Pick n Pay

REVIEWED CONDENSED CONSOLIDATED RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2008

↑15.4% Turnover	↑16.9% Trading profit	↑10.1% Headline earnings per share	↑11.1% Total dividend per share

Group overview
This result must be viewed in the context of the significant investment we are making in the implementation of our strategy. The Pick n Pay brand relaunch, the development of the new convenience food range, the continued implementation of SAP and the opening of our new distribution facility at Longmeadow in Gauteng have had a material cost impact on this result. We remain very confident that this investment will reap substantial financial benefits in the future.

Turnover
Group turnover at R45.4 billion shows strong growth of 15.4% above last year. This growth comprises 15.2% in the Southern African business segment and 16.4% in Australia. The Franklins increase in Australian dollars is 1.7%, despite the sale of 2 stores.

Trading profit
The trading profit increased by 16.9% with trading profit margin increasing from 3.2% last year to 3.3% in the year.

Headline earnings per share
Headline earnings per share at 198.82 cents is 10.1% above last year, before last year's write-off of Score's deferred tax asset. Inclusive of this write-off in the prior year, headline earnings per share shows an increase of 16.7%.

Dividends per share
We have increased the final dividend to 118.00 cents per share for Pick n Pay Stores Limited and to 57.65 cents per share for Pick n Pay Holdings Limited, both a 10.0% increase over last year. The total dividend payable by both companies is up 11.1% on last year.

Food price increases
We are very aware of the inflationary pressure on basic foods and are doing everything we can to minimise its impact on customers.

Pick n Pay Retail Division
Overall the core retail business performed well, in a year that was exceptionally busy with the relaunch of our brand and the introduction of a brand new convenience food range, both of which received good customer response. Another highlight of the division was the opening of our Longmeadow Distribution Centre in Gauteng, which will give us greater operating efficiencies and flexibility.

Supermarkets – We opened 7 new corporate stores during the year and converted 6 corporate stores to Family Franchise stores. In the year ahead we plan to open a further 6 new corporate supermarkets and look forward to the reopening of new flagship stores in Claremont – Cape Town and Benmore, Johannesburg.

Family Franchise – We continue to expand this successful format opening a further 20 new stores during the year including 6 conversions from corporate stores and 7 Score conversions. Next year is exceptionally exciting as we plan to open a further 50 new Family stores, including 3 corporate conversions and 29 Score conversions.

Hypermarkets – During the year we opened the Greenstone Mall Hypermarket in Edenvale and our first Pick n Pay store (a Hyper) in Soweto, as well as opening the new revamped Norwood Hypermarket, all of which are trading well. These new generation Hypers are all outperforming at sales level and are proving popular with a broad spectrum of customers. However, the cost pressures of opening these stores, along with other refurbished new format stores, did lead to a profit contribution for the year below expectations. We expect a much better performance next year.

Liquor and Clothing stores – During the year, the division opened 18 new Liquor stores and 7 new Clothing stores. In the year ahead we will further expand these formats with 20 more Liquor and 2 Clothing stores.

Group Enterprises
Score
The operating performance of Score was in line with last year. The conversion of Score stores to the Pick n Pay Family model is an extremely exciting development for the Group, as we are able to expand the Pick n Pay brand into this market as well as create a franchise opportunity for historically disadvantaged entrepreneurs. To date we have converted 7 stores, all of which are trading well, and by the end of the 2009 financial year we expect to have 36 converted stores.

Boxer
Boxer had another excellent trading year including opening 5 additional stores. Next year a further 14 are to be opened, including 9 Score conversions.

TM
TM continues to trade under exceptionally difficult economic conditions with the procurement of stock being their biggest challenge. We continue to support our colleagues and hope for economic and social stability in the near future. In the current year we have impaired our remaining investment in TM of R9.1 million.

Franklins Australia
Turnover for the year at AUD820.8 million showed an increase of 1.7% over last year. This is despite the fact that we sold 2 stores to a franchisee early in the year. Due to the weakening of the SA rand relative to the Australian dollar, turnover for the period at nearly R5.0 billion showed an increase of 16.4%.
Franklins produced an operating profit before interest of AUD2.3 million for the year which included a profit on the sale of 2 corporate stores to a franchisee of AUD7.9 million as part of our planned strategic franchise roll-out. We are exceptionally pleased with this result as it is underpinned by an operating profit before interest of AUD1.2 million in the second half of the financial year. We are confident that this is the turning point for the operation.
The decision to invest a further AUD50.0 million (AUD20.0 million already remitted) to fund the refurbishment of 30 Franklins stores will have a significant impact on sales growth over the next few years.
The significant changes made in the Franklins business in the last three years, together with the continued roll out of our franchise business, the refurbishment of key stores and the opening of 3 new stores next year provide a strong platform for earnings growth.

