscounters Gauteng Regional Distribution Centre, and soft-launched the Builders Warehouse credit card in partnership with third party credit provider, RCS. We also implemented several new systems improving our replenishment and space planning capabilities.

Private Label products continue to out-perform total sales, contributing 5.7% to our total sales.

In terms of growth, we continued to add space through opening profitable new stores and acquiring businesses. We are currently awaiting Competition Authorities' approval for the acquisitions of Rhino and Fruitspot.

In Leadership and Transformation, we have successfully appointed two director-level Black executives, and have continued to improve our EE and BEE scores, although aspects of the latter will be adversely affected by the change in Massmart shareholding. The Massmart Corporate University provided development opportunities to 41 colleagues this year.

Over the next few months, the Strategic Agenda will be augmented with outcomes of the Walmart integration process.

Prospects

For the 8 weeks to 21 August 2011, total sales increased by 13.5% and comparable sales increased by 7.1%, indicating perhaps either another market share gain, or a healthier than expected consumer.

Whilst we expect that our Walmart relationship will be positive for the Group's future financial performance, we anticipate that this will only be seen in the 2013 financial year and beyond.

Despite the difficult and uncertain socio/political and economic environments, both locally and globally, we believe we have the plans in place to deliver another solid performance in the year to June 2012.

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

Conclusion

We have concluded an historic year in Massmart, delivering solid results in a difficult environment. The process of integration with Walmart has just begun, but there is certainly plenty of medium- and long-term opportunity to save people money so they can live better on the African continent.

We would like to thank all our Massmart colleagues, our external advisors, our suppliers and, most importantly, our loyal customers for their unwavering dedication and service this year.

Distribution and dividend policy

Massmart's current dividend policy is to declare and pay an interim and final cash dividend representing a 1.7 times dividend cover unless circumstances dictate otherwise. For the 2011 financial year, the Board has resolved to pay a final dividend such that dividends for the year are maintained relative to the prior year, notwithstanding the lower cover, due to the strong cash position of the Group and growth prospects for the coming year.

Notice is hereby given that a final cash dividend of 134 cents per share in respect of the period ended 26 June 2011 has been declared payable to the holders of ordinary shares recorded in the share register of the company on Friday, 16 September 2011. The last day to trade cum-dividend will therefore be Friday, 9 September 2011 and Massmart shares will trade ex-dividend from Monday, 12 September 2011. Payment of the cash dividend will be made on Monday, 19 September 2011. Share certificates may not be dematerialised or rematerialised between Monday, 12 September 2011 and Friday, 16 September 2011, both days inclusive.

A Thuthukani dividend equivalent to 100% of the Massmart ordinary dividend per share (134 cents) will be paid to the Massmart Thuthukani Empowerment Trust on Monday, 19 September 2011.

On behalf of the Board

Grant Pattison
Chief Executive Officer

Guy Hayward
Chief Financial Officer

24 August 2011

Directorate
MJ Lamberti (Chairman),
CS Seabrooke (Deputy Chairman),
GM Pattison* (Chief Executive Officer),
JA Davis**, NN Gwagwa,
GRC Hayward* (Chief Financial Officer),
P Langeni, CD McMillon**, JP Suarez**
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Massmart Holdings Limited
("the Company" or "the Group")

JSE code
MSM

ISIN
ZAE000152617

Company registration number
1940/014066/06

Registered office
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Company secretary
I Zwarenstein

