PICK 'n PAY ANNUAL REPORT 2003

our recipe for success...

freshness quality service

Pick 'n Pay

Annual report 2003

Overview I am proud to present this year's results, especially because they strongly illustrate both a very solid performance and strong growth. That a large and established business such as ours is able to grow consistently in excess of 15% a year is a credit to Sean Summers and his management team for their leadership and continued performance.

This year, every region, division and subsidiary substantively performed, delivering a result that particularly underpinned two of our most important strategic initiatives. The first of these initiatives was set against a background of spiralling food prices during the year under review, particularly in the early part of the financial year. We committed some R50 million during the year to subsidise the price of basic foodstuffs, resulting in a decreased margin but a very positive increase in turnover. The second strategic imperative is our Franklins operation in Australia, which performed well during the year.

Corporate governance/ sustainability The past 24 months in global business have been characterised by some spectacular and in some cases, unexpected failures. Large businesses have collapsed. Even within our industry, we have witnessed the fall of Dutch group Ahold, the third largest global food retailer. As with many, if not most, of the other business collapses, Ahold was the product of a failure of good governance.

"When a business is value driven, it will only ever act in the best interests of its customers, employees, shareholders and suppliers."

Raymond Ackerman
Chairman

Chairman's report continued

Since inception, we have been and continue to be a value driven business. Well before the current emphasis on Corporate Governance found favour in the business world, Pick 'n Pay was focused on ensuring that all activities, decisions and plans were based on the values and principles on which the business was built. As with the food subsidies this year, our everyday efforts remain focused on our customers, our employees, our suppliers, our shareholders and the society we serve. This is not and never has been

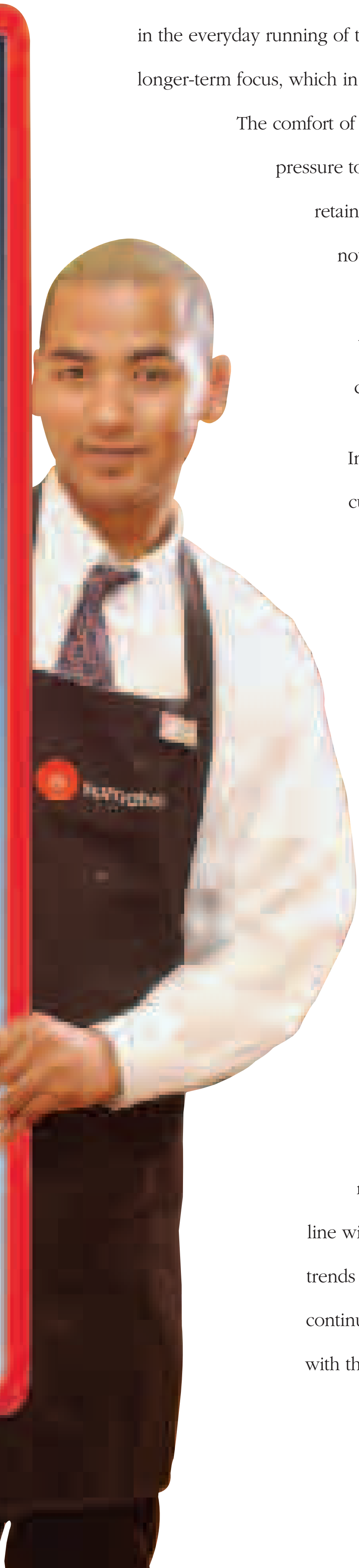
"The restructuring of Pick 'n Pay continued this financial year with the appointment of David Robins as hands-on Deputy Chairman."

only an issue of good business practice. Quite simply, it is the right thing to do.

When a business is value driven, it will only ever act in the best interests of its customers, employees, shareholders and suppliers. It will govern itself in a manner that conforms to the expectations of its constituents. This, in essence, is the role of Corporate Governance. There is no question of our support for the notion that corporations should account for the manner in which they behave.

Our focus on the business as family controlled and run has been vindicated throughout the years. Shareholders will know that I have repeatedly stated why I believe this is the best possible way to sustain a business. Uppermost amongst these virtues is the focus on values and principles

Pick 'n Pay



in the everyday running of the business, together with a longer-term focus, which in turn allows for good planning. The comfort of being able to withstand the pressure to perform financially while retaining the essence of solid values is not the exclusive preserve of family run businesses, but it does tend to represent a defining characteristic of them.

In measuring our compliance with current Corporate Governance requirements, we have benchmarked ourselves against our own South African King II recommendations. We will during the course of this year, review international governance standards in an effort to be even more globally compliant.

The process of restructuring Pick 'n Pay in line with local and international trends began in 1995. This continued during this financial year with the appointment of David Robins as hands-on Deputy Chairman of Pick 'n Pay. David not only assists me in my day-to-day work, but has retained responsibility for Pick 'n Pay's African operations through his directorship of Pick 'n Pay Group Enterprises. Since his appointment, David has proved invaluable as my understudy and I am grateful to him for his support and commitment.

At the same time as David's appointment, I passed on the chairmanship of Pikwik to Gareth Ackerman. Pikwik is the company through which the Ackerman family holds its controlling interest in Pick 'n Pay Stores Limited. Gareth too has proved to be a significant asset to Pikwik.

Except for family members the Pick 'n Pay Stores board has only two executive directors, Sean Summers (CEO) and Dennis Cope (Finance Director) with the balance being non-executive. Non-executive directors constitute the majority on the Board, as recommended by King.

