Interim Results

for the period ended
1 July 2018

Massmart + Walmart

SAVING OUR CUSTOMERS MONEY SO THEY CAN LIVE BETTER

Massmart, Africa's second largest retail group, with annualised sales of R90.6 billion, comprises four Divisions operating in 425 stores, across 13 sub-Saharan countries.

Through our widely-recognised, differentiated retail and wholesale formats, we have leading shares in the General Merchandise, Liquor, Home Improvement and wholesale Food markets. Our key foundations of high volume, low cost and operational excellence enable our price leadership.

Performance summary

↑ **1.9%**
Sales
R41.6 billion
2017: R40.8 billion*

↓ **19.5%**
Trading profit before interest and tax
R664.2 million
2017: R825.2 million

↓ **20.4%**
Headline earnings before restructure costs (taxed)
R290.3 million
2017: R364.7 million

↓ **10.5%**
Interim dividend per share
68.0 cents
2017: 76.0 cents

Group sales performance on a like-on-like basis

This year's accounting for the adoption of IFRS 9 and IFRS 15, which in particular excludes Shield's sales from the current year, complicates performance comparisons between the results for the current and prior periods. To provide a more meaningful assessment of the current period's performance, and unless otherwise stated, the commentary below has been provided on a like-on-like basis, i.e. reflecting the impact of of IFRS 9 and IFRS 15 in both the current and prior periods. This like-on-like financial information must be read in conjunction with note 3 on page 14.

On a like-on-like basis, Massmart's total sales for the 26-week period of R41.6 billion represented an increase of 1.9%, with comparable store sales increasing by 0.2%. Product deflation was 0.7%. Total sales from our South African stores for the period grew by 2.0% and comparable sales by 0.5%. Total sales from our ex-SA stores for the period grew by 5.7% and comparable stores by 0.6% (both in constant currencies). Given South Africa's currency weakness, the total ex-SA Rand sales increase was 1.0%.

The Group's like-on-like sales declined 1.5% in Food, but grew 9.2% in Liquor, 0.9% in Durable Goods and 7.6% in Home Improvement. As noted earlier this year, the Group's Food growth, especially in wholesale, was adversely impacted by commodities' deflation, estimated to be 9.5%. Similarly, we are seeing deflation in Durable Goods but these lower prices are not attracting more customer spending because of the adverse financial pressures experienced by lower- and middle-income consumers who prioritise their spending on food, clothing and transport. We continue to gain market share across a number of our Durable Goods categories, including: small domestic appliances, large domestic appliances, electronics and most DIY and hardware categories.

** To provide a more meaningful assessment of the current period's performance, the performance results have been prepared on a like-on-like basis which includes the material impact of IFRS 15 in the first half of the current and prior financial year. Refer to note 3 for detail on the impact of the new accounting standards using the modified retrospective approach.*

Overview and environment

The consumer environment in South Africa for the six months to June 2018 was difficult and deteriorated during the period. The economic conditions in the 12 other African countries where we have a total of 43 stores were also difficult. In South Africa, which generates 91.6% of Group sales, with the economic backdrop of a reported 2.2% contraction in the first quarter's GDP growth, consumers were adversely impacted by the April VAT increase and petrol price increases (11.1% from January to 1 July 2018).

Group overview

On a like-on-like basis, gross margins declined slightly from 19.7% to 19.6% which was caused primarily by margin pressure from deflation in Food.

Expense management remained effective with total expense growth, excluding restructuring costs, of only 3.9% while comparable expense increases were limited to 2.1%.

In late February this year we announced internally the restructuring of some of the business functions within Massdiscounters and Masscash respectively and the relocation of both head offices from the Durban area to Johannesburg. We approached both of these as formal organisational restructures under s189 of the Labour Relations Act (LRA). The once-off direct costs of both of these exercises in this reporting period is R110.3 million, with a further R56.0 million expected to be incurred in the second half of 2018. The annualised direct savings of these restructures and relocations are estimated to be R52.0 million. In addition, the relocation, which will see all the Divisional buying functions now based in Johannesburg, will improve our ability to take advantage of greater co-ordination of procurement activities across the Group.

In the period under review, efficiencies from a focus on transport, logistics and supply chain achieved a reduction in distribution centre (DC) costs. We continue to generate transport benefits resulting from better leverage of Group scale through network planning. Furthermore, we see an opportunity to increase product velocity through the Massmart logistics network, resulting in improved DC cost recoveries.

The pressure from the current period's low sales growth caused Group trading profit before interest and taxation, excluding restructure costs, to decline by 19.5% to R664.2 million. Headline earnings decreased by 42.2% to R210.9 million, while headline earnings excluding restructure costs decreased by 20.4% to R290.3 million.

We continued pursuing new revenue streams and in the six-month period saw significant growth in our Value-Added Services (VAS) business. This was achieved through double-digit growth across the VAS product portfolio in the areas of money transfers, lotto sales, RCS credit product sales, and extended warranties.

Our omnichannel focus, which improves our customers' choice and experience, was rewarded with the Group's aggregate Online sales growing by 69%. This was achieved through our four ecommerce points of presence (being Makro, Game, DionWired and Builders Warehouse), all of which are currently utilising or migrating to the SAP Hybris platform. Combined Makro, Game, DionWired and Builders Warehouse achieved a 23% increase in average online basket size and a 159% growth in online traffic.

During the period, five stores were opened and three were closed, resulting in a net trading space increase of 0.8% to 1,626,261m². We will open another 17 stores over the remainder of 2018. Our African growth plans remain on track and we added 5,000m² of ex-SA trading space in the period.

Like-on-like Divisional trading review

Rm	26 weeks June 2018 (Reviewed)	*% of sales*	26 weeks June 2017 (Like-on-like)*	*% of sales*	*Like-on-like* % growth*	*Comparable* % sales growth*	*Estimated % sales inflation*	53 weeks December 2017 (Like-on-like)*	*% of sales*
Sales	**41,558.4**		40,784.5		*1.9*	*0.2*	*(0.7)#*	89,869.7	
Massdiscounters	**9,143.9**		9,520.6		*(4.0)*	*(4.7)*	*(4.6)*	20,330.6	
Masswarehouse	**12,880.8**		12,222.4		*5.4*	*3.5*	*(0.7)*	27,748.9	
Massbuild	**6,412.5**		5,961.6		*7.6*	*5.7*	*2.3*	13,191.9	
Masscash	**13,121.2**		13,079.9		*0.3*	*(2.0)*	*(0.3)*	28,598.3	
Trading profit**	**665.6**	*1.6*	829.2	*2.0*	*(19.7)*			2,743.9	*2.9*
Massdiscounters	**(95.3)**	*(1.0)*	79.8	*0.8*	*(100.0)*			454.3	*2.2*
Masswarehouse	**484.5**	*3.8*	485.9	*4.0*	*(0.3)*			1,313.1	*4.7*
Massbuild	**280.5**	*4.4*	250.4	*4.2*	*12.0*			797.5	*6.0*
Masscash	**(4.1)**	*(0.0)*	13.1	*0.1*	*(100.0)*			179.0	*0.6*

*** The 'trading profit before interest and tax' above is the amount per the condensed consolidated income statement less the BEE transaction IFRS 2 charge and excludes restructure costs.*

 # Group sales inflation is a weighted inflation.

Our Divisions on a 26-week basis

Massdiscounters

↓ **4.0%** **Sales**
R9,143.9 million
2017: R9,520.6 million*

Massdiscounters comprises the 142-store General Merchandise and Food discounter Game, which trades in South Africa and 11 other African countries; and the 22-store Hi-tech retailer DionWired in South Africa.