General comments and prospects
The conversion of our accounting systems to SAP throughout the Group is ongoing with the conversion of the Western Cape, Eastern Cape and KwaZulu-Natal regions, together with the corporate accounting office, now complete. The remainder of the Pick n Pay Retail divisions are due for conversion over the next 18 months.
As we continue to implement our strategy, as set out in various financial reports presented during the year, our main focus areas for the coming year include the continued conversions of Score stores to Pick n Pay Family stores, enhancements to the efficiency and throughput of our new distribution centre at Longmeadow, improvements to our organisation, and further enhancements to our Fresh food offer.
We are confident that the Group will achieve an acceptable growth in headline earnings for the 2009 financial year, and with significant investment taking place, strong growth for the years thereafter.
Effective 30 April 2008 and after many years of dedicated service René de Wet and David Nurek have decided to retire as directors of the Pick n Pay Stores Limited Board. We thank both René and David for their valuable contribution and service over the years. René will continue to serve on the Board of Pick n Pay Holdings Limited.

For and on behalf of the Boards

Raymond Ackerman
Chairman

Nick Badminton
Chief Executive Officer

21 April 2008

PICK N PAY STORES LIMITED – Share code: PIK ISIN code: ZAE000005443

Income statement

	Reviewed Year to Feb 2008 Rm	Growth %	Audited Year to Feb 2007 Rm
Revenue (note 2)	**47 466.5**		41 128.1
Turnover	**45 380.7**	**15.4**	39 337.1
Cost of merchandise sold	**(37 411.0)**		(32 443.2)
Gross profit	**7 969.7**		6 893.9
Other trading income	**2 036.9**		1 749.4
Trading expenses	**(8 515.4)**		(7 354.9)
Loss on sale of property, equipment and vehicles	**(4.4)**		(17.0)
Trading profit	**1 486.8**	**16.9**	1 271.4
Interest received	**48.9**		41.6
Interest paid	**(79.2)**		(49.3)
Profit on sale of stores	**47.0**		7.6
Operating profit	**1 503.5**		1 271.3
Share of associate's profit	**—**		26.1
Impairment of investment in associate (note 4)	**(9.1)**		(64.0)
Impairment of Score goodwill	**—**		(36.3)
Profit on sale of investments	**—**		8.2
Profit before tax	**1 494.4**		1 205.3
Tax (note 5)	**(557.6)**		(529.7)
Profit for the year	**936.8**		675.6
Trading profit margin	**3.3%**		3.2%
Earnings per share – cents			
Basic	**206.19**		148.13
Diluted	**196.47**		139.86
Interim dividend – No. 79 paid	**31.10**		27.00
Final dividend – No. 80 payable	**118.00**	**10.0**	107.25
Total dividend	**149.10**	**11.1**	134.25
Headline earnings reconciliation			
Profit for the year	**936.8**		675.6
Loss on sale of property, equipment and vehicles	**4.4**		17.0
Profit on sale of stores	**(47.0)**		(7.6)
Impairment of investment in associate (note 4)	**9.1**		64.0
Impairment of Score goodwill	**—**		36.3
Profit on sale of investments	**—**		(8.2)
Headline earnings	**903.3**	**16.2**	777.1
Reversal of deferred tax asset (note 5)	**—**		46.4
Headline earnings before deferred tax reversal	**903.3**	**9.7**	823.5
Headline earnings per share – cents			
Headline	**198.82**	**16.7**	170.38
Headline – before deferred tax reversal	**198.82**	**10.1**	180.55
Diluted	**189.45**		160.79

Pick n Pay Holdings Limited ("PIKWIK")
Share code: PWK ISIN code: ZAE000005724

Pikwik's only asset is its 50.85% (2007: 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 year amount to R459.3 million (2007: R436.0 million before the deferred tax reversal).
Headline earnings per share, calculated using the weighted average number of shares in issue during the year of 512.6 million (2007: 508.7 million), is 89.60 cents (2007: 85.70 cents before the deferred tax reversal). The total number of shares in issue is 527.2 million (2007: 527.2 million). Pikwik's final dividend per share is 57.65 cents (2007: 52.35 cents). Pikwik's total dividend for the year is 72.83 cents per share, an increase of 11.1%.