Sponsor
Deutsche Securities (SA) (Proprietary) Limited

Transfer secretaries
Computershare Investor Services
(Proprietary) Limited

Registered auditors
Deloitte & Touche

For more information
www.massmart.co.za

SALES

+11.6 %

TO R52,950 MILLION

OPERATING PROFIT BEFORE TRANSACTION COSTS

+10.3 %

TO R2,059 MILLION

CASH GENERATED FROM OPERATIONS*

-28.8 %

TO R1,878 MILLION

* excluding cash-effect of Transaction Costs

HEADLINE EPS BEFORE TRANSACTION COSTS

+8.5 %

TO 616 CENTS

DIVIDEND PER SHARE

386 cents

UNCHANGED

HIGHLIGHTS

Income statement

Rm	June 2011 (Reviewed)	June 2010 (Audited)	% change
Revenue	53,089.5	47,550.6	11.6
Sales	52,950.1	47,451.0	11.6
Cost of sales (note 4)	(43,281.8)	(38,955.9)	(11.1)
Gross profit	9,668.3	8,495.1	13.8
Other income	139.4	99.6	40.0
Depreciation and amortisation	(476.3)	(382.8)	(24.4)
Impairment of assets (note 3)	(10.0)	(3.7)	(170.3)
Employment costs	(3,766.3)	(3,352.9)	(12.3)
Occupancy costs (note 4)	(1,664.7)	(1,415.1)	(17.6)
Foreign exchange loss (note 4)	(72.3)	(87.7)	–
Other operating costs (note 4)	(1,759.4)	(1,485.8)	(18.4)
Operating profit before Transaction costs	2,058.7	1,866.7	10.3
Transaction costs (note 6)	(408.8)	–	–
Loss on disposal of Makro Zimbabwe	(38.6)	–	–
Operating profit	1,611.3	1,866.7	(13.7)
Finance costs	(140.4)	(92.6)	(51.6)
Finance income	33.2	45.9	(27.7)
Net finance costs	(107.2)	(46.7)	(129.6)
Profit before taxation	1,504.1	1,820.0	(17.4)
Taxation	(585.3)	(608.2)	3.8
Profit for the year	918.8	1,211.8	(24.2)
Profit attributable to:			
Owners of the parent	838.7	1,129.9	
Preference shareholders (note 7)	38.4	46.5	
Non-controlling interests	41.7	35.4	
Profit for the year	918.8	1,211.8	(24.2)
Basic EPS (cents)	412.1	562.8	(26.8)
Diluted basic EPS (cents)	387.5	538.5	(28.0)
Dividend (cents):			
– Interim	252.0	252.0	–
– Final	134.0	134.0	–
– Total	386.0	386.0	–

Headline earnings

Reconciliation of net profit for the year to headline earnings	June 2011 (Reviewed)	June 2010 (Audited)	% change
Net profit attributable to equity holders of the parent	838.7	1,129.9	
Impairment of assets (note 3)	10.0	3.7	
(Profit)/loss on disposal of fixed assets	(2.9)	0.6	
Loss on disposal of business	34.9	5.3	
Total tax effects of adjustments	1.2	(0.9)	
Headline earnings	881.9	1,138.6	(22.5)
Headline earnings before Transaction costs	1,252.7	1,138.6	10.0
Headline EPS (cents)	433.3	567.2	(23.6)
Headline EPS before Transaction costs (taxed) (cents)	615.5	567.2	8.5
Diluted headline EPS (cents)	407.5	542.7	(24.9)
Diluted headline EPS before Transaction costs (taxed) (cents)	578.8	542.7	6.7

Statement of comprehensive income

Rm	June 2011 (Reviewed)	June 2010 (Audited)	% change
Profit for the year	918.8	1,211.8	
Foreign currency translation reserve	2.6	(30.9)	
Cash flow hedges	(2.2)	16.3	
Revaluation of listed shares	0.1	–	
Income tax relating to components of other comprehensive income	0.6	(4.5)	
Other comprehensive income for the year, net of tax	1.1	(19.1)	
Total comprehensive income for the year	919.9	1,192.7	(22.9)
Total comprehensive income attributable to:			
Owners of the parent	839.8	1,110.8	
Preference shareholders (note 7)	38.4	46.5	
Non-controlling interests	41.7	35.4	
Total comprehensive income for the year	919.9	1,192.7	(22.9)

Statement of financial position

Rm	June 2011 (Reviewed)	June 2010 (Audited)	% change
ASSETS			
Non-current assets	5,846.7	4,974.9	
Property, plant and equipment	2,717.8	2,055.2	32.2
Goodwill and other intangible assets	2,358.4	2,095.8	
Investments and loans	505.5	585.6	
Deferred taxation	265.0	238.3	
Current assets	11,427.6	9,314.5	
Inventories	6,199.7	5,601.5	10.7
Trade, other receivables and prepayments	2,562.7	2,322.6	10.3
Taxation	22.5	22.1	
Cash and bank balances	1,549.1	1,368.3	
Restricted cash held on behalf of Massmart Employee Share Trusts' beneficiaries (note 10)	1,093.6	–	
Total	17,274.3	14,289.4	
EQUITY AND LIABILITIES			
Total equity	4,181.7	3,591.8	
Equity attributable to equity holders of the parent	3,965.9	3,469.7	14.3
Minority interest	215.8	122.1	
Non-current liabilities	1,205.2	895.3	
Non-current liabilities: interest-bearing	598.7	385.8	
Other non-current liabilities and provisions	584.3	490.1	
Deferred taxation	22.2	19.4	
Current liabilities	11,887.4	9,802.3	
Trade, other payables and provisions	9,416.7	9,220.1	2.1
Massmart Employee Share Trusts' beneficiaries liability (note 10)	1,093.6	–	
Taxation	170.6	201.9	
Bank overdrafts and short-term borrowings	1,206.5	380.3	
Total	17,274.3	14,289.4	