In the months ahead, we will present our first sustainability report that is designed to give our various constituencies (customers, employees, shareholders, suppliers, and the communities we serve) a sense of our integration into society in a manner that is consistent with both the company's and society's long-term sustainability. The report is a further measure of how our business is being "governed" and specifically, how it is discharging its social responsibilities. Social responsibility or investment has always been one of the four cornerstones of our business and we trust that this report will leave you with both comfort and a good appreciation for what we do.

Black economic empowerment

Promoting our employees based on their performance and regardless of their demographic group is always practiced and is entirely consistent with our values system. While this often resulted in derisory and even aggressive reactions from the government of the day, we continued to do things our way, including securing home ownership for our black employees when the law prohibited it. What this has meant is that empowerment and employment equity at Pick 'n Pay today is extremely well advanced, as it should be.

The proposed Balanced Score Card approach to empowerment is one that we fully endorse and support. As well as investment in equity, it encourages investment in education, training and skills development, people development and interaction with less traditional suppliers to business.

The Score Card approach will provide incentives at all levels of commerce to facilitate wider access to and participation in this country's economy. It is precisely the broad based approach that will drive opportunity creation and real empowerment. We commend the Department of Trade and Industry for its approach.

Our people

Last year I reported that the appointment of the three MDs had resulted in the release of tremendous energy in the Group. This has manifested itself in an array of initiatives undertaken in each division. Whether it be Vuselela 365 – which challenged our everyday in-store delivery at Pick 'n Pay, or aggressive store openings across Group Enterprise businesses, or the establishment of our Franklins operation in Australia, the people of this organisation have been busy.

I thank each and every person in the Pick 'n Pay Group for their contribution to our great performance in this result, and for all the work that they have put into making shopping a better experience for our customers.

The year ahead

We still have many challenges ahead of us this year. The bedding down of our Franklins operation in Australia and the opening of no less than 95 new stores across all formats, are just two of them.

The Group performed well in the 2003 financial year and we are comfortable that the plans and forecasts we have made for the year ahead, will enable us to produce another acceptable result.

I would like to thank all of our people, customers, business partners and suppliers for all the support they have shown the Group over the last year.

With tourism booming and the Rand enjoying levels of strength that few of us would have been brave enough to predict, there is a wonderful feeling of optimism in the country. That same optimism exists at Pick 'n Pay. In short, South Africa is a wonderful place to be.

Raymond Ackerman

Chairman

Directorate and management

Pick 'n Pay Stores Limited Board of Directors

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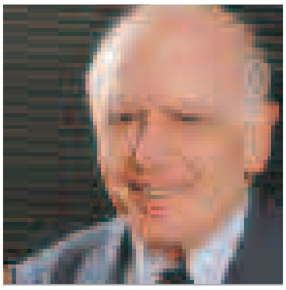

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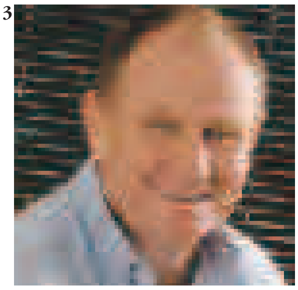

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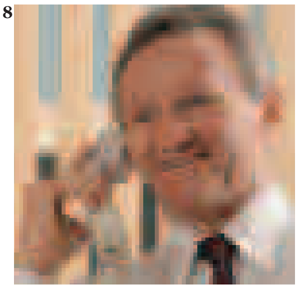

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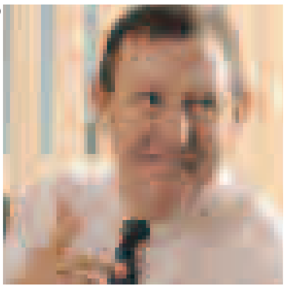

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Executive directors **1. R D Ackerman** (72)† – *Chairman* – Years of service 36 – Appointed 1968 **2. D Robins** (49) – *Deputy Chairman* – Years of service 9 – Appointed 2002 **3. S R Summers** (49)† – *CEO* – Years of service 29 – Appointed 1988 **4. W Ackerman** – *Employee Liaison and Benefits* – Years of service 36 – Appointed 1981 **5. D G Cope** (52) – *Group Finance* – Years of service 25 – Appointed 1997

Non-executive directors **6. G M Ackerman** (45)*† – Appointed 1990 **7. H S Herman** (62)*† – Appointed 1976 **8. D M Nurek** (53)*† – *Remuneration Committee Chairman* – Appointed 1999

Independent non-executive directors **9. R P de Wet** (60)† – Appointed 1975 **10. C Hultzer** (67)*† – *Audit Committee Chairman* – Appointed 1991 **11. C Nkosi** – Appointed 1996 **12. B J van der Ross** (56) – Appointed 2000

**Member of Audit Committee †Member of Remuneration Committee*

Pick 'n Pay Holdings Limited

G M Ackerman (45) – *Chairman* – Appointed 1987 **R D Ackerman** (72) – Appointed 1981 **W Ackerman** – Appointed 1981 **R P de Wet** (60) – Appointed 1981 **H S Herman** (62) – Appointed 1981 **C Hultzer** (67) – Appointed 1993 **D M Nurek** (53) – Appointed 1995 **J G Ackerman** (36) – Appointed 2002 (Alternate to R D Ackerman) **S D Ackerman-Berman** – Appointed 2002 (Alternate to W Ackerman) **K J Robins** – Appointed 2002 (Alternate to G M Ackerman)

Group Company Secretary **13. G F Lea** (37) – Years of service 6 – Appointed 2002

Chairman's Executive Committee

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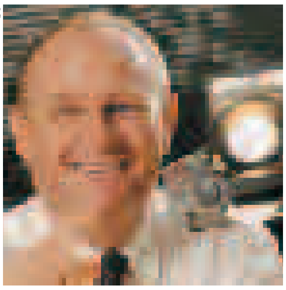

