

Pick'n Pay 40 years

Turnover **↑ 16.9%** Headline earnings per share **↑ 15.1%**
 Trading profit **↑ 26.8%** Interim dividend per share **↑ 15.2%**



UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2007

REVIEW OF OPERATIONS

Turnover

Group turnover at R21.8 billion shows strong real growth, being 16.9% above last year. This growth comprises 16.3% in the Southern African segment and 21.3% in Australia. The Franklins increase in Australian Dollars is 1.3% (despite the sale of 2 stores) with the remaining SA Rand growth as a result of a weakening Rand against the Australian Dollar.

Trading profit

The trading profit increased by 26.8% with trading profit margin increasing from 2.4% last year to 2.6% in the current six months.

Headline earnings per share

The headline earnings for the period at R332.1 million is 13.9% above last year. Headline earnings per share at 73.52 cents is 15.1% above last year, which increase is higher than that of headline earnings due to the concentration effect of the repurchase of shares. The increase in headline earnings is less than that of trading profit mainly as a result of not receiving a contribution from TM Supermarkets in the current period.

Dividends per share

We have increased the interim dividend to 31.10 cents for Pick'n Pay Stores Limited and to 15.18 cents per share for Pick'n Pay Holdings Limited, both a 15.2% increase over last year.

Pick'n Pay Retail

Our core Supermarket business performed well. However, the Hypermarkets profit contribution was below expectation as a result of cost pressures on opening 5 new format stores within a 12 month period.

Supermarkets – We opened 3 new corporate stores during the six months and converted 2 corporate stores to Family franchise stores. During the second six months of the year we will open a further 4 new corporate supermarkets and convert another 3 corporate supermarkets to Family stores.

Family Franchise – We continue to expand our successful Family franchise format opening a further 6 new stores during the period including 2 conversions from corporate stores. During the second six months of the year we will open a further 11 new Family stores, including 3 conversions.

Hypermarkets – During the period we opened the Greenstone Mall Hypermarket in Edenvale and in September 2007 we opened our first Pick'n Pay store in Soweto.

Also during the month of September we opened our new revamped Norwood Hypermarket which is trading well. These new generation Hypers are all outperforming at sales level and are proving popular with a broad spectrum of customers.

Liquor stores – During the period, the division opened a further 9 liquor stores, with another 11 to come in the second half of the year.

Group Enterprises

Score

The operating performance of Score was in line with last year. We are busy finalising discussions with various stakeholders regarding the future development of Score and will be communicating these plans in due course.

Boxer

Boxer had another excellent trading period and opened 2 additional stores, one being in the Boxer Build Hardware format. During the second six-month period, Boxer intend opening a further 4 stores. The management of Boxer are very aware of the inflationary pressure on basic foods and are doing everything they can to minimise its impact on customers.

Franklins Australia

Turnover for the six month period at AUD410.2 million showed an increase of 1.3% over the same period last year. This is despite the fact that we sold 2 stores to a Franchisee during the period. Due to the weakening of the SA Rand to the Australian Dollar, turnover for the period at R2.4 billion showed an increase of 21.3%.

Franklins produced an operating profit before interest of AUD1.1 million for the six months which included a profit on the sale of 2 corporate stores to a Franchisee of AUD0.9 million as part of our planned strategic Franchise roll-out. In this regard, these 2 corporate stores together with 2 further independent stores were converted to the Franklins Franchise model, bringing the total number of Franchise stores to 6 at the end of the period. We are confident that these 6 stores will provide a good platform for the expansion of further Franchise outlets.

In addition to 1 new corporate store planned to open in the second six months of the year, Franklins have also started an extensive refurbishment programme including the expansion of certain ranges and fresh foods in-store.

We are confident that this refurbishment programme and the continued roll-out of franchise stores will lead to greater real sales growth and a significant improvement in the overall operating profitability of the Franklins chain.

General comment and prospects

The conversion of our accounting systems to SAP throughout the Group is ongoing. The Western Cape region and the corporate accounting office installation is now complete and conversions are underway in the Kwa-Zulu Natal and Eastern Cape regions. In the short time that SAP has been live in the Western Cape region, users have already experienced significant benefit from improved operating efficiencies.

During the six month period we started implementing our strategy, which we shared with you in April 2007. Highlights in this area include the opening of our new Longmeadow warehouse which over time will distribute more than 60% of inland store purchases allowing us to enhance our customer offering through improved quality and a better in-stock position.

It will also enable the company to more effectively manage its investment in stock.

During the second half of the financial year we will share with you more exciting developments as we implement further aspects of our strategy.

