MASSMART

Dedicated to Value

Reviewed consolidated results for the 53 weeks ended 29 June 2008

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 242 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.

Accolades

Massmart ranked first in FM 2008 Top Companies survey

Massmart ranked top of JSE retail sector in FM/Empowerdex 2008 Top Empowerment Companies Survey

Massmart only company to achieve Top Performer Status in 2007 JSE SRI-Index medium Environmental impact category

Massmart ranked fourth in E&Y 2008 Excellence in Corporate Reporting Awards

Massmart won Best Sustainability Report, Non-extractive Industries, in the Association of Chartered Certified Accountants (ACCA) 2008 sustainability reporting awards

Overview

With the downturn in the economic cycle gaining momentum, the performance across our four Divisions remained balanced and produced a strong overall result for the Group.

Trading patterns were as expected in this economic environment with strong Food and Liquor sales growth of 17,1%, General Merchandise sales growth holding steady at 11,2% and Home Improvement sales growth of 14,4% although slowing through the year.

For the 52-week period, Masswarehouse and Masscash produced strong profit growth whilst Massdiscounters and Massbuild did well to grow profits at or near to their rate of sales growth.

Throughout the year investments in stock were made ahead of inflation and Rand weakness and as a protection against some supplier shortages.

As detailed below, satisfactory progress was made with each of our strategic initiatives.

Environment

The core economic trends continued their worsening trend with inflation, and therefore interest rates, driven by rising food and fuel prices. Overall consumer and business sentiment deteriorated, amplified by the uncertainty over power supply and the political transition.

The general tightening of consumer spending was evident in lower real Group sales growth and a greater response to demonstrable value in promotions and entry-price point brands, as well as the shift in the method of payment with declining credit card usage.

Although still in low numbers, the emigration of Group executives and senior management accelerated, each leaving for their own personal reasons, but each nevertheless a loss to the Group and country. Despite noticeable environmental stress amongst our employees, healthy relations with the various unions resulted in wage settlements that balanced the interests of protecting both the employees and the Company against inflation.

Divisional Operating Review

Rm	53 weeks to June 2008 (Reviewed)	% of sales	52 weeks to June 2007 (Audited)	% of sales	53-week period % growth	52-week comparable % sales growth	Estimated % sales inflation
Sales	**39 783,6**		34 807,6		*14,3*	*10,8*	*7,5*
Massdiscounters	**10 406,5**		9 424,5		*10,4*	*7,6*	*2,7*
Masswarehouse	**10 103,8**		8 640,1		*16,9*	*10,5*	*7,2*
Massbuild	**5 662,9**		4 948,3		*14,4*	*9,0*	*7,5*
Masscash	**13 610,4**		11 794,7		*15,4*	*14,3*	*13,3*
Trading profit before interest and tax*	**2 156,9**	***5,4***	1 753,9	*5,0*	*23,0*		
Massdiscounters	**724,6**	***7,0***	634,2	*6,7*	*14,3*		
Masswarehouse	**640,2**	***6,3***	466,7	*5,4*	*37,2*		
Massbuild	**390,1**	***6,9***	363,0	*7,3*	*7,5*		
Masscash	**402,0**	***3,0***	290,0	*2,5*	*38,6*		
Trading profit before tax**	**2 386,4**	***6,0***	1 895,4	*5,4*	*25,9*		
Massdiscounters	**783,2**	***7,5***	686,3	*7,3*	*14,1*		
Masswarehouse	**730,8**	***7,2***	525,4	*6,1*	*39,1*		
Massbuild	**433,0**	***7,6***	379,8	*7,7*	*14,0*		
Masscash	**439,4**	***3,2***	303,9	*2,6*	*44,6*		

*Trading profit before interest and tax is before asset impairments of R4,7 million (2007: R26,3 million) and the BEE transaction IFRS 2 charge of R67,1 million (2007: R54,3 million).

