



UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2008

Salient features of the result – continuing operations

We are pleased with this result considering the current economic climate and the tightening of consumer spending as a result of high food and fuel inflation and high interest rates.

The results of Score Supermarkets have been disclosed as discontinued as we are closing down its operations. The majority of its property leases will be sub-let for operation as Pick n Play Family Franchisees. This is an exciting BEE opportunity for the Group, both expanding the Pick n Play brand into new markets, and promoting black entrepreneurs. We consider the results of the continuing operations to be a more accurate indicator of the performance of the Group.

Turnover

Group turnover at R23.7 billion is 16.4% above last year. This growth comprises 15.2% in the Southern African business segment and 24.9% in Australia. The Franklins increase in Australian dollars is 2.2%.

Trading profit

Trading profit increased by 16.7% with trading profit margin remaining at 2.9%.

Diluted headline earnings per share and headline earnings per share ("HEPS")

Diluted HEPS at 89.76 cents increased by 21.5% over last year. However, due to the dilutive effect of issuing 20 million new ordinary shares on the conversion of the convertible debentures on 31 December 2007, HEPS at 90.31 cents increased by 15.2%.

Dividends per share

We are declaring an interim dividend per share of 35.75 cents for Pick n Play Stores Limited and 17.45 cents for Pick n Play Holdings Limited. In both instances this is an increase of 15.0% over last year.

Operational overview

The critical factors that are driving the performance of the Group are as follows:

- Franklins Australia** – Franklins had a very good trading period realising an operating profit before interest and capital profits of R1.5 million versus a loss for the same period last year of R40.3 million. This significant turnaround over last year is due to increased operating efficiencies, high double digit turnover growth from refurbished stores and the success of the customer loyalty programme.

During the period under review we converted one corporate store to Franchise, bringing the total number of Franchise stores to seven. Three new corporate stores will be opened in the remainder of the financial year.

Managing Director Aubrey Zelinsky and his team are to be congratulated for this very positive performance in a difficult and competitive environment.

- Boxer Superstores** – Boxer continues to perform exceptionally well with very strong growth in both turnover and operating profit. This was Boxer's first result under the leadership of Director Eugene Stoop, who is having a very positive effect on the business.

Pick n Play

- Hypermarkets** – Hypers had a strong trading period showing good growth in both turnover and profit contribution. Turnovers were particularly strong in the new format and refurbished Hypers. In addition to the new Hypermarket opened in Woodmead, we will open another new Hypermarket on the Durban South Coast in the next six months.

- Supermarkets** – Supermarkets performed well with particularly strong growth achieved in our Family franchise stores. We opened 6 new Family and 5 new Corporate stores in the current six months. In the next 6 months, a further 5 new Family and 5 new Corporate stores will be opened. In addition 4 more Corporate stores will be converted to Family stores and another 11 Score conversions completed.

- Pick n Play strategy** – We continued the investment in the implementation of our strategy, including:

- SAP** – We are starting to reap the benefits of prompt and more accurate information and improved control in the regions where SAP is fully operational and will complete the installation in the inland Pick n Play regions over the next 18 months.

- Longmeadow distribution centre** – The first phase of transferring our distribution capabilities to Longmeadow is now complete. We are stabilising the operation and the next phase of expanding central distribution capabilities will commence in 2009. It is currently being primarily used for tactical buy-ins of merchandise to combat the effects of inflation.

- Fresh foods** – We continue to focus on fresh foods and are pleased with the customer acceptance of the convenience food range.

- House brands** – We launched the rebranded PnP house brands ("PnP no name" and "PnP") recently. Early indications are that they have received a very favourable response from customers.

- Small store formats** – We have just opened our first trial Pick n Play Daily supermarket. This format is targeted at those customers who shop frequently with smaller basket sizes. It contains a merchandise range of approximately

6 500 lines giving customers a good product range in a convenience store format. In November/December 2008 we will also be opening two trial Pick n Play Express stores, in partnership with BP. This will offer true convenience shopping for customers on a forecourt. We are excited about the potential of these small store formats.