Total sales of R9.1 billion decreased by 4.0% and comparable sales were down 4.7%. Year-to-date product deflation was 4.6%. In Game's South African stores, total sales declined by 2.3% and comparable sales by 2.9% which masks an improved sales performance in the second quarter. General Merchandise sales were the same as for the prior period and we gained market share in the domestic large appliances and Hi-tech categories. Game Africa's total sales in constant currencies increased by 1.0%, but declined by 5.7% in Rands due to currency weakness, particularly in Mozambique and Nigeria. Given the difficult consumer environment for Hi-tech and appliances, DionWired sales were below those of the prior period.

As noted elsewhere, we began to relocate sections of the Game head office from Durban to Johannesburg and embarked upon an organisational restructure. The direct cost of this is about R116 million, of which R90.5 million is included in this reporting period. Annualised savings are estimated to be R30.0 million and will be realised from the second half of this financial year.

The Division continued to manage expenses well and, in total these were only 1.9% higher than the prior period, with a comparable expense decrease of 2.8%. We reduced inventory values to below that of June 2017. Both of these position the business to benefit from any positive sales momentum. The sales pressure was such that for the period Massdiscounters' trading loss before interest and tax was R95.3 million (excluding restructure costs).

The new GK-POS point-of-sale roll-out was completed successfully across all but three Game and DionWired stores, improving speed at checkout and introducing additional value-added products and services for customers. In late 2017, Game launched its online shopping platform using SAP Hybris and DionWired moved from its legacy online system to SAP Hybris in March 2018. The more significant SAP ERP system implementation remains on schedule for early 2019.

During the year, two DionWired stores were closed decreasing Massdiscounters' trading space by 0.6% to 545,460m² from December 2017. We are on schedule to open six new stores over the remainder of the 2018 financial year.

Masswarehouse

↑ **5.4%** **Sales**
R12,880.8 million
2017: R12,222.4 million*

Masswarehouse comprises the 21-store Makro warehouse-club trading in Food, General Merchandise and Liquor in South Africa; and Massfresh the Group's fresh produce, fresh meat and bakery operations including The Fruitspot.

Total sales of R12.9 billion increased by 5.4% and comparable sales grew by 3.5%. Year-to-date product deflation was 0.7%, caused by deflation in General Merchandise and Food commodities. Total sales growth in Food & Liquor was 5.2%, a good performance given the consumer environment. General Merchandise sales growth was a very pleasing 5.7%, despite deflation and pressure on discretionary spending.

Resulting from our 21st Makro store opening in late 2017 and the ongoing investments in IT and online, expense growth of 10.4% (a comparable expense increase of 7.5%) was higher than sales growth. Trading profit before interest and tax decreased by 0.3% to R484.5 million.

Online sales grew by 27%. Our online platform now includes a successful marketplace offering (the sales or Gross Merchandise Value which are excluded here). Later this year we will replace the legacy online platform with SAP Hybris.

No new stores in the period and trading space remained at 231,021m².

Massbuild

↑ **7.6%** **Sales**
R6,412.5 million
2017: R5,961.6 million*

Massbuild comprises 110 stores, trading in DIY, Home Improvement and Building Materials, under the Builders Warehouse, Builders Express, Builders Trade Depot and Builders Superstore brands in South Africa; and six Builders Warehouse stores in Botswana, Mozambique and Zambia.

With a very strong performance, Massbuild grew total sales for the year by 7.6% to R6.4 billion, with comparable sales increasing by 5.7% and year-to-date product inflation of 2.3%. It is noteworthy that for the period contractors' sales growth was higher than that for retail customers. Total sales growth in our ex-SA stores was 11.2% in constant currencies and 8.1% in Rands.

Good expense management saw an expense growth of only 5.8% (a comparable expense increase of 2.9%) and trading profit before interest and tax of R280.5 million grew by 12.0%.

The product range on the Builders Warehouse online platform, launched in early 2017, has been expanded to 26,000 items and sales growth remains very high with incredible customer support.

Two Builders Express stores were opened and one Builders Trade Depot store was closed in South Africa, and one Builders Express store was opened in Maputo, Mozambique, resulting in a net trading space increase of 1.2% to 461,710m² from December 2017. Over the remainder of the 2018 financial year, we will open a further six stores, including one in Lusaka, Zambia.

Masscash

↑ **0.3%** **Sales**
R13,121.2 million
2017: R13,079.9 million*

Masscash comprises 55 Wholesale Cash & Carry stores, and 62 Retail stores trading in South Africa; 13 Cash & Carry stores in Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zambia; and Shield, a voluntary buying association.

As noted earlier, the adoption of IFRS 15 has the effect of excluding Shield's sales from the current period, consequently the figures below are on a like-for-like basis.

Total sales of R13.1 billion increased by 0.3%, while comparable sales decreased by 2.0%. Year-to-date product deflation fell to 0.3% in June 2018, with commodities like maize, wheat, oil, sugar and rice remaining in price deflation. Commodities represent 18% of our Wholesale sales and, excluding this category, the remaining Wholesale business grew sales by 4.5%. Cambridge and Rhino performed well in this difficult consumer environment, growing total sales at 4.3%.

As noted elsewhere, we announced the relocation of the Masscash regional office from the Durban area to Johannesburg and an organisational restructure. The direct costs of these are estimated at R50.0 million, of which R19.8 million is included in this reporting period. This restructure will produce estimated annualised savings of R22.0 million which will be felt from the second half of this financial year.

Expenses were well managed and were only 0.4% higher (a comparable expense decrease of 2.0%). The soft sales performance caused a trading loss before interest and tax of R4.1 million (excluding restructure costs).

One Retail store and one Wholesale store was opened in South Africa resulting in a net trading space increase of 2.9% to 388,070m² from December 2017. We should open five new stores over the remainder of the 2018 financial year.