**Trading profit before tax is after divisional net interest but before corporate net interest of R293,6 million (2007: R185,9 million), asset impairments of R4,7 million (2007: R26,3 million) and the BEE transaction IFRS 2 charge of R67,1 million (2007: R54,3 million).

Massdiscounters – comprises the 83-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.

The Division's 52-week comparable-store sales increased by 7,6% with estimated inflation of 2,7%. Total 53-week sales increased by 10,4% and trading profit before tax increased 14,1%.

Investments in trading aggression and the shift in customer focus towards value saw comparable sales in South Africa grow throughout the year, despite the tightening cycle. African sales, and trading profit, performed at substantially higher levels than the South African business. We estimate that the National Credit Act, introduced in June 2007, directly reduced the Division's 2008 trading profit by R30 million.

This year saw the investment for future growth in several areas. The African expansion gained momentum with at least 10 new potential sites identified, two of which were recently approved. The Dion brand was finally removed through store closures and conversions, the new Regional Distribution Centre in Cape Town was commissioned in August 2008, and Dion Wired was established as a profitable national brand with great potential.

The sale of the Division's Consumer Credit division and debtors book was concluded the day after closing this financial year-end.

During the period, four new Game stores were opened, five Game stores were closed, two Dion stores converted and two closed, and three Dion Wired stores were opened. As a result of the store closures and conversions, net store space at year-end decreased by 2,3%.

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).

The Division's 52-week comparable-store sales increased by 10,5% with estimated inflation of 7,2%. Total 53-week sales increased by 16,9% and trading profit before tax increased by 39,1%.

Makro demonstrated the resilience of its unique formula in a tightening economic environment and traded exceptionally well as management responded to the trading opportunities faster than their competitors. We see potential for at least four new Makro stores in South Africa.

Immediately after year-end, the Division successfully implemented the latest version SAP ERP system, which was a credit to all involved.

The new Silver Lakes store, east of Pretoria, had a record opening in October 2007 and is trading above expectations, with its effect on the neighbouring Makro stores at anticipated levels. Net store space at year-end increased by 9,6%.

Massbuild – comprises 68 outlets, trading in DIY, Home Improvement and Builders Hardware, under the Builders Warehouse, Builders Express and Builders Trade Depot brands in South Africa.

The Division's 52-week comparable-store sales increased by 9,0% with estimated inflation of 7,5%. Total 53-week sales increased by 14,4% and trading profit before tax increased by 14,0%.

Activities this year were focused on stabilising structure, process and control following the previous year's rapid consolidation of brands and systems. Trading for the period started off strongly but sales growth declined over the year as the development and renovation housing market adjusted to the tightening economic conditions. A comprehensive expansion plan for Builders Warehouse, Express and Trade Depot clarified the role of each format and confirmed the exciting growth potential for each.

One new Warehouse store and three new Express stores were opened. Net store space at year-end increased by 5,3%.

Masscash – comprises 71 Cash and Carry stores trading in South Africa, Lesotho, Namibia and Botswana, and Shield, a voluntary buying association.

The Division's 52-week comparable-store sales increased by 14,3% with estimated inflation of 13,3%. Total sales increased 15,4% and trading profit before tax increased 44,6%.

The Cash and Carry stores experienced higher product inflation, aggressive competition, and stock shortages from suppliers. Profit growth was supported by the annualised benefits arising from the merger of Shield, Jumbo, CBW and CellShack.

The Division's new point-of-sale and back-office system was trialled successfully and a store-by-store rollout will now ensue, expected to be finalised towards the end of the 2009 financial year.

The management team gained momentum in the implementation of the Hybrid format strategy, resulting in the conclusion of several small acquisitions now subject only to Competition Tribunal approval. The growth of the exciting Hybrid format will continue for the next several years, both through acquisition and organic growth.

During the year no new stores were opened and one store was closed. Net store space at year-end decreased by 1,2%.