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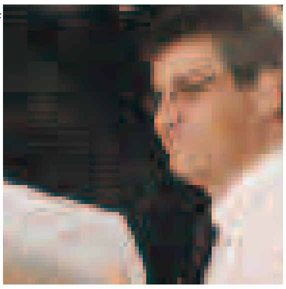

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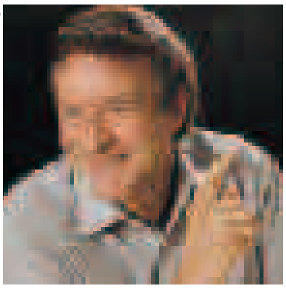

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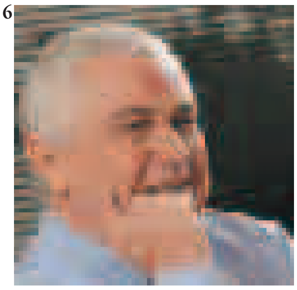

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1. Raymond Ackerman 2. Sean Summers 3. Wendy Ackerman 4. Nick Badminton 5. Dennis Cope
6. Sakkie Joubert 7. David Robins 8. Martin Rosen 9. Frans van der Walt 10. Aubrey Zelinsky

"Our focus is on what we do best and increasing efficiencies."

Group overview

In the past few years, the Pick 'n Pay Group has further evolved in terms of clearly understanding and focusing on its core competencies and capabilities. This has led to the disposal of numerous smaller business operations, and enabled the organisation to focus on what we do best and on increasing efficiencies. As predicted, the restructuring of the organisation into three divisions, Pick 'n Pay Retail, Group Enterprises and Franklins Australia, has led to a release of new energies within the Group. As at February 2003 the Group comprised 548 stores operating in five countries spanning Southern Africa, and in New South Wales, Australia. In the year ahead, we will open no fewer than 95 new stores across all formats of the business.

Our performance is the result of many successful endeavours embarked upon over the past few years, and is mainly attributable to the refinements mentioned above. The divisional Managing Directors Nick Badminton, Martin Rosen and Aubrey Zelinsky, together with their management boards, are to be congratulated.

Turnover for the Group has grown by 39.2% to R26.2 billion. A significant portion of this is due to the acquisition of Franklins, Australia and Boxer Superstores in South Africa, which are included in this result for the first time for a full trading year. The continuing growth of our South African operations, was 20%, which reflects real growth above that of inflation.

Sean Summers
CEO

Gross profit for the year as a percentage of turnover reduced to 17.7% from 18.3%, in line with our ongoing strategy of reducing our margins by lowering consumer prices. In line with our stated policy of reducing gross margins, we introduced aggressive food subsidies in South Africa on meat, maize and other items, and were able to reduce our South African gross margins without affecting our trading profit margin of

"Gross profit for the year as a percentage of turnover reduced to 17.7% from 18.3%, in line with our ongoing strategy of reducing our margins by lowering consumer prices."

3.5%. Extra trading profit was generated by the increased turnover resulting from lower gross margins. Overall, our net operating margin at Group level was reduced from 3.3% to 2.9% mainly as a result of the trading losses incurred in Australia.

The Group continues to show healthy cash resources, ending the year on R1.0 billion, which is after spending R173 million on share buybacks (excluding R125.2 million on a specific buyback from the share trust), R185,8 million on the acquisition of Boxer Superstores and an increased cash dividend payout to R258 million, there being no capitalisation share issue in the current year.

Headline earnings for the year grew at 30.3%, this increase outstripped that of operating profit of 20.7%, largely as a result of various non-trading headline adjustments which are outlined in note 5 to the Annual Financial Statements, and as a result of non-recurring Australia set up costs of R59.9 million, reducing last year's base.

Headline earnings per share of 102.2 cents is 34.5% up on last year and this increase was further aided by 23.2 million Pick 'n Pay Stores Limited shares that were repurchased in the current financial year and the earnings concentration effect thereof.

This overall strong Group performance enabled the Board to increase the total dividend by 33.3% in the current year to 69.00 cents per share for Pick 'n Pay Stores Limited and 33.68 cents per share for Pick 'n Pay Holdings Limited.

A summary of the year's activities by Division follows.

Retail Division


home
shopping

Retail Division Management Board

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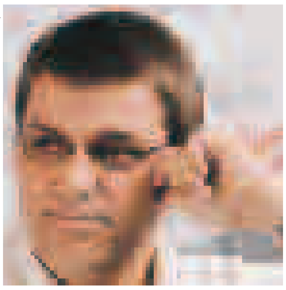
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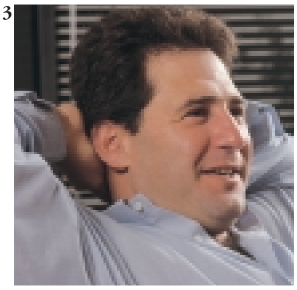
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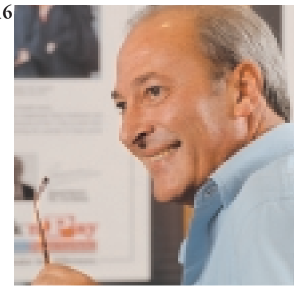