We are confident that the Group will be able to achieve an acceptable growth in headline earnings for the full 2008 financial year.

For and on behalf of the Board

Raymond Ackerman
Chairman

Nick Badminton
Chief Executive Officer

15 October 2007

PICK 'n PAY STORES LIMITED – Share code: PIK ISIN code: ZAE000005443

These results are also available on our website <http://www.picknpay.co.za>

INCOME STATEMENT

	Unaudited Six months ended		Audited Year to	
	Aug 2007	Aug 2006	Aug 2006	Feb 2007
	Rm	Rm	Rm	Rm
Revenue (note 2)	22 736.6	19 487.0	41 128.1	
Turnover	21 759.4	18 020.7	39 337.1	32 443.2
Cost of merchandise sold	(3 738.7)	(3 187.4)	(6 893.9)	(6 893.9)
Gross profit	19 020.7	14 842.3	32 443.2	25 549.3
Other trading income	955.7	849.9	1 749.4	1 749.4
Trading expenses	(4 126.0)	(3 584.2)	(7 354.9)	(7 354.9)
Loss on sale of property, equipment and vehicles	—	(4.7)	(17.0)	(17.0)
Trading profit	568.4	26.8	448.4	1 271.4
Interest received	21.5	19.8	41.6	41.6
Profit on sale of investments	—	7.8	8.2	8.2
Profit on sale of stores	47.0	—	7.6	7.6
Operating profit	636.9	476.0	1 328.8	1 328.8
Interest paid	(30.3)	(27.1)	(49.3)	(49.3)
Share of associate's profit	—	24.1	26.1	26.1
Impairment of investment in associate (note 4)	(9.1)	—	(64.0)	(64.0)
Impairment of Score goodwill	—	—	(36.3)	(36.3)
Profit before tax	597.5	473.0	1 205.3	1 205.3
Tax (note 5)	(227.5)	(178.3)	(529.7)	(529.7)
Profit for the period	370.0	294.7	675.6	675.6
Trading profit margin	2.6%	2.4%	3.2%	3.2%
Operating profit margin	2.9%	2.6%	3.4%	3.4%
Earnings per share – cents				
Basic	81.92	64.53	148.13	148.13
Diluted	77.25	60.96	139.86	139.86
Interim dividend – No. 79 payable	31.10	15.2	27.00	27.00
Headline earnings reconciliation				
Profit for the period	370.0	294.7	675.6	675.6
Loss on sale of property, equipment and vehicles	—	4.7	17.0	17.0
Profit on sale of investments	—	(7.8)	(8.2)	(8.2)
Profit on sale of stores	(47.0)	—	(7.6)	(7.6)
Impairment of investment in associate (note 4)	9.1	—	64.0	64.0
Impairment of Score goodwill	—	—	(36.3)	(36.3)
Headline earnings	332.1	13.9	291.6	777.1
Reversal of deferred tax asset (note 5)	—	—	46.4	46.4
Headline earnings before deferred tax reversal	332.1	291.6	823.5	823.5
Headline earnings per share – cents				
Headline – before deferred tax reversal	73.52	15.1	63.86	180.55
Headline	73.52	63.86	170.38	170.38
Diluted	69.35	60.32	160.79	160.79

PICK 'n PAY HOLDINGS LIMITED ("PIKWIK")

Share code: PWK ISIN code: ZAE000005724

Pikwik's only asset is its 52.94% (2006: 52.94%) investment in Pick'n Pay Stores Limited. The Pikwik Group earnings are directly related to those of this investment. Headline earnings for the period amount to R175.8 million (2006: R154.4 million).

Headline earnings per share, calculated using the weighted average number of shares in issue during the period of 511.6 million (2006: 507.4 million), is 34.36 cents (2006: 30.43 cents). The total number of shares in issue is 527.2 million (2006: 527.2 million). Pikwik's interim dividend per share is 15.18 cents (2006: 13.17 cents).

DIVIDEND DECLARATIONS

The directors have declared the following cash dividends:

Pick'n Pay Stores Limited (No. 79) 31.10 cents per share
 Pick'n Pay Holdings Limited (No. 52) 15.18 cents per share

For both Companies, the last day of trade in order to participate in the dividend (CUM dividend) will be Friday, 7 December 2007. The shares will trade EX dividend from the commencement of business on Monday, 10 December 2007 and the record date will be Friday, 14 December 2007.

The dividends will be paid on Tuesday, 18 December 2007.

Share certificates may not be dematerialised or rematerialised between Monday, 10 December 2007 and Friday, 14 December 2007, both dates inclusive.