* *Like-on-like basis, including material impact of IFRS 15 in both years.*

Financial review

Financial performance

The prescribed method of accounting for the adoption of IFRS 9 and IFRS 15 has the unfortunate consequence in this financial year of complicating the ability to make useful comparisons, between the results for the 26-week periods ended 25 June 2017 and 1 July 2018, from a statutory reporting perspective. To provide a more meaningful assessment of the current period's performance, and unless otherwise stated, the commentary below has been provided on a like-on-like basis to reflect the material impact of IFRS 9 and IFRS 15 as though it was in effect for the period 26 December 2016 to 25 June 2017. The like-on-like financial information must be read in conjunction with note 3 on page 14.

Rm	June 2018	June 2017	*% change total*	% change comparable
Sales per IFRS 15 (reviewed)	**R41.6bn**	R42.5bn	(2.2%)	(3.9%)
Like-on-like sales (unreviewed)	**R41.6bn**	R40.8bn	1.9%	0.2%

Sales performance per IFRS 15

For the 26 weeks to 1 July 2018, Massmart's total sales decreased to R41.6 billion representing a decline of 2.2% and comparable store sales decline of 3.9% (compared to the prior period).

Like-on-like sales performance

Massmart's total sales for the 26 weeks ended June 2018 increased by 1.9% and comparable store sales increased by 0.2%. Year-to-date product inflation reduced from 2.0% at December 2017 to deflation of 0.7% in June 2018. Inflation in Food & Liquor and Home Improvement reduced slightly to 0.4% and 0.3% respectively, while Durables went further into deflation of 1.4%. Our ex-SA businesses represent 8.4% (2017: 8.5%) of total sales and increased by 1.0% in Rands (5.7% increase in constant currencies).

The Group's 26-week like-on-like gross margin of 19.6% is marginally lower than that of the prior period (2017: 19.7%), despite margin pressure from the deflation in Durable Goods and commodities. While customers timed their purchases around promotions and sought competitive pricing, the Group remained committed to protecting margin.

Expenses were tightly controlled, increasing by only 3.9% (excluding restructure costs), while comparable expense increases were limited to 2.1%. Employment costs, the Group's biggest cost category, were limited to an increase of 5.8% (with a comparable increase of 4.6%), due to a combination of improved staff scheduling in stores and Distribution Centres (DCs), and a selective replacement of vacancies which resulted in full-time equivalent employees remaining stable at just over 43,000, against the prior period. Favourable lease renewals and improved management of municipal and energy costs resulted in occupancy cost increases being limited to 5.1%. Depreciation and amortisation increased by 0.5%. Other operating expenses remained flat. The non-capital costs of upgrading our IT infrastructure, as well as pre-opening store expenses of R18.6 million (2017: R10.7 million), are included in this expense category.

Trading profit before interest and taxation (excluding restructure costs) declined by 19.5% to R664.2 million.

Included in the 26-week period are the direct costs of R110.3 million pertaining to the formal organisational restructure under s189 of the LRA in both Massdiscounters and Masscash (see note 5).

Operating profit after restructure costs and before interest and taxation declined by 34.2% to R547.5 million.

Included in operating profit are net realised and unrealised foreign exchange gains of R23.4 million (2017: loss of R16.6 million), the majority of which arose as a result of the strengthening of the average basket of ex-SA currencies.

Although net bank interest decreased by R13.5 million, net finance costs grew by R8.0 million (2.8%) to R290.1 million (2017: R282.1 million), largely due to the impact of a finance lease capitalised at the end of 2017. The Group's effective tax rate of 29.9% is in line with expectations (2017: 30.0%).

Headline earnings before restructure costs decreased by 20.4% to R290.3 million, while Headline earnings including restructure costs decreased by 42.2% to R210.9 million.

Financial position

Unless otherwise stated, the commentary on our financial position has been provided taking into account the adoption of IFRS 9 and IFRS 15.

During the period, investment spend was focused on new IT infrastructure, store openings and the refurbishment of existing stores. As a result, the net book value of property, plant and equipment increased by 7.1% over the prior period. Total capital expenditure was R632.9 million. The expansionary expenditure of R358.9 million included investments in IT systems and new store openings. Replacement expenditure was R274.0 million and included store refurbishments.

Operating cash before working capital movements amounted to R1.3 billion, 18.7% lower than the corresponding prior period, caused by lower cash from operations. The cash outflow from working capital movements increased from R4.2 billion in 2017 to R5.1 billion in the current period, largely due to higher inventory levels.

The inventory balance increased by 9.2% to R11.0 billion, mainly due to month-end timing. On a like-on-like basis, inventory days increased by four days compared to June 2017. Trade receivables decreased by 3.2% which resulted in debtors' days remaining flat. Creditors' days increased by six days to 60 days.

The annual rolling return on equity was 23.7% (2017: 24.4%).

Our people

The contribution of our 43,000 colleagues across sub-Saharan Africa is always appreciated, especially in the current environment where many of them and their own families feel the adverse consequences of the weak economy. We acknowledge and thank our colleagues in all our stores, offices, DCs, and call centres for their contributions, service and support.

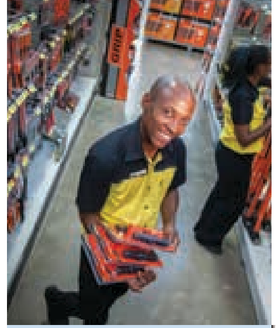
Directorate

The Board is pleased to advise that Mr Chris Seabrooke has agreed to continue as Lead Independent Director and Deputy Chairman but will cease to be a member of the Board Committees as previously advised as on 25 May 2018.

Strategic priorities

Despite the challenges of the current consumer economies in most of the 13 African countries where we operate, we are executing towards clear long-term strategic goals including:

- Driving structurally lower operating costs;
- Adding 49 new stores between 2018 and December 2020 representing 10.7% total new space. 29.9% of this space will be in Africa, concentrated specifically in Nigeria, Kenya and Ghana;
- Investing significant capital in, and driving, online sales which now represent 1.6% sales participation of those categories that are online and are growing at 69%;
- Driving our valued-add-services customer offerings across the Group and which are growing in aggregate by 71%;
- Implementing a Group DC service and network function with the aim of reducing the cost-to-serve by at least 1%; and
- Reviewing the composition of the Group's current store portfolio and considering, inter alia, the conversion of some Rhino stores to Cambridge and evaluating potential new metropolitan sites for Makro.



HIGHEST BBBEE SCORE IN THE RETAIL SECTOR WITH A SCORE OF 80.81

OVERALL WINNER OF THE ABSA AND BUSINESS DAY SUPPLIER DEVELOPMENT AWARDS

RATED BY FTSE IN THE **TOP FIVE COMPANIES** GLOBALLY FOR ESG PERFORMANCE IN THE BROADLINE RETAIL SUB-SECTOR

44 MILLION DEPARTMENT OF BASIC EDUCATION SUPPLIED MEALS PREPARED IN MASSMART MOBILE KITCHENS

21 MILLION LITRES OF WATER CONSERVED THROUGH ONSITE WATER HARVESTING

4.4 MILLION KWH RENEWABLE ENERGY GENERATING CAPACITY - THE BEST IN SA RETAIL

Outlook

For the 33 weeks to 19 August 2018, total sales amounted to R53.2 billion, representing a like-on-like increase of 2.3% over the prior period. Comparable store sales increased by 0.4%. Product deflation is estimated at 0.5%. On an IFRS 15 reported basis, total sales of R53.2 billion represent a decrease of 2.5% and 4.3% on a comparable sales basis.