1. Nick Badminton (41) *Managing Director* – Years of service 23 **2. Sean Summers** (49) *CEO* – Years of service 29
3. Jonathan Ackerman (36) – Marketing – Years of service 12 **4. Danie Boshoff** (44) – Supermarkets – Years of service 20
5. Paul Connellan (48) – Foods – Years of service 25 **6. Dennis Cope** (52) – Group Finance – Years of service 25
7. Ronnie Herzfeld (56) – Technology and Systems – Years of service 28 **8. Bakar Jakoet** (47) – Finance – Years of service 18
9. Sakkie Joubert (57) – Loss and Expense Control – Years of service 33 **10. Isaac Motaung** (48) – Organisational Development – Years of service 27
11. Moshe Pulik (60) – Operations – Years of service 22 **12. Chris Reed** (42) – Franchise Development – Years of service 18
13. Neal Quirk (47) – Hypermarkets – Years of service 21 **14. Linda Saacks** (47) – Development and Compensation – Years of service 23
15. Frans van der Walt (55) – Human Resources – Years of service 28 **16. Chris van Rooyen** (45) – General Merchandise – Years of service 23

To date more than 8 000 of our Pick 'n Pay people have passed rigorous professional tests and have graduated from our widespread training programmes.

Pick 'n Pay Retail Division

Overview With Nick Badminton's appointment as Managing Director of this Division almost two years ago, the primary focus of the Division was to build on the foundations laid after the initial 1995 Group restructure and to also strongly apply focus to operational efficiencies and expenditures. Although there are still efficiencies to be improved upon, the Retail Division produced a phenomenal performance, which is not only attributable to the reduced gross margins (as a result of the current year food subsidies) and the increased turnover related thereto, but also due to increased operating efficiencies. This result has re-affirmed our belief that the way forward is to continually reduce gross margins, continue to contain expenditure and to raise productivity, all with a view to making Pick 'n Pay even more competitive.

The main challenges of the Division in the past financial year were the dramatic rise in inflation and the ongoing battle that Pick 'n Pay fought against rising prices. To this end Pick 'n Pay was the first to announce a series of food subsidies on meat, maize and other basic items. Looking at the 2004 financial year, we see this fight against inflation continuing, as the cost of imported merchandise reduces on the back of a strengthening Rand.

Other highlights of this Division in the past year have been:

- The launch of Vuselela 365 at store level focusing on superior customer service excellence. The challenge of delivering this improved customer service was taken up strongly by all store personnel, and customer acceptance has been phenomenal, especially in the area of check-out queues.
- The re-launch of our main house brands, No Name and Pick 'n Pay Choice with new labels and packaging. The success of this re-launch is reflected in an increase in the contribution to turnover of these brands.
- The continual focus by this Division on further solidifying the Pick 'n Pay Brand as the premier retail brand in South Africa.

"The main challenges of the Division in the past financial year were the dramatic rise in inflation and the ongoing battle that Pick 'n Pay fought against rising prices."

Hypermarkets The consolidation of all the administrative systems in this operation is now complete and, whilst there is room for further efficiencies, the great performance of this Division is mainly attributable to significant operational improvements.

The strategy of reducing margins to drive turnover is never more relevant than in the Hypermarkets.

In the year ahead consumers will see significant differences in the way certain categories of merchandise within the

Hypermarkets are priced and displayed, as the Hypermarket team homes in on these specific identified merchandise categories.

Supermarkets Again, all regions within the Supermarket Division had a very successful year, showing real growth in turnover, a reduction in gross profit margin, a reduction in expenses as a percentage of turnover, all culminating in an improved net operating margin.

"This year we saw the launch of our "Special Cuts" promotion campaign focusing on the reduction of meat prices and a significant drop in our gross margins."

In the year ahead, 11 new Pick 'n Pay corporate stores will be opened, increasing our number of corporate supermarkets to 125.

Franchise Franchise continues to be a significant growth area of the business, with 17 new stores opening in the current year, including our first Family Supermarket in Botswana. With a total of 106 Family stores and 46 Mini-Market stores at year-end, this operation has now become a significant contributor to the profitability of the Retail Division, and as we look ahead to the next financial year, we will see the opening of a further 17 stores.

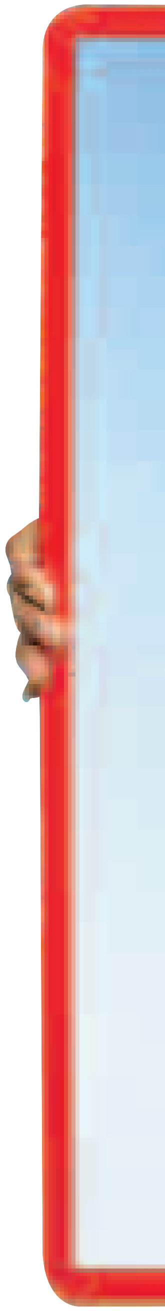
Pick 'n Pay Clothing The Pick 'n Pay clothing offering in Hypermarkets and Supermarkets has seen another good year of real growth and further acceptance of this value merchandise by consumers. During the year we opened our first stand-alone clothing store in Menlyn Park as a pilot store for possible further expansion of this format, and I am pleased to report that trading through this store is currently ahead of expectations. In the months ahead we will be making a final decision as to the roll-out of these stores.

Pick 'n Pay Butcheries This year saw the launch of our "Special Cuts" promotion campaign focusing on the reduction of meat prices and a significant drop in our gross margins. As this promotion has received good customer acceptance, the operation increased turnover ahead of inflation and again this result has proved our margin reduction strategy to be correct and one which we will continue into the new financial year.

Innovations have included the introduction of preservative free marinades and fresh South African Country Reared Free Range Turkey cuts. The latter range, although available in many of the Gauteng stores will be introduced to the Western Cape and Kwa-Zulu-Natal in the coming financial year.

Home Shopping The Home Shopping team has enjoyed wonderful acceptance of its service from customers and is today, truly believed to be the premier home shopping service in South Africa. The Home Shopping team has shown great initiative in the last year including victualling the yachts in the Cape to Rio yacht race.