Dividend declarations
The directors have declared the following cash dividends:
Pick n Pay Stores Limited (No. 80) **118.00 cents per share**
Pick n Pay Holdings Limited (No. 53) **57.65 cents per share**
For both companies, the last day of trade in order to participate in the dividend (CUM dividend) will be Friday, 6 June 2008. The shares will trade EX dividend from the commencement of business on Monday, 9 June 2008 and the record date will be Friday, 13 June 2008.
The dividends will be paid on Tuesday, 17 June 2008.
Share certificates may not be dematerialised or rematerialised between Monday, 9 June 2008 and Friday, 13 June 2008, both dates inclusive.
On behalf of the boards of directors
GF Lea – *Company Secretary*
21 April 2008

Balance sheet

	Reviewed Feb 2008 Rm	Audited Feb 2007 Rm
Assets		
Non-current assets		
Goodwill	**857.5**	714.3
Intangible assets	**329.8**	190.3
Property, equipment and vehicles	**2 771.1**	2 525.2
Investments	**0.2**	0.2
Investment in associate (note 4)	**—**	9.1
Loans	**120.7**	108.8
Operating lease asset	**10.9**	5.9
Participation in export partnerships	**61.5**	67.8
Deferred tax	**143.6**	151.2
	4 295.3	3 772.8
Current assets		
Inventory	**3 101.4**	2 367.4
Trade and other receivables	**1 243.9**	943.7
Cash and cash equivalents	**663.2**	709.1
	5 008.5	4 020.2
Total assets	**9 303.8**	7 793.0
Equity and liabilities		
Total equity	**1 433.7**	1 015.4
Non-current liabilities		
Long-term debt (note 6)	**681.3**	181.8
Retirement scheme obligations	**49.0**	129.0
Operating lease liability	**626.9**	584.3
	1 357.2	895.1
Current liabilities		
Short-term debt	**36.4**	51.6
Trade and other payables	**6 209.2**	5 605.4
Tax	**267.3**	225.5
	6 512.9	5 882.5
Total equity and liabilities	**9 303.8**	7 793.0
Shares in issue – millions	**506.1**	486.1
Weighted average shares in issue – millions (note 3)	**454.4**	456.1
Net asset value – cents per share (property value based on directors' valuation)	**373.6**	283.4

Statement of changes in equity

	Reviewed Year to Feb 2008 Rm	Audited Year to Feb 2007 Rm
Total equity at 1 March	**1 015.4**	854.9
Total recognised income and expense for the year	**1 161.9**	832.9
Profit for the year	**936.8**	675.6
Gains and losses recognised directly in equity:		
Revaluation of investments	**—**	(8.2)
Foreign currency translation	**225.1**	165.5
Dividends paid	**(614.9)**	(523.8)
Issue of share capital	**79.9**	—
Share repurchases	**(299.6)**	(221.2)
Proceeds from employees on settlement of share options	**45.8**	43.4
Share options expense	**45.2**	29.2
Total equity at 29 February	**1 433.7**	1 015.4