- New world-class stores** – We opened another new format Hyper at Woodmead and reopened our flagship Supermarket in Claremont, Cape Town. These stores have already received high acclaim, with Claremont being our most successful Supermarket opening in over a decade, and we expect the same consumer acceptance when we reopen Benmore, in Johannesburg, at the end of October 2008.

- Score** – Implementation of the conversion process is now in full swing and on track with 23 stores converted to Pick n Play Family stores to date. These stores will be operated by black franchisees. A further nine stores have been transferred to Boxer, six leases ceded outside the Group and nine permanently closed.

- Sustainability** – We are changing the way we operate by introducing more environmentally responsible policies. These include installing video conferencing facilities in all regional centres to dramatically reduce air travel and increasing recycling and power saving initiatives. We will also be embarking on an initiative to encourage our customers to significantly reduce the use of plastic bags.

- New stores** – We continue to expand our footprint with the opening of 11 new stores across all brands in the first six months and 21 in the second half of the year.

General comments and prospects

We are pleased with this result, given trading conditions. The current turmoil in world markets is of concern, with further tightening of economic conditions. Despite this challenge, all our strategic investments will position us very well for the future.

We remain confident that the group will achieve a good growth in headline earnings per share, from continuing operations, for the full financial year.

For and on behalf of the Board

Raymond Ackerman
Chairman

Nick Badminton
Chief Executive Officer

20 October 2008

PICK n PAY STORES LIMITED – Share code: PIK ISIN code: ZAE00005443

INCOME STATEMENT	Unaudited Six months ended		Audited Year to	
	Aug 2008	Growth %	Aug 2007*	Feb 2008*
	Rm		Rm	Rm
Continuing operations				
Revenue (note 2)	24 804.9		21 278.8	44 516.1
Turnover	23 651.9	16.4	20 322.6	42 474.3
Cost of merchandise sold (note 4)	(19 811.2)		(16 980.6)	(35 383.3)
Gross profit	3 840.7		3 342.0	7 091.0
Other trading income	1 121.2		936.5	1 996.8
Trading expenses (note 4)	(4 264.7)		(3 686.4)	(7 561.8)
Loss on sale of property, equipment and vehicles	(6.4)			(4.4)
Trading profit	690.8	16.7	592.1	1 521.6
Interest received	31.8		19.7	45.0
Interest paid	(55.2)		(30.3)	(79.2)
Profit on sale of stores	15.1		47.0	47.0
Operating profit	682.5		628.5	1 534.4
Impairment of investment in associate	—		(9.1)	(9.1)
Profit before tax	682.5		619.4	1 525.3
Tax	(248.0)		(227.5)	(557.6)
Profit for the period from continuing operations	434.5		391.9	967.7
Loss from discontinued operation (note 7)	(48.7)		(21.9)	(30.9)
Profit for the period	385.8		370.0	936.8
Trading profit margin – continuing operations	2.9%		2.9%	3.6%
Earnings per share – cents				
Basic	81.83		81.92	206.19
Continuing operations	92.16		86.77	212.99
Discontinued operation	(10.33)		(4.85)	(6.80)
Diluted	81.33		77.25	196.47
Continuing operations	91.59		81.82	202.95
Discontinued operation	(10.26)		(4.57)	(6.48)
Interim dividend – No. 81 payable	35.75	15.0	31.10	
Headline earnings reconciliation				
Profit for the period	385.8		370.0	936.8
Loss on sale of property, equipment and vehicles	11.3		—	4.4
Profit on sale of stores	(15.1)		(47.0)	(47.0)
Impairment of investment in associate	—		9.1	9.1
Headline earnings	382.0		332.1	903.3
Continuing operations	425.8	20.3	354.0	934.2
Discontinued operation	(43.8)		(21.9)	(30.9)
Headline earnings per share – cents				
Headline	81.03		73.52	198.82
Continuing operations	90.31	15.2	78.37	205.62
Discontinued operation	(9.28)		(4.85)	(6.80)
Diluted	80.53		69.35	189.45
Continuing operations	89.76	21.5	73.90	195.92
Discontinued operation	(9.23)		(4.55)	(6.47)

*Restated – refer notes 4 and 7.