Training To date more than 8 000 of our Pick 'n Pay people have passed rigorous professional tests and have graduated from our widespread training programmes, all of which have been accredited by leading institutions such as the SA Technikon,



the Europe School of Management and the Gordon Institute of Business Science.

By the end of this coming financial year, we would have exposed more than 860 staff members (the vast majority of whom deal with customers on a day to day basis), to international standards of delivery and service as presented at the Disney Institute in Florida, USA., as part of our constant effort to increase the level of service our consumers receive.

On the executive side of the business this year saw the introduction of a CEO programme in conjunction with the GIBS Business School that enriches the leadership of Pick 'n Pay through exposure to great companies, great ideas, great initiatives and international standards.

We see these initiatives carrying on in the years ahead.


WELCOME TO
Group Enterprises Division
SCORE
SUPERMARKETS
boardmans
health pharm
Pick 'n Pay
go
BANKING

Group Enterprises Management Board

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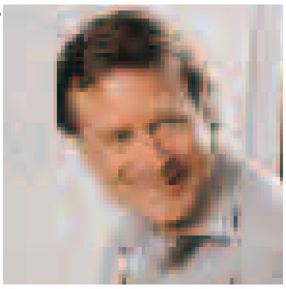
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1. Martin Rosen (52) *Managing Director* – Years of service 32 **2. Sean Summers** (49) *CEO* – Years of service 29
3. Hugh Bland (48) – Boxer – Years of service 15 **4. Colin Clarke** (61) – Property and Development – Years of service 25
5. Dennis Cope (52) – Finance and Legal – Years of service 25 **6. Ian Eadie** (42) – Score – Years of service 21
7. Rodney Mundell (46) – Boardmans – Years of service 21 **8. David Robins** (49) – International and Africa – Years of service 9

Score plan *to open*

40

new stores *in the year ahead.*

Pick 'n Pay Group Enterprises

Overview This Division has seen another good year of consolidation, the re-focusing of its existing businesses and the purchase of the very exciting Boxer Superstore group. New senior management in Score and Boardmans, has brought many new ideas and vitality to these businesses.

A summary of the year's activities by Company follows.

Score As the new leader, Ian Eadie is to be complimented for the leadership and vision he has shown. A decision was taken in the current year to sell our Tanzanian operation to allow the management of Score to focus fully on its business within Southern Africa. To this end, Score opened 21 new stores (including relocations of existing stores) in the current year, and restructured its business into five decentralised operating regions, aiming to capitalise on Pick 'n Pay's success in operating decentralised regions, with the most significant event of the year being the opening of a new region with five stores in the Western Cape. These Western Cape Stores have enjoyed great acceptance in their communities and we look forward to further expanding this region in the coming year. This brand, with Boxer Superstores, remains our main thrust into the retail emerging market and the future will see further significant expansion of these brands. In the year ahead Score plan to significantly increase its presence in its market by opening 40 new stores.

"The Group Enterprises Division has seen another good year of consolidation, the re-focusing of its existing businesses and the purchase of the very exciting Boxer Superstore group."

Boxer Superstores The year brought the full integration of Boxer into the Pick 'n Pay Group with the 100% purchase for R185.8 million effective 1 March 2002. The Boxer chain is a low cost, low margin operation concentrating primarily on retailing merchandise to South Africa's rural market. In the current year Boxer opened two new stores, bringing the total number to 39.

Rampant food inflation, particularly in basic foodstuffs such as maize meal, presented a major challenge to the Boxer team, and we are pleased to report that in December 2002 and January 2003, the cost prices of these basic foodstuffs were reduced and the reductions passed on to consumers.

In the year ahead, Boxer plans to open seven new stores to expand for the first time into new provinces.

"We are pleased to report that recent reductions in the cost price of basic foods have been passed on to consumers."

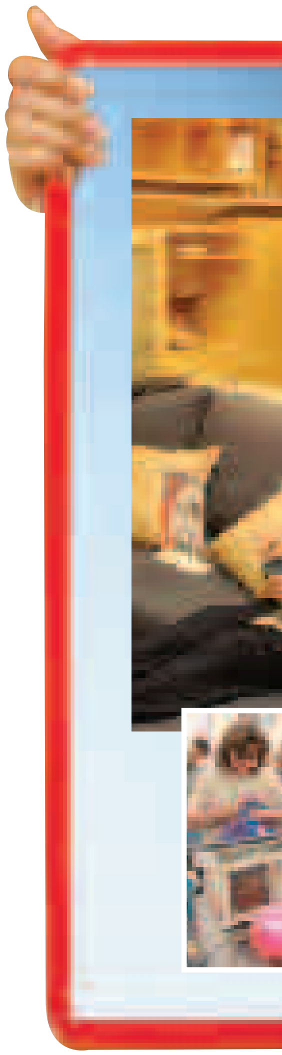
Boardmans Boardmans experienced another year of very active movement in the housewares market, with more new entrants. It opened two new stores, one of which is an experimental 600 m² kitchen shop in the Cresta Centre, which has traded ahead of expectations. The year ahead will bring the active roll-out of further Boardmans stores including our new, larger style store at the Blue Route centre which opened in Cape Town during March 2003, as well as the commencement of an on-line wedding gift registry.

Towards the end of the year, Boardmans moved into new distribution and head office facilities in Diep River in Cape Town, which will assist enormously in the area of distribution and stock productivity.

TM Supermarkets Despite the adverse economic circumstances in Zimbabwe, this business continues to perform admirably and the management are to be thanked, specifically for their dedication and achievement in a very trying and challenging environment.