The current weakness of the domestic economy and the volatile and uncertain international geopolitical situation which impacts the oil price and the Rand, amongst other factors, make near-term forecasting difficult. Compounding this is that Massmart's profitability is skewed towards the second-half of the financial year and particularly the fourth quarter which includes Black Friday and the festive season.

Assuming no further deterioration in the South African consumer economy for the remainder of 2018, Massmart is cautiously optimistic about the full-year's earnings.

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

Dividend

Massmart's current dividend policy is to declare and pay an interim and final cash dividend representing a 2.0 times dividend cover unless circumstances dictate otherwise. This interim dividend has been calculated on headline earnings before restructure costs. Notice is hereby given that a gross interim cash dividend of 68.0 cents per share, in respect of the period ended 1 July 2018 has been declared. The number of shares in issue at the date of this declaration is 217,179,142.

The dividend has been declared out of income reserves as defined in the Income Tax Act, 1962, and will be subject to the South African dividend withholding tax rate of 20% which will result in a net dividend of 54.4 cents per share to those shareholders who are not exempt from paying dividend tax. Massmart's tax reference number is 9900/196/71/9.

The salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE:
Tuesday, 11 September 2018
First trading day ex dividend on the JSE:
Wednesday, 12 September 2018
Record date:
Friday, 14 September 2018
Payment date:
Monday, 17 September 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 September 2018 and Friday, 14 September 2018, both days inclusive.

Massmart shareholders who hold Massmart ordinary shares in certificated form ("certificated shareholders") should note that dividends will be paid by cheque and by means of an electronic funds transfer ("EFT") method. Where the dividend payable to a particular certificated shareholder is less than R100, the dividend will be paid by EFT only to such certificated shareholder. Certificated shareholders who do not have access to any EFT facilities are advised to contact the company's transfer secretaries, Computershare Investor Services at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196; on 011 370 5000; or on 0861 100 9818 (fax), in order to make the necessary arrangements to take delivery of the proceeds of their dividend.

Massmart shareholders who hold Massmart ordinary shares in dematerialised form will have their accounts held at their CSDP or broker credited electronically with the proceeds of their dividend.

On behalf of the Board

Guy Hayward
Chief Executive Officer
22 August 2018

Johannes van Lierop
Chief Financial Officer

Like-on-like condensed consolidated income statement

Rm	26 weeks June 2018 (Reviewed)	26 weeks June 2017 (Like-on-like)*	*Like-on-like* % change*	53 weeks December 2017 (Like-on-like)*
Revenue	**41,688.4**	40,905.6	*1.9*	90,163.6
Sales	**41,558.4**	40,784.5	*1.9*	89,869.7
Cost of sales	**(33,416.3)**	(32,753.5)	*(2.0)*	(72,219.1)
Gross profit	**8,142.1**	8,031.0	*1.4*	17,650.6
Other income	**127.9**	114.3	*11.9*	235.1
Depreciation and amortisation	**(544.6)**	(542.0)	*(0.5)*	(1,095.4)
Employment costs	**(3,653.8)**	(3,453.6)	*(5.8)*	(7,402.9)
Occupancy costs	**(1,708.9)**	(1,626.6)	*(5.1)*	(3,187.0)
Other operating costs	**(1,698.5)**	(1,697.9)	*(0.0)*	(3,463.3)
Trading profit before interest and taxation	**664.2**	825.2	*(19.5)*	2,737.1
Restructuring cost (note 5)	**(110.3)**	-	-	-
Impairment of assets	**(8.5)**	(0.2)	-	(18.9)
Insurance proceeds on items in PP&E	**2.1**	6.8	*(69.1)*	58.8
Operating profit before foreign exchange movements and interest	**547.5**	831.8	*(34.2)*	2,777.0
Foreign exchange gain/(loss) (note 6)	**23.4**	(16.6)	*241.0*	(47.2)
Operating profit before interest	**570.9**	815.2	*(30.0)*	2,729.8
- Finance costs	**(300.9)**	(294.6)	*(2.1)*	(585.4)
- Finance income	**10.8**	12.5	*(13.6)*	26.4
Net finance costs	**(290.1)**	(282.1)	*(2.8)*	(559.0)
Profit before taxation	**280.8**	533.1	*(47.3)*	2,170.8
Taxation	**(84.0)**	(159.9)	*47.5*	(649.1)
Profit for the period	**196.8**	373.2	*(47.3)*	1,521.7
Profit attributable to:				
- Owners of the parent	**202.5**	369.3	*(45.2)*	1,507.7
- Non-controlling interests	**(5.7)**	3.9	-	14.0
Profit for the period	**196.8**	373.2	*(47.3)*	1,521.7
Basic EPS (cents)	**94.0**	170.6	*(44.9)*	700.3
Diluted basic EPS (cents)	**92.1**	167.7	*(45.1)*	687.3
Dividend (cents):				
- Interim	**68.0**	76.0	*(10.5)*	76.0
- Final	**-**	-	-	271.0
- Total	**68.0**	76.0	*(10.5)*	347.0

* *To provide a more meaningful assessment of the current period's performance, the performance summary has been prepared on a like-on-like basis which includes the material impact of IFRS 15 in the first half of the current and prior financial year. Refer to note 3 for detail on the impact of the new accounting standards using the modified retrospective approach.*

The like-on-like financial effects on sales, for which the Directors of Massmart are responsible, are provided for illustrative purposes only to show the effect that IFRS 15: Revenue from contracts with customers would have had on the 25 June 2017 sales amount, allowing for a like-on-like comparison to June 2018. The Group's external auditor has issued a reporting accountants' report on the June 2017 sales amount. A copy of their procedures report is available at the Group's registered office.