BALANCE SHEET	Unaudited		Audited	
	Aug 2008	Aug 2007	Feb 2008*	
	Rm	Rm	Rm	Rm
Assets				
Non-current assets				
Goodwill	815.8	735.5	857.5	
Intangible assets (note 5)	308.9	250.2	298.4	
Property, equipment and vehicles (note 5)	2 685.4	2 750.2	2 802.5	
Investments	0.2	0.2	0.2	
Loans	124.5	111.1	120.7	
Operating lease asset	12.5	6.6	10.9	
Participation in export partnerships	60.2	66.7	61.5	
Deferred tax	135.9	125.1	143.6	
	4 143.4	4 045.6	4 295.3	
Current assets				
Inventory	3 086.5	2 638.1	3 101.4	
Trade and other receivables	1 473.2	1 084.8	1 243.9	
Cash and cash equivalents	1 176.1	656.1	663.2	
Assets held for sale – discontinued operation (note 5)	98.7	—	—	
	5 834.5	4 379.0	5 008.5	
Total assets	9 977.9	8 424.6	9 303.8	
Equity and liabilities				
Total equity	1 247.8	677.7	1 433.7	
Non-current liabilities				
Long-term debt	683.2	680.4	681.3	
Retirement scheme obligations	29.0	102.0	49.0	
Operating lease liability	640.3	603.9	626.9	
	1 352.5	1 386.3	1 357.2	
Current liabilities				
Short-term debt	39.4	45.0	36.4	
Trade and other payables	7 104.1	6 171.3	6 209.2	
Tax	234.1	144.3	267.3	
	7 377.6	6 360.6	6 512.9	
Total equity and liabilities	9 977.9	8 424.6	9 303.8	
Shares in issue – millions	506.1	486.1	506.1	
Weighted average shares in issue – millions (note 3)	471.5	451.8	454.4	
Net asset value – cents per share (property value based on directors' valuation)	338.2	212.9	374.7	

*Restated – refer note 5.

CASH FLOW STATEMENT	Unaudited		Audited	
	Aug 2008	Aug 2007*	Feb 2008*	Feb 2008*
	Rm	Rm	Rm	Rm
Cash flows from operating activities				
Trading profit	640.3	568.4	1 486.8	
Continuing operations	690.8	592.1	1 521.6	
Discontinued operation	(50.5)	(23.7)	(34.8)	
Loss on sale of property, equipment and vehicles	11.3	—	4.4	
Depreciation and amortisation	309.2	246.4	548.2	
Share options expense	27.3	20.3	37.6	
Net operating lease obligations	11.8	19.0	45.2	
Cash generated before movements in working capital	999.9	854.1	2 122.2	
Movements in working capital:	668.9	125.0	(526.5)	
Increase in trade and other payables	881.8	534.4	501.4	
Decrease/(increase) in inventory	14.9	(270.6)	(734.0)	
Increase in trade and other receivables	(227.8)	(138.8)	(293.9)	
Cash generated by trading activities	1 668.8	979.1	1 595.7	
Interest received	33.6	21.5	48.9	
Continuing operations	31.8	19.7	45.0	
Discontinued operation	1.8	1.8	3.9	
Interest paid	(55.2)	(30.3)	(79.2)	
Cash generated by operations	1 647.2	970.3	1 565.4	
Dividends paid	(550.9)	(477.4)	(614.9)	
Tax paid	(273.6)	(282.5)	(504.7)	
Net cash from operating activities	822.7	210.4	445.8	
Cash flows from investing activities				
Property, equipment and vehicle additions	(358.8)	(453.8)	(698.2)	
Intangible asset additions	(40.4)	(69.3)	(163.0)	
Proceeds on sale of assets	76.0	50.6	50.6	
Loans advanced	(3.8)	(2.3)	(11.9)	
Net cash used in investing activities	(327.0)	(474.8)	(822.5)	
Cash flows from financing activities				
Debt raised	5.0	491.9	484.2	
Issue of shares	—	—	79.9	
Share repurchases	—	(300.0)	(299.6)	
Proceeds from employees on settlement of share options	19.1	12.6	45.8	
Net cash from financing activities	24.1	204.5	310.3	
Net increase/(decrease) in cash and cash equivalents	519.8	(59.9)	(66.4)	
Cash and cash equivalents at 1 March	663.2	709.1	709.1	
Exchange rate effect on cash and cash equivalents	(6.9)	6.9	20.5	
Cash and cash equivalents at 31 August/29 February	1 176.1	656.1	663.2	