Go Banking The customer base has grown significantly in the past year and the product offering in terms of financial services continues to grow. The current year saw the introduction of dedicated Go Banking staff in all major Pick 'n Pay stores, offering hands-on service to consumers.

"Shop 'n Save" was also launched as a true differentiator from all other competitor offerings via the integration of shopping and banking. This programme provides additional shopping discounts on a range of



popular products to account holders who pay for their purchases within Pick 'n Pay using their Go Banking card.

Enhancements to this service will be launched in the new financial year and the Company is confident that this will lead to a growing acceptance amongst consumers of Pick 'n Pay Go Banking as an alternative value banking service.

Healthpharm The Healthpharm chain remains in the fledgling stage. This market is currently undergoing profound regulatory change and the Company is poised to avail itself of any opportunities that may arise.

In ***conclusion***, Martin Rosen and his Management team are to be thanked for all the work this Division has done in the current year and for the year ahead, we wish them good fortune, particularly with their significant store expansion plans.


Franklins
Franklins®
Franklins®
AUSTRALIA
Franklins®


ICE CREAM
SAVE
Franklins

Franklins Australia Management Board

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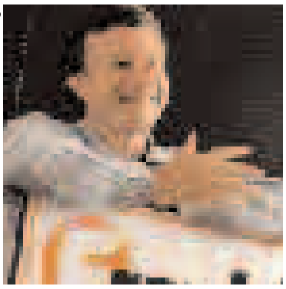

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1. Aubrey Zelinsky (53) *Managing Director* – Years of service 33 **2. Sean Summers** (49) *CEO* – Years of service 29
3. Dennis Cope (52) – Group Finance – Years of service 25 **4. Roni Perlov** (40) – Finance – Years of service 4
5. David Robins (49) – International and Africa – Years of service 9

R4.6

billion turnover for the year **in Australia.**

Franklins Australia

The past year reflects the first full 12 months of turnover of R4.6 billion. Trading loss for the year of R84.1 million at 1.8% on turnover is significantly down on last year. Aubrey Zelinsky and his entire team are to be congratulated on the way they have progressed Franklins in the past year and gained understanding of the Australian marketplace, there being fundamental differences from the way operations run in South Africa.

The acceptance of the revitalised Franklins stores by consumers in Sydney and environs in New South Wales has been very encouraging. Notwithstanding a very tough Australian economy, Franklins has continued to show real store turnover growth ahead of inflation.

During September 2002, Franklin's Area Managers and Store Managers were sent to South Africa on an induction visit. The prime purpose was to give leaders of the business the opportunity to gain an understanding of the Pick 'n Pay culture and to meet and learn from their South African colleagues, particularly in the areas of customer service and brand building.

Following their return from South Africa, the business has developed training programmes and initiatives focusing on communication, store standards, social responsibility, customers and people.

During the year, we also acquired a further six ex-Franklins stores, the conversion of which was completed in October 2002, bringing the total number of Franklins stores to 74 at year-end.

"The acceptance of the revitalised Franklins stores by consumers in Sydney and environs in New South Wales has been very encouraging."

We are absolutely on line with our original forecast and remain confident that in the year ahead we will be able to further reduce the loss incurred by this business. Our primary objective in the Australian market, where we are well aware of the sales price sensitivity, is to continue as a low cost operator aiming to further reduce gross margins, become even more price competitive, and thereby grow turnovers.


Fresh Produce

The Year Ahead

As mentioned in the introduction to my report, the restructuring of the organisation last year has led to a new release of energy within the Group. We see ourselves continuing at these levels, and this is no more evident than in the massive store expansion forecast for all brands in the year ahead.

"Inflation in South Africa remains one of the key issues of the day and we continue to strive to bring down the prices of basic foodstuffs."

These new stores include 11 Pick 'n Pay corporate stores, 17 Franchises, 40 Scores, 7 Boxers, 5 Boardmans, 4 Franklins and 11 other probable openings across the different brands.

Our single stated goal across the Group is to continue reducing expenditure as a percentage of turnover, thereby becoming ever increasingly competitive and ensuring that we deliver on a long-term basis for all consumers in the markets in which we operate.

Inflation in South Africa remains one of the key issues of the day and we continue to strive to bring down the price of basic foodstuffs. For the bulk of packaged goods, reality is that inflation does continue, albeit it at lower levels than that experienced last year.

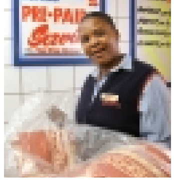
I thank all of my colleagues and associates in the Group for the support, goodwill and teamwork that we have enjoyed in the current year and look forward to the future with confidence.

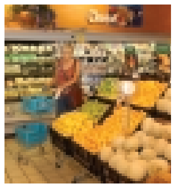
Sean Summers

Chief Executive Officer

Our single stated goal across the Group is to continue reducing expenditure as a percentage of turnover.

As at February 2003 the Group comprised 548 stores operating in five countries spanning Southern Africa and New South Wales, Australia. In the year ahead we will open no fewer than 95 new stores across all formats of the business.





Corporate governance

The Board of directors and senior management of the Pick 'n Pay Group are committed to achieving and upholding good corporate governance. The Board supports and confirms that, in all material respects, the Group complies with The Code of Corporate Practices and Conduct as set out in the King II report on Corporate Governance published in March 2002.

The salient features of our corporate governance framework are set out below.

"The Board of Directors and senior management of the Pick 'n Pay Group are committed to achieving and upholding good Corporate Governance."

Sustainability In the next few months the Group will be publishing its first sustainability report setting out the various aspects of triple bottom line reporting now required by the King II report on good Corporate Governance.