Statement of cash flows

Rm	June 2011 (Reviewed)	June 2010 (Audited)
Operating cash including cash-effect of Transaction costs	2,264.8	2,346.8
Working capital movements	(625.4)	292.6
Cash generated from operations	1,639.4	2,639.4
Taxation paid	(645.1)	(552.8)
Net interest paid	(107.2)	(46.7)
Investment income	48.9	36.1
Dividends paid	(822.5)	(822.4)
Cash inflow from operating activities	113.5	1,253.6
Investment to maintain operations	(305.2)	(277.8)
Investment to expand operations	(843.0)	(346.1)
Disposal of subsidiary	–	26.9
Businesses acquired	(171.0)	(369.9)
Other investing activities including minority interests acquired	21.3	(163.8)
Cash outflow from investing activities	(1,297.9)	(1,130.7)
Cash inflow from financing activities (note 10)	615.3	193.8
Net (decrease)/increase in cash and cash equivalents	(569.1)	316.7
Foreign exchange profit/(loss) taken to other comprehensive income	2.6	(30.9)
Opening cash and cash equivalents	1,310.9	1,025.1
Closing cash and cash equivalents	744.4	1,310.9

Statement of changes in equity

Year ended June 2011 (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	142.0	464.6	2,861.1	3,469.7	122.1	3,591.8
Issue of share capital (net of costs)	–	481.6	–	–	481.6	–	481.6
Dividends declared	–	–	–	(822.4)	(822.4)	(27.5)	(849.9)
Total comprehensive income	–	–	1.1	877.1	878.2	41.7	919.9
Changes in minority interests and distribution to minorities	–	–	(40.5)	–	(40.5)	(1.0)	(41.5)
Cost of acquiring minority interests	–	–	–	–	–	–	–
Minorities relating to acquisitions	–	–	(16.8)	–	(16.8)	80.5	63.7
Release of financial liability raised on a business acquisition	–	–	–	–	–	–	–
Share trust transactions and IFRS 2 charge	–	–	180.8	(140.2)	40.6	–	40.6
Treasury shares (acquired)/realised	–	120.3	(144.8)	–	(24.5)	–	(24.5)
Total	2.0	743.9	444.4	2,775.6	3,965.9	215.8	4,181.7

Year ended June 2010 (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	149.4	298.7	2,604.6	3,054.7	42.0	3,096.7
Issue of share capital (net of costs)	–	–	–	–	–	–	–
Dividends declared	–	–	–	(822.4)	(822.4)	–	(822.4)
Total comprehensive income	–	–	(19.1)	1,176.4	1,157.3	35.4	1,192.7
Changes in minority interests and distribution to minorities	–	–	–	–	–	(42.4)	(42.4)
Cost of acquiring minority interests	–	–	(212.8)	–	(212.8)	–	(212.8)
Minorities relating to acquisitions	–	–	–	–	–	87.1	87.1
Release of financial liability raised on a business acquisition	–	–	120.0	–	120.0	–	120.0
Share trust transactions and IFRS 2 charge	–	–	149.4	(97.5)	51.9	–	51.9
Treasury shares (acquired)/realised	–	(7.4)	128.4	–	121.0	–	121.0
Total	2.0	142.0	464.6	2,861.1	3,469.7	122.1	3,591.8

Additional information

	June 2011 (Reviewed)	June 2010 (Audited)
Net asset value per share (cents)	1,854.2	1,722.0
Ordinary shares (000's):		
– In issue	213,883	201,496
– Weighted average	203,516	200,751
– Diluted weighted average	216,425	209,817
Preference shares (000's):		
– Thuthukani Trust 'A' shares held by the participants (note 7)	8,547	12,826
– Black Scarce Skills Trust 'B' shares held by the participants (note 7)	890	2,203
Capital expenditure (Rm):		
– Authorised and committed	738.2	226.9
– Authorised not committed	593.1	450.5
Operating lease commitments (2012 – 2026) (Rm)	10,334.0	8,573.4
US dollar exchange rates: – year end (R/$)	6.95	7.67
– average (R/$)	7.04	7.61