Condensed consolidated income statement

Rm	26 weeks June 2018 (Reviewed)	IFRS 9 & 15 adjustment*	26 weeks June 2018 (Adjusted)*	26 weeks June 2017 (Reviewed)	Period % change	Adjusted* % change	53 weeks December 2017 (Audited)
Revenue	**41,688.4**	1,768.4	**43,456.8**	42,627.4	*(2.2)*	*1.9*	94,029.1
Sales	**41,558.4**	1,768.9	**43,327.3**	42,506.3	*(2.2)*	*1.9*	93,735.2
Cost of sales	**(33,416.3)**	(1,776.8)	**(35,193.1)**	(34,475.3)	*3.1*	*(2.1)*	(76,084.6)
Gross profit	**8,142.1**	(7.9)	**8,134.2**	8,031.0	*1.4*	*1.3*	17,650.6
Other income	**127.9**	(0.5)	**127.4**	114.3	*11.9*	*11.5*	235.1
Depreciation and amortisation	**(544.6)**	-	**(544.6)**	(542.0)	*(0.5)*	*(0.5)*	(1,095.4)
Employment costs	**(3,653.8)**	-	**(3,653.8)**	(3,453.6)	*(5.8)*	*(5.8)*	(7,402.9)
Occupancy costs	**(1,708.9)**	-	**(1,708.9)**	(1,626.6)	*(5.1)*	*(5.1)*	(3,187.0)
Other operating costs	**(1,698.5)**	2.8	**(1,695.7)**	(1,697.9)	*(0.0)*	*0.1*	(3,463.3)
Trading profit before interest and taxation	**664.2**	(5.6)	**658.6**	825.2	*(19.5)*	*(20.2)*	2,737.1
Restructuring cost (note 5)	**(110.3)**	-	**(110.3)**	-	-	-	-
Impairment of assets	**(8.5)**	-	**(8.5)**	(0.2)	-	-	(18.9)
Insurance proceeds on items in PP&E	**2.1**	-	**2.1**	6.8	*(69.1)*	*(69.1)*	58.8
Operating profit before foreign exchange movements and interest	**547.5**	(5.6)	**541.9**	831.8	*(34.2)*	*(34.9)*	2,777.0
Foreign exchange gain/(loss) (note 6)	**23.4**	-	**23.4**	(16.6)	*100.0*	*100.0*	(47.2)
Operating profit before interest	**570.9**	(5.6)	**565.3**	815.2	*(30.0)*	*(30.7)*	2,729.8
- Finance costs	**(300.9)**	-	**(300.9)**	(294.6)	*(2.1)*	*(2.1)*	(585.4)
- Finance income	**10.8**	-	**10.8**	12.5	*(13.6)*	*(13.6)*	26.4
Net finance costs	**(290.1)**	-	**(290.1)**	(282.1)	*(2.8)*	*(2.8)*	(559.0)
Profit before taxation	**280.8**	(5.6)	**275.2**	533.1	*(47.3)*	*(48.4)*	2,170.8
Taxation	**(84.0)**	1.7	**(82.3)**	(159.9)	*47.5*	*48.5*	(649.1)
Profit for the period	**196.8**	(3.9)	**192.9**	373.2	*(47.3)*	*(48.3)*	1,521.7
Profit attributable to:							
- Owners of the parent	**202.5**	(3.9)	**198.6**	369.3	*(45.2)*	*(46.2)*	1,507.7
- Non-controlling interests	**(5.7)**	-	**(5.7)**	3.9	-	-	14.0
Profit for the period	**196.8**	(3.9)	**192.9**	373.2	*(47.3)*	*(48.3)*	1,521.7
Basic EPS (cents)	**94.0**	(1.8)	**92.2**	170.6	*(44.9)*	*(46.0)*	700.3
Diluted basic EPS (cents)	**92.1**	(1.8)	**90.3**	167.7	*(45.1)*	*(46.2)*	687.3
Dividend (cents):							
- Interim	**68.0**	-	**68.0**	76.0	*(10.5)*	*(10.5)*	76.0
- Final	**-**	-	**-**	-	-	-	271.0
- Total	**68.0**	-	**68.0**	76.0	*(10.5)*	*(10.5)*	347.0

* Refer to note 3.

Headline earnings

Rm	26 weeks June 2018 (Reviewed)	IFRS 9 & 15 adjustment*	26 weeks June 2018 (Adjusted)*	26 weeks June 2017 (Reviewed)	Period % change	Adjusted* % change	53 weeks December 2017 (Audited)
Reconciliation of profit for the period to headline earnings							
Profit for the period attributable to owners of the parent	**202.5**	(3.9)	198.6	369.3	*(45.2)*	*(46.2)*	1,507.7
Impairment of assets	**8.5**	-	8.5	0.2	*100.0*	*100.0*	18.9
Net loss on disposal of tangible and intangible assets	**4.6**	-	4.6	2.7	*70.4*	*70.4*	23.3
Profit on sale of non-current assets classified as held for sale	**-**	-	-	(2.3)	-	-	(2.3)
Insurance proceeds for fixed assets impaired	**(2.1)**	-	(2.1)	(6.8)	*69.1*	*69.1*	(58.8)
Available for sale reserve re-classified to the income statement	**-**	-	-	-	-	-	1.1
Total tax effects of adjustments	**(2.6)**	-	(2.6)	1.6	-	-	4.4
Headline earnings	**210.9**	(3.9)	207.0	364.7	*(42.2)*	*(43.2)*	1,494.3
Restructure costs after taxation	**79.4**	-	79.4	-	-	-	-
Headline earnings before restructure costs (taxed)	**290.3**	(3.9)	286.4	364.7	*(20.4)*	*(21.5)*	1,494.3
Headline EPS (cents)	**97.9**	(1.8)	96.1	168.5	*(41.9)*	*(43.0)*	694.1
Headline EPS before restructure costs (taxed) (cents)	**134.8**	(1.8)	133.0	168.5	*(20.0)*	*(21.1)*	694.1
Diluted headline EPS (cents)	**95.9**	(1.8)	94.1	165.7	*(42.1)*	*(43.2)*	681.2
Diluted headline EPS before restructure costs (taxed) (cents)	**132.1**	(1.8)	130.3	165.7	*(20.3)*	*(21.4)*	681.2

Condensed consolidated statement of comprehensive income

Profit for the period	**196.8**	(3.9)	192.9	373.2	*(47.3)*	*(48.3)*	1,521.7
Items that will not subsequently be re-classified to the Income Statement:	**3.1**	-	3.1	-	-	-	15.1
Net post retirement medical aid actuarial profit	**3.2**	-	3.2	-	-	-	15.1
Fair value movement on OCI financial assets	**(0.1)**	-	(0.1)	-	-	-	-
Items that will subsequently be re-classified to the Income Statement:	**124.1**	-	124.1	(46.3)	*100.0*	*100.0*	(99.8)
Foreign currency translation reserve	**127.3**	-	127.3	(25.8)	*100.0*	*100.0*	(109.7)
Cash flow hedges - effective portion of changes in fair value	**20.8**	-	20.8	(2.9)	*100.0*	*100.0*	(14.2)
Fair value movement on available-for-sale financial assets	**-**	-	-	-	-	-	0.4
Income tax relating to components of other comprehensive income	**(24.0)**	-	(24.0)	(17.6)	*(36.4)*	*(36.4)*	23.7
Total other comprehensive income/(loss) for the period, net of tax	**127.2**	-	127.2	(46.3)	*100.0*	*100.0*	(84.7)
Total comprehensive income for the period	**324.0**	(3.9)	320.1	326.9	*(0.9)*	*(2.1)*	1,437.0
Total comprehensive income attributable to:							
- Owners of the parent	**329.7**	(3.9)	325.8	323.0	*2.1*	*0.9*	1,423.0
- Non-controlling interests	**(5.7)**	-	(5.7)	3.9	-	-	14.0
Total comprehensive income for the period	**324.0**	(3.9)	320.1	326.9	*(0.9)*	*(2.1)*	1,437.0

* Refer to note 3.