The Board

Pick 'n Pay Stores Limited Board of Directors ("the Board") The Board, comprising non-executive and executive directors, takes overall responsibility for the Group. The Board's role is to assume accountability for the Group by taking responsibility for its management, in both success and failure. This means selecting a successful management team, overseeing corporate strategy and performance, and acting as a resource for management in matters of planning and policy. The Board is responsible for setting the governance policy and subsidiary companies are required to comply with the Group governance philosophy, policy and practices set out below.

The roles of Chairman and CEO are separate with each having their own specific roles and mandates.

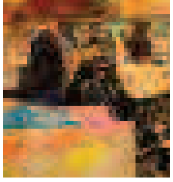
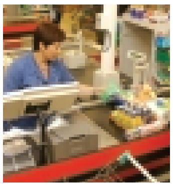
The Chairman leads the Board, and is responsible for its efficient operation. The Chairman is a full time director, and is elected by the Board.

The Chairman represents the Board in certain instances. The Board has issued the Chairman with a formal mandate incorporating specific responsibilities and limits of authority. The Board reviews this mandate annually.

The Chairman is responsible for ensuring that the directors receive the right **flow of information** to enable them to discharge their duties. Directors are free to elect to receive as much additional information as they deem fit.

The CEO is appointed by the Board to run the Group on its behalf. The CEO develops and recommends to the Board the long-term strategy and vision for the Group, as well as ensuring that the day-to-day business affairs of the Group are properly managed. The duties and responsibilities of the CEO are detailed in a formal role description, together with limits of authority, and these are reviewed annually.

Non-executive directors serve three-year terms. At the end of each term that director and the Chairman jointly evaluate the director's contribution. By mutual consent the director may be reconsidered for re-election.


Since the Chairman is full-time, **a lead director** has been appointed by the non-executive directors to facilitate and co-ordinate communication amongst the non-executive directors.

The Board is responsible for the selecting and recommending of potential members for election to the Board. The identification and screening of candidates is performed on behalf of the Board by **the nominations committee** (see below).

New directors are required to complete **an intensive induction programme** that includes access to background material, meetings with senior management and visits to Group operations.

The **Board meets four times a year,** monitoring the performance of the Group, its executive directors and senior management.

The Board performs a **review on its own effectiveness** once a year by completing an anonymous questionnaire, the results of which are given to the Chairman for discussion with the Board.

The Board appoints the **Company Secretary.** The responsibilities of the Company Secretary include helping the Chairman coordinate and administer the operation of the Board, with the induction of new non-executive directors, providing guidance on the discharge of director responsibilities, and ensuring that the Group complies with all statutory requirements.

The directors have access to the advice and services of the Company Secretary as well as professional advisers, where necessary.

Directors are not bound by **service contracts.**

Enduring principles of Pick 'n Pay

The Board has a responsibility to ensure that the CEO and management do not depart from the following **enduring principles,** which ensure that the spirit of Pick 'n Pay remains intact and which were applied by the founder while building the Group.

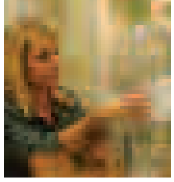
- Consumer Sovereignty
- Maintain a flat organisational structure
- Maximise decentralisation of authority to enable local control
- Promote from within. Recruit from the outside only as an exception when specialist skills are required
- Maintain a discount image
- Fight collusion amongst suppliers, and reject collusion amongst retailers
- Keep cash, buy forward on the rising market.

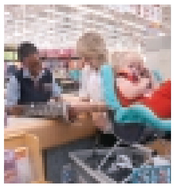
Leadership development

The non-executive directors evaluate the CEO annually, and the Chairman communicates the results of this evaluation to the CEO. The evaluation is based upon objective criteria including performance of the business, accomplishment of long-term strategic objectives and development of management.

The CEO reports annually to the Board on **succession planning**. The CEO's recommendation for his successor must be known by the Board at all times, should the CEO be unexpectedly incapacitated.

The CEO also reports annually to the Board on the Group's programme for **management development** and **affirmative action.**





Board Committees

Committees are established to assist the Board in performing its duties, and the Board is free to form or disband committees as is appropriate. The Board has appointed Audit, Remuneration, Nominations and Corporate Governance Committees, the details of which are presented below.

Each committee has a formal charter, which is reviewed annually by the Board.

Audit committee

The Group's audit committee is chaired by an Independent non-executive director and comprises only non-executive directors (see page 5).

This committee formally meets with the Chairman, CEO, Group Finance Director, Loss and Expense Control Director (representing the internal audit function) and the external auditors twice a year prior to the publication of the Group's interim and final results.

The audit committee's responsibilities are varied, and include ensuring that the necessary internal controls are in place (through consultation with the internal and external auditors), establishing that management is adhering to and continually improving these controls, and acting as a liaison between the external auditors and the Board. The committee is also responsible for reporting to the Board on each interim and final Group result.

At each meeting, the external and internal auditors report to the committee on the results of their work. In turn, the committee reports these findings to the Board.

The external and internal auditors have unfettered access to the committee and all of its members throughout the year.

Remuneration committee

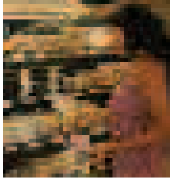
The remuneration committee, which meets twice a year, is chaired by a non-executive director and comprises the Chairman, the CEO and other non-executive directors (see page 5).

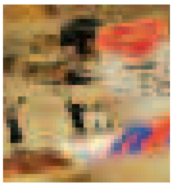
The committee is responsible for reviewing and approving the remuneration of directors and senior management. The Chairman and the CEO are excluded from reviewing, deliberating or approving their own remuneration packages.