Reconciliation between trading and operating profit

Rm	June 2011 (Reviewed)	June 2010 (Audited)
Profit before interest and taxation		
Trading profit before interest and taxation	2,182.9	2,027.8
Asset impairments	(10.0)	(3.7)
Transaction costs	(408.8)	–
Loss on disposal of Makro Zimbabwe	(38.6)	–
BEE transaction IFRS 2 charge (note 5)	(41.9)	(69.7)
Foreign exchange loss	(72.3)	(87.7)
Operating profit before interest and taxation	1,611.3	1,866.7
Profit before taxation		
Trading profit before taxation	2,331.6	2,190.9
Corporate net interest	(255.9)	(209.8)
Asset impairments	(10.0)	(3.7)
Transaction costs	(408.8)	–
Loss on disposal of Makro Zimbabwe	(38.6)	–
BEE transaction IFRS 2 charge (note 5)	(41.9)	(69.7)
Foreign exchange loss	(72.3)	(87.7)
Operating profit before taxation	1,504.1	1,820.0

Notes

1. *These condensed financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the requirements of the Companies Act 71 of 2008 and the AC 500 standards as issued by the Accounting Practices Board or its successor. These condensed financial statements contain the information as per IAS 34 Interim Financial Reporting, using accounting policies that have been consistently applied to prior years.*
2. *During the current year, the only Massmart shares acquired in the market were by the Massmart Employee Share Trusts where 2.1 million shares (1.0% of average shares in issue) were bought at an average price of R131.60 totalling R273.9 million. During the prior year, the Massmart Employee Share Trusts acquired 1.2 million shares (0.6% of average shares in issue) at an average price of R114.44 totalling R137.2 million.*
3. *The impairment of assets in the current year relates to the impairment of certain acquired goodwill in Masscash. The impairment of assets in the prior year relates to the impairment of computer software in Builders Warehouse due to an IT upgrade and the impairment of fixed assets in Game due to a fire in the Benoni store.*
4. *Foreign exchange movements relating to the cost of stock have been reallocated from 'Foreign exchange loss' to 'Cost of sales' in June 2010 (R76.6 million), in line with the Group's accounting policy. Water and electricity charges have been reallocated from 'Other operating costs' to 'Occupancy costs' in June 2010 (R88.4 million) in line with the Group's accounting policy.*
5. *The Massmart BEE transaction, which came into operation in October 2006, gave rise to an IFRS 2 Share-based Payment charge of R64.7 million (2010: R69.7 million). The acceleration IFRS 2 Share-based Payment charge as a result of the Walmart Transaction totalled R22.8 million, (included in the R70.1 million in note 6 below). The 'A' and 'B' preference shares were issued to the Thuthukani Trust and the Black Scarce Skills Trust respectively.*
6. *The Walmart Transaction costs are made up as follows:*

	Rm
Advisors' fees	*238.7*
Accelerated share-based payment charge	*70.1*
Supplier fund	*100.0*
	408.8

7. *The preference shareholders' dividend amount of R38.4 million (2010: R46.5 million) represents the 2010 final cash dividend of 134 cents and the 2011 interim cash dividend of 252 cents paid to all Thuthukani beneficiaries. The Thuthukani dividend was equivalent to 100% of the ordinary dividend for the current and prior year.*
8. *Other non-current liabilities and provisions include the lease smoothing liability of R414.3 million (2010: R422.8 million).*
9. *The net asset value of the businesses acquired during the year was R46.0 million (2010: R188.9 million) on the date of acquisition.*
10. *Included in current assets and current liabilities in the Statement of Financial Position are two amounts of R1,093.6 million each. These amounts represent the net cash proceeds held in the three Massmart Employee Share Trusts, and the corresponding liability to the beneficiaries, as a result of the Walmart Transaction. The cash was distributed to beneficiaries shortly after 26 June 2011. The Massmart Employee Share Trusts are consolidated with the Group results. In the Statement of Cash Flows, the two amounts have been contra'd in the Cash inflow from Financing Activities.*
11. *The increase in share premium is a result of Walmart acquiring Massmart shares arising from the conversion of 51% of the vested and unvested share options held by beneficiaries of the Massmart Employee Share Trusts. This resulted in 9,751,231 new ordinary shares being issued and net cash of R481.6 million being received.*
12. *Related party transactions include private aircraft, used from time to time, in the normal course of business by Massmart and its Divisions and hired from competitively selected charter companies, two of which operate aircraft indirectly beneficially owned by Mr MJ Lamberti.*
13. *There are no material post balance sheet events. Two conditional acquisitions, Fruitspot and Rhino Cash & Carry, have been filed with the Competition Commission whose findings are expected to be issued in September or October 2011.*
14. *These results have been reviewed by independent external auditors, Deloitte & Touche, and their unmodified review report is available for inspection at the registered office. The review was performed in accordance with JSE Limited Listings Requirements and ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. The preparation of the Group's condensed consolidated reviewed results was supervised by the Chief Financial Officer, Guy Hayward, BCom, CTA, CA(SA).*

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