Financial Review

Income Statement

Total sales growth for the 53-week period to 29 June 2008 was 14,3%. For the 52-week period, total and comparable sales growths were 12,3% and 10,8% respectively. Group sales inflation for the year is estimated to be 7,5%.

During the year eight stores were closed and 12 opened, resulting in a total of 242 stores at the end of June 2008. Net trading space increased by 1,9% to a total of 1 012 784 m².

Gross profit of 18,36% was just higher than the prior year's 18,31%.

Total expenses increased by 10,8% and improved as a percentage of sales over the prior year, even after adjusting for the effect of the 53rd week.

Included in operating profit are net realised and unrealised foreign exchange gains of R62,5 million (2007: R41,4 million loss), most of which arose from Massdiscounters' African stores.

Net interest paid increased due to higher interest rates, additional borrowings funding the capital expenditure of R578 million and higher inventory levels for much of the year. In addition, cash was invested in share buybacks of R272 million (see note 3).

The non-cash IFRS 2 charge associated with the Group's Staff Empowerment scheme, Thuthukani, was R67,1 million (2007: R54,3 million), increasing because the 2007 figure reflects only nine months of the scheme's operation. The total cost of the scheme in 2008 was R89,6 million (2007: R63,2 million) and has increased because of the greater proportion of the ordinary dividend now accruing to scheme participants (see note 7).

Adjusting for the non-deductible total IFRS 2 charges, the Group's effective tax rate is 31,1% (2007: 32,6%), which includes the effect of STC of 3,4% (2007: 3,6%).

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

Headline earnings before the BEE transaction grew by 22,9% (52-weeks: 17,9%) while headline EPS before the BEE transaction grew by 23,8% (52-weeks: 18,7%).

Headline earnings grew by 21,8% (52-weeks: 16,5%) while headline EPS grew by 22,7% (52-weeks: 17,3%).

Balance Sheet

The sale of the Massdiscounters Consumer Credit division and debtors book was effective immediately after the close of the 2008 financial year. The figure of R167,6 million shown as an Asset held for Sale is the net book value of the debtors book and this was received in cash on 30 June 2008.

Group inventory levels at June 2008 are slightly higher than normal due to the continuing supply constraints requiring higher Food and Liquor inventory levels in Makro and Masscash.

At year-end, the non-current interest-bearing debt of R267,7 million (2007: R402,7 million) represents gearing of 9,8% (2007: 18,0%). Average interest-bearing debt for the year was R535 million, representing gearing of 21,5%.

The annual return on equity of 53,0% at June 2008 is an improvement on the 2007 figure of 52,3%.

Progress with Vision 2011

Vision 2011 covers our focus on Leadership and Transformation, Supply Chain, Private Label, Financial Services, Organic Growth, New Formats and Sustainability, all of which represent the headlines of our three-year rolling strategic plans.

This year saw 42 executives and senior managers participate in Massmart University programmes and the participation of all senior management across the Group in a Diversity management programme. 22 black graduates completed our in-house programme and were appointed to roles across the Group. Our annual BEE Scorecard review saw an improvement by 13 percentage points in our self-assessed rating.

The completion of the Regional Distribution Centre in Cape Town marks a new era of logistics for Massmart – but we still have much to learn and gain. Across the Group, the proportion of items automatically replenished increased as this process became entrenched. The first space planning trial was piloted.

The complete rework of a number of the Group's major private-label brands was concluded and the foundation set to improve the quantity and quality of our participation in the creation and ownership of some of the biggest consumer brands in Africa.

The latest review of our store opening opportunities indicates potential for new unweighted space growth of 5,1%, 6,0% and 3,5% in 2009, 2010 and 2011 respectively. These figures exclude any potential minor acquisitions. A combination of bureaucracy and unrealistic price expectations for land has increased the challenge of finding sites, probably resulting in a slower store-opening programme than the market potential suggests.

Since the formation of the New Formats Division we have made good and exciting progress with our preparations to enter new categories with new formats.