Cash flow statement

	Reviewed Year to Feb 2008 Rm	Audited Year to Feb 2007 Rm
Cash flows from operating activities		
Trading profit	**1 486.8**	1 271.4
Loss on sale of property, equipment and vehicles	**4.4**	17.0
Depreciation and amortisation	**548.2**	426.4
Share options expense	**45.2**	29.2
Net operating lease obligations	**37.6**	28.8
Increase in trade and other payables	**501.3**	868.1
Increase in inventory	**(733.9)**	(383.2)
Increase in trade and other receivables	**(293.9)**	(189.1)
Cash generated by trading activities	**1 595.7**	2 068.6
Interest received	**48.9**	41.6
Interest paid	**(79.2)**	(49.3)
Cash generated by operations	**1 565.4**	2 060.9
Dividends paid	**(614.9)**	(523.8)
Tax paid	**(504.7)**	(449.9)
Net cash from operating activities	**445.8**	1 087.2
Cash flows from investing activities		
Property, equipment and vehicle additions	**(698.2)**	(1 047.0)
Intangible asset additions	**(163.0)**	(79.8)
Acquisition of stores	**—**	(2.2)
Proceeds on sale of stores	**50.6**	29.2
Proceeds on sale of investments	**—**	9.1
Loans advanced	**(11.9)**	(12.1)
Net cash used in investing activities	**(822.5)**	(1 102.8)
Cash flows from financing activities		
Debt raised/(repaid) (note 6)	**484.2**	(38.9)
Issue of shares (note 8)	**79.9**	—
Share repurchases	**(299.6)**	(221.2)
Proceeds from employees on settlement of share options	**45.8**	43.4
Net cash used in financing activities	**310.3**	(216.7)
Net decrease in cash and cash equivalents	**(66.4)**	(232.3)
Cash and cash equivalents at 1 March	**709.1**	944.6
Exchange rate effect on cash and cash equivalents	**20.5**	(3.2)
Cash and cash equivalents at 29 February	**663.2**	709.1

Segmental report

	Southern Africa		Australia		Total	
	Reviewed Feb 2008 Rm	Audited Feb 2007 Rm	Reviewed Feb 2008 Rm	Audited Feb 2007 Rm	Reviewed Feb 2008 Rm	Audited Feb 2007 Rm
Segment revenue	**42 110.8**	36 527.2	**5 355.7**	4 600.9	**47 466.5**	41 128.1
Turnover	**40 413.3**	35 067.9	**4 967.4**	4 269.2	**45 380.7**	39 337.1
– Australian dollars			**820.8**	807.2		
Segment result						
Operating profit/(loss) before interest (note 7)	**1 519.7**	1 325.4	**14.1**	(46.4)	**1 533.8**	1 279.0
– Australian dollars (note 7)			**2.3**	(8.8)		
Included in segment result:						
Depreciation and amortisation	**(471.1)**	(365.5)	**(77.1)**	(60.9)	**(548.2)**	(426.4)
Share options expense	**(45.2)**	(29.2)	**—**	—	**(45.2)**	(29.2)
Net accrual for future lease expenditure	**(37.6)**	(28.8)	**—**	—	**(37.6)**	(28.8)
Goodwill, included in total assets	**137.1**	137.1	**720.4**	577.2	**857.5**	714.3
Total assets, net of deferred tax	**7 285.8**	6 310.8	**1 874.4**	1 331.0	**9 160.2**	7 641.8
Total liabilities, net of tax	**6 867.7**	6 010.4	**735.1**	541.7	**7 602.8**	6 552.1
Capital expenditure	**778.8**	1 073.4	**82.4**	55.6	**861.2**	1 129.0

Notes to the financial information
1. KPMG Inc, the Group's independent auditor has reviewed the condensed consolidated results contained in this preliminary report, and has expressed an unmodified conclusion on the preliminary financial statements. Their review report is available for inspection at the Company's registered office. These preliminary financial statements have been prepared in accordance with the recognition and measurement requirements of IFRS and the disclosure requirements of IAS 34. Accounting policies are consistent with those of prior years.
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. 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.
5. 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 fairly reflect the Group's result for that year.
6. During the year the Group raised a fixed interest five-year term bank loan of R500 million to fund property developments.
7. Operating profit in Australia includes a R47.0 million (AUD7.9 million) profit on the sale of 2 stores to a franchisee, as part of our strategic franchise roll-out.
8. Effective 31 December 2007 the Company issued 20 million new ordinary shares pursuant to the redemption of unsecured compulsory convertible debentures.

Pick n Pay Supermarket Pick n Pay HYPER SCORE SUPERMARKETS BOXER SUPERSTORES Franklins® TM

Directors of Pick n Pay Stores Limited
Executive: RD Ackerman* (Chairman), D Robins** (Deputy Chairman), NP Badminton (CEO), W Ackerman*, DG Cope
Non-executive: GM Ackerman*, RP de Wet* (I), HS Herman* (I), C Nkosi (I), DM Nurek (I), BJ van der Ross (I), J van Rooyen (I)
**Also directors of Pick n Pay Holdings Limited* ***German (I) Independent*

These results are also available on our website www.picknpay.co.za

Bastion Graphics