Condensed consolidated statement of financial position

Rm	June 2018 (Reviewed)	IFRS 9 & 15 adjustment*	June 2018 (Adjusted)*	June 2017 (Reviewed)	*Period % change*	*Adjusted* % change*	December 2017 (Audited)
ASSETS							
Non-current assets	13,641.0	-	13,641.0	12,665.7	*7.7*	*7.7*	13,402.4
Property, plant and equipment	9,269.6	-	9,269.6	8,655.0	*7.1*	*7.1*	9,214.7
Goodwill and other intangible assets	3,484.2	-	3,484.2	3,183.8	*9.4*	*9.4*	3,378.9
Investments and other financial assets	139.1	-	139.1	164.4	*(15.4)*	*(15.4)*	156.2
Deferred taxation	748.1	-	748.1	662.5	*12.9*	*12.9*	652.6
Current assets	17,474.1	(66.0)	17,408.1	15,848.6	*10.3*	*9.8*	18,893.8
Inventories	11,023.6	(68.4)	10,955.2	10,093.4	*9.2*	*8.5*	10,984.6
Trade, other receivables and prepayments	4,782.7	4.0	4,786.7	4,142.4	*15.5*	*15.6*	5,119.1
Taxation	506.4	(1.6)	504.8	366.1	*38.3*	*37.9*	396.5
Cash on hand and bank balances	1,161.4	-	1,161.4	1,246.7	*(6.8)*	*(6.8)*	2,393.6
Non-current assets classified as held for sale	36.0	-	36.0	19.9	*80.9*	*80.9*	19.9
Total assets	31,151.1	(66.0)	31,085.1	28,534.2	*9.2*	*8.9*	32,316.1
EQUITY AND LIABILITIES							
Total equity	6,078.3	(39.6)	6,038.7	5,421.3	*12.1*	*11.4*	6,391.4
Equity attributable to owners of the parent	6,048.6	(39.6)	6,009.0	5,386.6	*12.3*	*11.6*	6,348.2
Non-controlling interests	29.7	-	29.7	34.7	*(14.5)*	*(14.5)*	43.2
Non-current liabilities	3,244.2	(19.2)	3,225.0	3,938.1	*(17.6)*	*(18.1)*	3,934.6
Interest-bearing borrowings (note 10)	1,746.7	-	1,746.7	2,467.2	*(29.2)*	*(29.2)*	2,553.0
Deferred taxation	84.8	(19.2)	65.6	78.3	*8.3*	*(16.2)*	66.3
Other non-current liabilities and provisions	1,412.7	-	1,412.7	1,392.6	*1.4*	*1.4*	1,315.3
Current liabilities	21,828.6	(7.2)	21,821.4	19,174.8	*13.8*	*13.8*	21,990.1
Trade, other payables and provisions	14,907.0	(7.2)	14,899.8	13,984.6	*6.6*	*6.5*	20,581.5
Taxation	75.5	-	75.5	73.4	*2.8*	*2.8*	59.1
Bank overdrafts	5,836.4	-	5,836.4	3,600.2	*62.1*	*62.1*	87.5
Interest-bearing borrowings (note 10)	1,009.7	-	1,009.7	1,516.6	*(33.4)*	*(33.4)*	1,262.0
Total equity and liabilities	31,151.1	(66.0)	31,085.1	28,534.2	*9.2*	*8.9*	32,316.1

* Refer to note 3.

Condensed consolidated statement of cash flows

Rm	June 2018 (Reviewed)	IFRS 9 & 15 adjustment*	June 2018 (Adjusted)*	June 2017 (Reviewed)	December 2017 (Audited)
Operating cash before working capital movements	1,253.9	(5.6)	1,248.3	1,542.8	3,964.8
Working capital movements	(5,147.7)	5.6	(5,142.1)	(4,205.3)	705.7
Cash (utilised)/generated from operations	(3,893.8)	-	(3,893.8)	(2,662.5)	4,670.5
Taxation paid	(293.3)	-	(293.3)	(321.4)	(795.0)
Net interest paid	(239.5)	-	(239.5)	(183.7)	(593.6)
Investment income	14.0	-	14.0	30.0	80.0
Dividends paid	(603.0)	-	(603.0)	(504.1)	(689.9)
Cash (outflow)/inflow from operating activities	(5,015.6)	-	(5,015.6)	(3,641.7)	2,672.0
Investment to maintain operations	(274.0)	-	(274.0)	(353.3)	(678.5)
Investment to expand operations	(358.9)	-	(358.9)	(395.7)	(1,138.3)
Investment in subsidiaries	-	-	-	(2.5)	(6.5)
Proceeds on disposal of property, plant and equipment	9.6	-	9.6	9.5	12.9
Proceeds on disposal of assets classified as held for sale	-	-	-	9.4	9.4
Other net investing activities	2.1	-	2.1	0.8	(5.7)
Cash outflow from investing activities	(621.2)	-	(621.2)	(731.8)	(1,806.7)
Decrease in non-current liabilities	(848.5)	-	(848.5)	(843.3)	(403.3)
(Decrease)/increase in current liabilities	(332.4)	-	(332.4)	472.5	(433.2)
Non-controlling interests acquired	-	-	-	(110.0)	(112.6)
Net acquisition of treasury shares	(164.3)	-	(164.3)	(151.5)	(193.1)
Cash outflow from financing activities	(1,345.2)	-	(1,345.2)	(632.3)	(1,142.2)
Net decrease in cash and cash equivalents	(6,982.0)	-	(6,982.0)	(5,005.8)	(276.9)
Foreign exchange movements on cash and cash equivalents	0.9	-	0.9	30.6	(38.7)
Opening cash and cash equivalents	2,306.1	-	2,306.1	2,621.7	2,621.7
Closing cash and cash equivalents	(4,675.0)	-	(4,675.0)	(2,353.5)	2,306.1

* Refer to note 3.