*Restated – refer note 7.

Pick n Play Holdings Limited ("PIKWIK")
Share code: PIKW ISIN code: ZAE00005724
Pikwik's only asset is its 54.48% (2007: 57.40%) effective holding in Pick n Play Stores Limited (excluding treasury shares). The Pikwik Group earnings are directly related to those of this investment. Headline earnings for the period amount to R208.5 million (2007: R188.6 million).
Headline earnings per share and diluted headline earnings per share from continuing operations is 45.17 cents (2007: 39.30 cents) and 44.40 cents (2007: 36.69 cents), respectively. Group headline earnings per share and Group diluted headline earnings per share is 40.52 cents (2007: 36.86 cents) and 39.81 cents (2007: 34.29 cents), respectively. The total number of shares in issue is 527.2 million (2007: 527.2 million) and the weighted average number of shares in issue during the period is 514.6 million (2007: 511.6 million). Pikwik's interim dividend per share is 17.45 cents (2007: 15.18 cents), an increase of 15.0%.

Dividend declarations
The directors have declared the following cash dividends:
Pick n Play Stores Limited (No. 81) 35.75 cents per share
Pick n Play Holdings Limited (No. 54) 17.45 cents per share
For both Companies, the last day of trade in order to participate in the dividend (CUM dividend) will be Friday, 5 December 2008. The shares will trade EX dividend from the commencement of business on Monday, 8 December 2008 and the record date will be Friday, 12 December 2008.
The dividends will be paid on Monday, 15 December 2008.
Share certificates may not be dematerialised or rematerialised between Monday, 8 December 2008 and Friday, 12 December 2008, both dates inclusive.
On behalf of the Boards of Directors
GF Lea – Company Secretary 20 October 2008

Notes to the financial information
1. 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 in accordance with IFRS and are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 29 February 2008.
2. Revenue comprises turnover, other trading income and interest received.
3. 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.
4. Transport costs have been reclassified from trading expenses to cost of sales. Comparative figures have been restated accordingly.
5. At February 2008 computer hardware assets with a cost of R31.4 million were incorrectly included as part of intangible assets. This amount has been reallocated to property, plant and equipment and the February 2008 comparative numbers have been restated accordingly. Also note that in the current period Score assets with a net book value of R98.7 million have been reclassified as held for sale.
6. Operating profit before interest in Australia includes a net R8.7 million (2007: R47.0 million) profit on sale of assets, as a result of the strategic franchise roll-out.
7. The Group has committed to the closure of its subsidiary, Score Supermarkets Operating Limited. The Score stores will be closed and the property, equipment and vehicles sold. The majority of the stores will be sub-let to black franchisees and will be converted into Pick n Play Family Franchise stores. Although this means a discontinuation of the Score brand, it is an exciting opportunity for the Group to expand the Pick n Play brand into new markets, as well as being able to create franchise opportunities for black entrepreneurs. The closure of the Score operation will be complete by 28 February 2010.

STATEMENT OF CHANGES IN EQUITY	Unaudited		Audited	
	Aug 2008	Aug 2007	Feb 2008	Feb 2008
	Rm	Rm	Rm	Rm
Total equity at 1 March	1 433.7	1 015.4	1 015.4	