In addition to continuing to build on our gains from previous periods, our focus on supplier BEE scorecards, environmental awareness in procurement, and anticipating regulatory changes has positioned us well for the future.

Acknowledging Our People

In Massmart we are clear that financial performance is a lagging indicator of human peformance. Our approach at all times is therefore to urge the leaders throughout Massmart to look behind the obvious to determine the nature and quality of each individual's contribution to our corporate endeavour.

In a year which saw retail conditions tighten, we are delighted to have found widespread evidence of exceptional human performance and are deeply grateful to each of our 24 308 employees for their contribution to these results. Thank you.

Prospects

For the 7 weeks to 17 August 2008, total sales increased by 12,1% and comparable sales increased by 10,9%.

The resilience of Massmart through previous tightening economic cycles gives us confidence that we will continue to perform well relative to our competitors trading in similar categories. This short-term cycle presents both opportunities and threats as consumers adjust their purchasing behaviour to accommodate higher food, energy and interest costs.

We are monitoring closely the effects of the interest rate cycle on our relatively new Home Improvement business.

We remain confident that in the medium- to long-term the South African consumer economy will benefit from a growing middle class, a general shortage of housing, the Social Spending programme and the secondary economic benefits of the country's infrastructure investments.

Africa continues to provide opportunities as it benefits from improving political and economic stability and from increased investment from within and beyond the continent.

We will continue to invest in organic and non-organic growth opportunities, which provide superior returns in the medium- to long-term.

We are pleased with the performance of the Group across all areas, although we still see much room for improvement in the core business in pursuit of world-class standards.

Given the current economic environment, we are cautious about the year ahead, but are confident in our business model and are excited about the opportunities that are available to ensure medium- to long-term growth.

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 herby given that a final cash dividend of 163 cents per share in respect of the period ended 29 June 2008 has been declared payable to the holders of ordinary shares recorded in the books of the company on Friday, 12 September 2008. The last day to trade cum-dividend will therefore be Friday, 5 September 2008 and Massmart shares will trade ex-dividend from Monday, 8 September 2008. Payment of the cash dividend will be made on Monday, 15 September 2008. Share certificates may not be dematerialised or rematerialised between Monday, 8 September 2008 and Friday, 12 September 2008, both days inclusive.

A Thuthukani dividend equivalent to 50% of the Massmart ordinary dividend per share (81,5 cents) will be paid to the Massmart Thuthukani Empowerment Trust on Monday, 15 September 2008.

On behalf of the Board

Grant Pattison
Chief Executive Officer

Guy Hayward
Chief Financial Officer

20 August 2008

Sales increase	Trading profit increases	Headline EPS for the 52-week period increases	Headline EPS increases	Headline EPS before the BEE transaction increases	Operating cash before working capital increases
14%	**23%**	**17%**	**23%**	**24%**	**24%**
to R39 784 million	**to R2 157 million**	**to 634 cents**	**to 663 cents**	**to 708 cents**	**to R2 395 million**