Condensed consolidated statement of changes in equity

Rm	Share capital	Share premium	Other reserves	Retained profit	Equity attributable to owners of the parent	Non-controlling interests	Total
Balance as at December 2016 (Audited)	2.2	569.0	437.7	4,672.4	5,681.3	74.5	5,755.8
Dividends declared	-	-	-	(653.2)	(653.2)	(35.4)	(688.6)
Total comprehensive income	-	-	(84.7)	1,507.7	1,423.0	14.0	1,437.0
Changes in non-controlling interests	-	-	(103.2)	-	(103.2)	(9.9)	(113.1)
IFRS 2 charge and Share Trust transactions	-	(193.1)	203.7	(35.5)	(24.9)	-	(24.9)
Treasury shares acquired	-	25.3	(0.1)	-	25.2	-	25.2
Balance as at December 2017 (Audited)	2.2	401.2	453.4	5,491.4	6,348.2	43.2	6,391.4
Effect of adoption of new accounting standards (note 3)	-	-	(0.7)	36.4	35.7	-	35.7
Balance as at December 2017 (Audited) Restated	**2.2**	**401.2**	**452.7**	**5,527.8**	**6,383.9**	**43.2**	**6,427.1**
Dividends declared	-	-	-	(588.5)	(588.5)	(8.4)	(596.9)
Total comprehensive income	-	-	127.2	202.5	329.7	(5.7)	324.0
Changes in non-controlling interests	-	-	-	-	-	0.6	0.6
IFRS 2 charge and Share Trust transactions	-	-	90.8	10.7	101.5	-	101.5
Treasury shares acquired	-	(178.0)	-	-	(178.0)	-	(178.0)
Period ended June 2018 (Reviewed)	**2.2**	**223.2**	**670.7**	**5,152.5**	**6,048.6**	**29.7**	**6,078.3**
Balance as at December 2016 (Audited) as previously stated	2.2	569.0	437.7	4,672.4	5,681.3	74.5	5,755.8
Dividends declared	-	-	-	(488.1)	(488.1)	(34.2)	(522.3)
Total comprehensive income	-	-	(46.3)	369.3	323.0	3.9	326.9
Changes in non-controlling interests	-	-	(100.5)	-	(100.5)	(9.5)	(110.0)
IFRS 2 charge and Share Trust transactions	-	(151.5)	102.0	(32.0)	(81.5)	-	(81.5)
Treasury shares acquired	-	53.6	(0.2)	(1.0)	52.4	-	52.4
Balance as at June 2017 (Reviewed)	**2.2**	**471.1**	**392.7**	**4,520.6**	**5,386.6**	**34.7**	**5,421.3**

* Refer to note 3.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments identified below. The table below reflects 'Financial instruments' and 'Non-current assets classified as held for sale' carried at fair value, and those 'Financial instruments' and 'Non-current assets classified as held for sale' that have carrying amounts that differ from their fair values, in the Statement of Financial Position.

Rm	June 2018 (Reviewed)	Level 1	Level 2	Level 3	June 2017 (Reviewed)	Level 1	Level 2	Level 3	December 2017 (Audited)	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	185.6	-	185.6	-	146.7	-	146.7	-	134.9	-	134.9	-
Financial asset designated as a cash flow hedging instrument	-	-	-	-	0.6	-	0.6	-	1.1	-	1.1	-
Loans and receivables	12.5	-	12.5	-	12.7	-	12.7	-	13.1	-	13.1	-
Available-for-sale financial assets	1.0	1.0	-	-	0.8	0.8	-	-	1.1	1.1	-	-
Non-current assets classified as held for sale	36.0	-	-	36.0	19.9	-	-	19.9	19.9	-	-	19.9
	235.1	1.0	198.1	36.0	180.7	0.8	160.0	19.9	170.1	1.1	149.1	19.9
Financial liabilities at amortised cost	2,013.7	-	2,013.7	-	3,521.8	-	3,521.8	-	3,259.5	-	3,259.5	-
Financial liabilities at fair value through profit or loss	46.2	-	46.2	-	7.8	-	7.8	-	28.7	-	28.7	-
Financial liability designated as a cash flow hedging instrument	-	-	-	-	5.8	-	5.8	-	23.8	-	23.8	-
	2,059.9	-	2,059.9	-	3,535.4	-	3,535.4	-	3,312.0	-	3,312.0	-

There were no transfers of financial instruments between Level 1, Level 2 and Level 3 fair value measurements during the period ended June 2018. The financial assets and financial liabilities have been presented based on an analysis of their respective natures, characteristics and risks.

Divisional trading review

Rm	26 weeks June 2018 (Reviewed)	IFRS15 & 9 adjustment*	26 weeks June 2018* (Adjusted)	26 weeks June 2017 (Reviewed)	53 weeks December 2017 (Audited)
Sales	**41,558.4**	1,768.9	43,327.3	42,506.3	93,735.2
Massdiscounters	**9,143.9**	-	9,143.9	9,522.7	20,330.6
Masswarehouse	**12,880.8**	22.9	12,903.7	12,223.6	27,748.9
Massbuild	**6,412.5**	-	6,412.5	5,963.0	13,191.9
Masscash	**13,121.2**	1,746.0	14,867.2	14,797.0	32,463.8
Trading profit**	**665.6**	(5.6)	660.0	829.2	2,743.9
Massdiscounters	**(95.3)**	(6.0)	(101.3)	79.8	454.3
Masswarehouse	**484.5**	(2.5)	482.0	485.9	1,313.1
Massbuild	**280.5**	1.0	281.5	250.4	797.5
Masscash	**(4.1)**	1.8	(2.3)	13.1	179.0

***The 'trading profit before interest and tax' above is the amount per the Condensed Consolidated Income Statement less the BEE transaction IFRS 2 charge and excludes restructure costs.*

Additional information

	June 2018 (Reviewed)	June 2017 (Reviewed)	December 2017 (Audited)
Net asset value per share (cents)	**2,785.1**	2,480.6	2,923.5
Ordinary shares (000's):			
- In issue	**217,179.1**	217,145.5	217,145.5
- Weighted average (net of treasury shares)	**215,380.6**	216,428.1	215,276.1
- Diluted weighted average	**219,884.7**	220,154.9	219,352.1
Preference shares (000's):			
- Black Scarce Skills Trust 'B' shares in issue	**2,797.7**	2,831.3	2,831.3
Capital expenditure (Rm):			
- Authorised and committed	**1,094.5**	924.8	797.6
- Authorised not committed	**695.9**	937.0	1,378.3
Net operating lease commitments (2018 - 2032) (Rm)	**14,315.9**	14,779.8	15,059.0
US dollar exchange rates: - period end (R/$)	**13.76**	12.97	12.44
- Average (R/$)	**12.33**	13.68	13.37

Share Data

1 Jan 2018 - 1 Jul 2018	
Closing price, 29 Jun 2018	**R111.62**
Share price (26 week high)	**R178.48**
Share price (26 week low)	**R106.55**
Market cap (billions)	**R24.24**
Shares in issue (millions)	**217.2**
Shares traded (millions)	**92.9**
Percentage of shares traded	**42.8%**
Reuters	**MSMJ.J**
Bloomberg	**MSM SJ**

Source: I-Net

Notes

1. These reviewed interim condensed consolidated results (pages 9 to 13) have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), its interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, presentation and disclosure as required by International Accounting Standard (IAS) 34 'Interim Financial Reporting', the JSE Limited Listings Requirements and the requirements of the Companies Act 71 of 2008 of South Africa. The accounting policies and methods of computation used in the preparation of the interim reviewed condensed consolidated results are in terms of IFRS and are consistent in all material respects with those applied in the most recent Annual Financial Statements except for the changes listed below in note 3.