On behalf of the boards of directors

GF Lea – Company Secretary

15 October 2007

BALANCE SHEET

	Unaudited		Audited	
	Aug 2007	Aug 2006	Aug 2006	Feb 2007
	Rm	Rm	Rm	Rm
Assets				
Non-current assets				
Goodwill	735.5	726.0	714.3	714.3
Intangible assets	250.2	140.6	190.3	190.3
Property, equipment and vehicles	2 750.2	2 123.2	2 525.2	2 525.2
Investments	0.2	0.6	0.2	0.2
Investment in associate (note 4)	—	71.1	9.1	9.1
Loans	111.1	83.9	108.8	108.8
Operating lease asset	6.6	5.3	5.9	5.9
Participation in export partnerships	66.7	69.4	67.8	67.8
Deferred tax	125.1	218.7	151.2	151.2
	4 045.6	3 438.8	3 772.8	3 772.8
Current assets				
Inventory	2 638.1	2 156.6	2 367.4	2 367.4
Trade and other receivables	1 084.8	875.3	943.7	943.7
Tax	—	3.6	—	—
Cash and cash equivalents	656.1	540.9	709.1	709.1
	4 379.0	3 576.4	4 020.2	4 020.2
Total assets	8 424.6	7 015.2	7 793.0	7 793.0
Equity and liabilities				
Total equity	677.7	684.5	1 015.4	1 015.4
Non-current liabilities				
Long-term debt (note 6)	680.4	189.1	181.8	181.8
Retirement scheme obligations	102.0	182.8	129.0	129.0
Operating lease liability	603.9	575.4	584.3	584.3
	1 386.3	947.3	895.1	895.1
Current liabilities				
Short-term debt	45.0	48.6	51.6	51.6
Trade and other payables	6 171.3	5 334.8	5 605.4	5 605.4
Tax	144.3	—	225.5	225.5
	6 360.6	5 383.4	5 882.5	5 882.5
Total equity and liabilities	8 424.6	7 015.2	7 793.0	7 793.0
Shares in issue – millions	486.1	486.1	486.1	486.1
Weighted average shares in issue – millions (note 3)	451.8	456.7	456.1	456.1
Net asset value – cents per share (property value based on directors' valuation)	212.9	223.7	283.4	283.4

STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended		Audited Year to	
	Aug 2007	Aug 2006	Aug 2006	Feb 2007
	Rm	Rm	Rm	Rm
Total equity at 1 March	1 015.4	854.9	854.9	854.9
Total recognised income and expense for the period	406.8	420.1	832.9	832.9
Profit for the period	370.0	294.7	675.6	675.6
Gains and losses recognised directly in equity:				
Revaluation of investments	—	(7.8)	(8.2)	(8.2)
Foreign currency translation	36.8	133.2	165.5	165.5
Dividends paid	(477.4)	(403.9)	(523.8)	(523.8)
Share repurchases	(300.0)	(221.1)	(221.2)	(221.2)
Take-up of share options by employees	12.6	20.2	43.4	43.4
Share options expense	20.3	14.3	29.2	29.2
Total equity at 31 August/28 February	677.7	684.5	1 015.4	1 015.4

NOTES TO THE FINANCIAL INFORMATION

- The Group's interim condensed consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies and methods of computation applied in the preparation of these financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 28 February 2007.
- Revenue comprises turnover, other trading income and interest received.
- The weighted average number of shares is lower than that in issue due to the treasury shares held by the Group being treated as cancelled for this calculation.
- An impairment review has been performed on the value of the investment in TM Supermarkets and due to the worsening economic conditions in Zimbabwe we have written down the investment by R9.1 million to a carrying value of nil.
- The February 2007 tax charge included a reversal of a deferred tax asset of R46.4 million relating to Score Supermarkets. As disclosed last year, we consider a headline earnings calculation excluding this charge to more fully reflect the Group's result for that year.
- During the period the Group raised a fixed interest 5-year term bank loan of R500 million to fund capital expenditure.
- Trading profit in Australia includes a R47.0 million profit on the sale of 2 stores to a franchisee, as part of our strategic franchise roll-out.



Directors of Pick'n Pay Stores Limited: Executive: RD Ackerman* (Chairman), D Robins** (Deputy Chairman), NP Badminton (CEO), W Ackerman†, DG Cope
 *Also directors of Pick'n Pay Holdings Limited **German †Independent

Non-executive: GM Ackerman*, RP de Wet†, HS Herman*†, C Nkositi, DM Nurek†, BJ van der Ross†, J van Rooyent

BASTION GRAPHICS