Income statement

Rm	53 weeks June 2008 (Reviewed)	52 weeks June 2007 (Audited)	*% change*
Revenue	**39 944,8**	34 964,7	*14,2*
Sales	**39 783,6**	34 807,6	*14,3*
Cost of sales	**(32 481,4)**	(28 435,7)	*14,2*
Gross profit	**7 302,2**	6 371,9	*14,6*
Other income	**161,2**	157,1	*2,6*
Depreciation and amortisation	**(297,8)**	(240,9)	*23,6*
Impairment of assets (note 5)	**(4,7)**	(26,3)	*(82,0)*
Employment costs	**(2 736,2)**	(2 449,8)	*11,7*
Occupancy costs	**(962,7)**	(846,0)	*13,8*
Other operating costs	**(1 376,9)**	(1 292,7)	*6,5*
Operating profit	**2 085,1**	1 673,3	*24,6*
Finance costs	**(110,6)**	(100,4)	*10,2*
Finance income	**46,5**	56,0	*(17,0)*
Net finance costs	**(64,1)**	(44,4)	*44,4*
Profit before taxation	**2 021,0**	1 628,9	*24,1*
Taxation	**(662,9)**	(554,8)	*19,5*
Profit for the period	**1 358,1**	1 074,1	*26,4*
Attributable to:			
Equity holders of the parent	**1 314,1**	1 049,9	*25,2*
Preference shareholders (note 7)	**22,5**	8,9	
Minority interest	**21,5**	15,3	
	1 358,1	1 074,1	
Basic EPS (cents)	**660,3**	523,7	*26,1*
Diluted basic EPS (cents)	**644,6**	514,6	*25,3*
Dividend (cents):			
– Interim	**223,0**	197,0	*13,2*
– Final	**163,0**	123,0	*32,5*
– Total	**386,0**	320,0	*20,6*
Reconciliation of net profit for the period to headline earnings			
Net profit attributable to equity holders of the parent	**1 314,1**	1 049,9	
Impairment of assets (note 5)	**4,7**	26,3	
Loss on disposal of fixed assets	**3,8**	0,8	
Loss on disposal of Furnex	**—**	6,2	
Total tax effects of adjustments	**(3,2)**	0,1	
Headline earnings	**1 319,4**	1 083,3	*21,8*
BEE transaction (note 6 and 7)	**89,6**	63,2	
Headline earnings before the BEE transaction	**1 409,0**	1 146,5	*22,9*
Headline EPS (cents)	**663,0**	540,4	*22,7*
Headline EPS (cents) – 52 Week	**634,1**	540,4	*17,3*
Headline EPS before the BEE transaction (cents) (note 6 and 7)	**708,0**	571,9	*23,8*
Headline EPS before BEE transaction (cents) – 52 Week	**679,1**	571,9	*18,7*
Diluted headline EPS (cents)	**647,2**	530,9	*21,9*

Balance Sheet

Rm	June 2008 (Reviewed)	June 2007 (Audited)	*% change*
ASSETS			
Non-current assets	**3 840,6**	3 448,2	
Property, plant and equipment	**1 393,0**	1 123,8	*24,0*
Goodwill and other intangible assets	**1 494,4**	1 477,0	
Investments and loans	**538,0**	414,6	
Deferred taxation	**415,2**	432,8	
Current assets	**7 892,7**	7 401,4	
Inventories	**4 758,6**	4 027,3	*18,2*
Accounts receivable and prepayments	**1 764,1**	1 876,5	*(6,0)*
Taxation	**310,4**	251,9	
Cash and bank balances	**1 059,6**	1 245,7	
Assets classified as held for sale (note 8)	**167,6**	—	
Total	**11 900,9**	10 849,6	
EQUITY AND LIABILITIES			
Total equity	**2 766,5**	2 264,8	
Equity attributable to equity holders of the parent	**2 735,8**	2 239,0	*22,2*
Minority interest	**30,7**	25,8	
Non-current liabilities	**1 015,9**	1 122,2	
Non-current liabilities – interest-bearing	**267,7**	402,7	
Other non-current liabilities and provisions	**606,3**	604,0	
Deferred taxation	**141,9**	115,5	
Current liabilities	**8 118,5**	7 462,6	
Accounts payable and accruals	**7 391,5**	6 759,6	*9,3*
Taxation	**543,1**	534,4	
Bank overdrafts and short-term borrowings	**183,9**	168,6	
Total	**11 900,9**	10 849,6	

Additional information

	Year ended June 2008 (Reviewed)	Year ended June 2007 (Audited)
Net asset value per share (cents)	**1 359,8**	1 113,2
Ordinary shares (000's):		
– In issue	**201 195**	201 073
– Weighted average	**198 996**	200 461
– Diluted weighted-average	**203 867**	204 037
Preference shares (000's):		
– Thuthukani "A" shares (note 6)	**17 868**	17 968
– Black Scarce Skills Trust "B" shares (note 6)	**1 979**	2 000
Capital expenditure (Rm)		
– Authorised and committed	**278,0**	101,0
– Authorised not committed	**287,2**	327,7
Operating lease commitments (2008 – 2022) (Rm)	**6 270,7**	6 082,5
US dollar exchange rates – period end	**7,96**	7,20
– average	**7,31**	7,22