2. At the end of 2017 the Group reconsidered its accounting in respect to the valuation of inventory in line with IAS 2 Inventories relating to the valuation of inventory including the capitalisation of costs and recognition of some rebates on inventory. The effect of the reconsideration was disclosed for the full year in the results update for the 53 weeks ended 31 December 2017 as well as in note 43 of Massmart's Annual Financial Statements for the year ended December 2017 (page 82). The effect of the reconsideration for the 26-week period ended 25 June 2017 (constituting the comparatives in this year's half year results update) was disclosed in the same Annual Financial Statements for the year ended December 2017 (page 83).

3. The Group has applied both IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' using the modified retrospective approach, by recognising the cumulative effect of initially applying IFRS 9 and IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Therefore (with the exception of the like-on-like consolidated income statement on page 8 and the Divisional operational review on page 2) the comparative information has not been restated and continues to be reported under IAS 18 Revenue and IAS 39 'Financial Instruments'. IFRS 9 has had an insignificant impact for the Group due to the low-value short-term nature of debtors. IFRS 15 key areas of impact are the changes in the principal vs. agent recognition of sales in the Masscash Division whereby certain sales are now recognised on a net basis and the recognition of the right of return liability and related right of return asset now recognised on a gross basis. Revenue from contracts with customers can be further disaggregated for the current year between South Africa R38.1 billion (2017: R39.0 billion) and ex-SA R3.5 billion (2017: R3.5 billion). The quantitative impact of the changes is illustrated on pages 9 to 12.

4. The Group anticipates a material impact as a result of the adoption of IFRS 16 'Leases' using the modified retrospective approach. The material impact relates to the capitalising of the leased stores onto the statement of financial position with the corresponding lease liability. At 1 July 2018 extraction of leases included 561 real estate and 2,149 non-real estate leases.

5. In late February 2018 the Group announced, internally, the decision to relocate major sections of Game head office from Durban to Johannesburg later this year and to embark on a formal organisational restructure under s189 of the Labour Relations Act (LRA) in both Massdiscounters and Masscash. This resulted in restructure costs of R110.3 million. The estimated costs for the 52-week period ending 30 December 2018 amount to R166.3 million. These restructures are expected to produce estimated annual savings of R52.0 million in a full financial year.

6. The majority of Massmart's realised and unrealised foreign exchange gain of R23.4 million (June 2017: R16.6 million (loss)) arose as a result of the strengthening of the average basket of ex-SA currencies.

7. Massmart and its Divisions enter into certain transactions with related parties in the normal course of business. At June 2018, the Supplier Development Fund had a closing balance of R24.4 million (June 2017: R60.9million). The Group repaid its R600.0 million medium-term loan with Walmart in April 2018, on which it had an interest rate of 7.46% paid quarterly. As a 52.4% shareholder, Main Street 830 Proprietary Limited, a subsidiary of Walmart, will be receiving a dividend based on their number of shares held. A net amount of R2.7 million remains unpaid to Walmart, which has been accounted for in 'trade, other payables and provisions' and trade, other receivables and prepayments'.

8. Massmart offers a diverse range of retail offerings to the market consisting of Food & Liquor, General Merchandise and Home Improvement. Due to the cyclical nature of this industry, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the period October to December are mainly attributed to the increased demand for our non-Food categories where we see an increase in discretionary spend leading up to the Christmas holiday period. This information is provided to allow for a better understanding of the results.

9. The constant currency information included in these reviewed interim condensed consolidated results has been presented to illustrate the Group's underlying ex-SA business performance, in terms of sales growth, excluding the effect of foreign currency fluctuations. In determining the application of constant currency, sales for the prior comparable financial reporting period have been adjusted to take into account the average monthly exchange rate for the current period. The table below depicts the percentage change in sales in both reported currency and constant currency for the given material currencies. The constant currency information incorporated in these reviewed interim condensed consolidated results has not been audited or reviewed or otherwise reported on by our external auditors. The constant currency information is the responsibility of the Directors of Massmart. It has been prepared for illustrative purposes only and due to its nature, may not fairly present Massmart's financial position, changes in equity, results of operations or cash flows.

Sales growth in:	Reported Currency	Constant Currency
Zambian Kwacha	21.3%	32.8%
Nigerian Naira	(14.2%)	(2.8%)
Kenyan Shilling	51.0%	59.8%
Total ex-SA	**1.0%**	**5.7%**

10. Interest-bearing borrowings have decreased by R1.2 billion since June 2017. This movement is a result of the settlement of the R600.0 million medium-term loan with Walmart, as well as the R937.2 million settlement of our bank medium-term loans, offset by new finance leases.

11. These reviewed interim condensed consolidated results (pages 9 to 13) have been reviewed by independent external auditors, Ernst & Young Inc. and their unmodified review report is available for inspection at the Company's registered office. The review was performed in accordance with ISRE 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditors. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Group's registered office. The preparation of the Group's reviewed interim condensed consolidated results was supervised by the Chief Financial Officer, Johannes van Lierop, Bachelor of Business Economics, RA (Netherlands).

Our stores

Massdiscounters

GENERAL MERCHANDISE AND FOOD DISCOUNTER

142
South Africa, Botswana, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Tanzania, Uganda, Zambia

22
South Africa

Masswarehouse

WAREHOUSE CLUB

makro.co.za

21
South Africa

Massbuild

HOME IMPROVEMENT RETAILER AND BUILDING MATERIALS SUPPLIER

38
South Africa, Botswana, Mozambique, Zambia

47
South Africa, Mozambique

14
South Africa

11
South Africa

Masscash

FOOD WHOLESALER, RETAILER AND BUYING ASSOCIATION

68 WHOLESALE
South Africa, Botswana, Lesotho, Mozambique, Namibia, Swaziland, Zambia

62 RETAIL
South Africa

BUYING ASSOCIATIONS AND FRANCHISES
South Africa, Botswana, Namibia, Swaziland

For more information call +27 11 517 0000 or visit massmart.co.za/interimresults2018

Massmart Holdings Limited
("the Company" or "the Group")

JSE code MSM

ISIN ZAE000152617

Company registration number
1940/014066/06

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NJ Ralebepa

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Rosebank, Johannesburg, 2196,
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