Cash flow statement

Rm	53 weeks June 2008 (Reviewed)	52 weeks June 2007 (Audited)
Operating cash before working capital movements	**2 394,9**	1 926,4
Working capital movements	**(73,2)**	(28,3)
Cash generated from operations	**2 321,7**	1 898,1
Taxation paid	**(668,1)**	(531,6)
Net interest paid	**(64,1)**	(44,4)
Investment income	**47,7**	53,6
Dividends received	**2,2**	2,5
Dividends paid	**(709,9)**	(565,1)
Cash inflow from operating activities	**929,5**	813,1
Investment to maintain operations	**(263,1)**	(142,3)
Investment to expand operations	**(309,6)**	(317,9)
Businesses acquired	**—**	(160,0)
Other investing activities	**(325,5)**	(70,6)
Cash outflow from investing activities	**(898,2)**	(690,8)
Cash outflow from financing activities	**(222,7)**	(288,4)
Net decrease in cash and cash equivalents	**(191,4)**	(166,1)
Foreign exchange losses taken to statement of changes in equity	**4,6**	(1,5)
Opening cash and cash equivalents	**1 208,7**	1 376,3
Closing cash and cash equivalents	**1 021,9**	1 208,7

Statement of changes in equity

Year ended June 2008 (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	**—**	**—**	**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 period	**—**	**—**	**—**	**1 336,6**	**1 336,6**	**21,5**	**1 358,1**
Changes in minority interests and distribution to minorities	**—**	**—**	**—**	**—**	**—**	**(16,6)**	**(16,6)**
Gains and losses not recognised in the income statement	**—**	**—**	**3,3**	**—**	**3,3**	**—**	**3,3**
Release of deferred taxation on trademarks	**—**	**—**	**(5,8)**	**5,8**	**—**	**—**	**—**
Net movement of treasury shares	**—**	**(103,0)**	**(45,7)**	**—**	**(148,7)**	**—**	**(148,7)**
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**

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

With the downturn in the economic cycle gaining momentum, the performance across our four Divisions remained balanced and produced a strong overall result for the Group.

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. 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 and is still not consolidated in the current year.

3. The total share buyback (including shares bought in the market by the Share Trust) for the year was 3,3 million shares (2007: 4,4 million) at an average price of R83,10 (2007: R71,85) totalling R271,8 million (2007: R313,2 million).

4. The net realised and unrealised foreign exchange translation profit included in trading profit amounted to R62,5 million (2007: loss deducted of R41,4 million). These amounts are included in the other operating costs.

5. The impairment of assets in the current year relates to the impairment of computer software and trademarks. The impairments of assets in the prior year related 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 October 2006, gave rise to an IFRS 2 *Share-based Payment* charge of R67,1 million (2007: R54,3 million). The "A" and "B" preference shares have been issued to the Thuthukani Trust and the Black Scarce Skills Trust respectively.

7. The preference shareholders' dividend amount of R22,5 million represents the final dividend of 30,75 cents and an interim dividend of 111,50 cents 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 was equivalent to 50%, in year three (2009) it will be equivalent to 75%, in year four (2010) it will be equivalent to 100%.

8. The assets classified as held for sale in the current year relate to the cash sale of the Massdiscounters' retail debtors' book effective from 30 June 2008, immediately after closing the 2008 financial year.

9. Related-party transactions include certain properties used by Masscash that are leased from CCW Property Holdings (Pty) Ltd 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.

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

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

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 Investor Services (Pty) Ltd

Registered auditors
Deloitte & Touche

For more information
www.massmart.co.za

HKLM