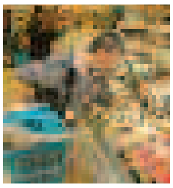
The **remuneration philosophy** of the Group is to remunerate its employees fairly in relation to the nature of the services they provide. With specific regard to senior executives, the Group aims to remunerate them in the upper quartile of their peer group in the retail industry, and to ensure that an appropriate proportion of their total package is performance related. In addition to cash remuneration, executives are afforded the opportunity of participation in Group share incentive schemes, which aligns the interests of management to that of shareholders.

Nomination committee

The nominations committee is chaired by the Chairman of the Board and comprises only non-executive directors. The committee identifies and evaluates potential candidates for appointment to the Board and has strict guidelines on the qualities required of directors. These qualities include being tough-minded, independent, objective and loyal to the principles and values upon which this Group is built.







Corporate Governance committee

The corporate governance committee is chaired by the Chairman of the Board and comprises non-executive directors and the Company Secretary. The committee ensures that corporate governance structures are in line with national and international standards, and are both appropriate and effective.

Accountability and accounting

Management structures and reporting

The **CEO** is responsible and accountable to the Board for all Group operations.

In helping him discharge this responsibility the CEO has appointed **managing directors** ("MDs") of the three main operating divisions, Pick 'n Pay Retail, Group Enterprises and Franklins Australia. The duties and responsibilities of the MDs are detailed in a formal role description, together with limits of authority, and these are approved and reviewed annually by the CEO.

The MDs control their business units with the aid of management boards (see pages 14, 20, 26), which comprise senior executives with specific line management responsibilities.

The management boards are guided on principles of high-level strategy by the **Chairman's Executive Committee** (see page 8) ("Exco").

Exco is a management advisory forum, the composition of which is determined by the Chairman. It currently includes the Chairman, CEO, executive members of the Board, the MDs and other senior management. Exco meets regularly to assist the CEO in formulating Group strategy, to assess the ongoing performance of the Group and to act as a sounding board on issues to be presented to the Board.

Divisional and Group **management accounts** are prepared monthly, comparing actual results against approved budgets. The Group's monthly management accounts are distributed to all Board members for the monitoring of the Group's performance. In addition, for each six-month result the Board receives a detailed result pack for review and discussion.

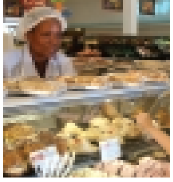
Financial statements

The directors of Pick 'n Pay Stores Limited and Pick 'n Pay Holdings Limited ("the directors") (see page 5) acknowledge and accept full responsibility for the preparation and integrity of the information presented in this annual report. The external auditors are responsible for carrying out independent examinations of the financial statements and present their reports thereon on pages 53 and 90.

These financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and fairly present the financial position of the Group as at 28 February 2003 and the results of its operations for the year then ended.

Going concern

The Board formally assesses the going concern of the Group at year-end and this assessment is reviewed for each interim result. The Board's latest assessment is that the Group has adequate resources in place to ensure that its various operations continue as going concerns for the next 12 months and into




the foreseeable future. These financial statements have therefore been prepared on the going concern basis.

For more details on key financial risk management refer to note 24 on pages 81 and 82.

Risk management

Accountability The Board is responsible and accountable for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks.

Internal control Operational and financial risks are managed through the implementation and maintenance of a system of internal and financial controls designed to provide reasonable assurance as to the integrity and reliability of the financial information presented and to safeguard the Group's assets adequately.

These internal controls are monitored daily and regularly reviewed and improved by management and an internal audit department. The internal audit department comprises qualified personnel with appropriate training and experience.

No incidents have come to the attention of the Board that would indicate any material breakdown in these internal controls during the year.

The Group's assets are insured against loss, cover being taken out above predetermined self-insurance levels.

Critical business processes In a disaster recovery circumstance, business continuity plans in place will ensure the business, both from an information technology and operational viewpoint, continues with the least amount of disruption. These plans are reviewed and updated regularly.

Relationships

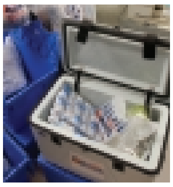
Employment Equity The Group prides itself on ensuring equal employment opportunities with a strong culture of internal promotion and upliftment of its people.

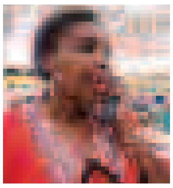
The Group has a clearly defined employment equity strategy and to this end has participated in a comprehensive study involving 16 leading companies to establish realistic employment targets for historically disadvantaged groups by the end of 2005. Based on the results of this study, Pick 'n Pay set its own targets.

The results of this study (realistic target), together with Pick 'n Pay's (P'nP) own employment percentage targets and current position, are:

Position	Realistic target %	P'nP target %	P'nP current level %
Top management	30	30	25
Regional and store managers	30	50	46
Floor and assistant managers	40	50	74
Trainee managers	40	60	62
Supervisors	40	60	96

Employee Participation The Group acknowledges the value inherent in pursuing a policy of worker participation. To this end the Group promotes the use of various tools of communication. This includes a monthly one-hour session, prior to trading, where management and staff discuss, in open forum, issues





affecting the store, region and Group. This forms part of our ongoing communication, training and development programmes.

Code of Conduct

The Group has a comprehensive code of conduct which is predicated on the highest level of honesty, integrity and mutual respect.

Employees are expected to act in accordance with the code at all times; non-compliance results in disciplinary measures.

Dealing in Group Company shares

All dealings in Pick 'n Pay Stores Limited and Pick 'n Pay Holdings Limited shares by those company directors are reported on the JSE Securities Exchange South Africa News Service ("SENS") within 48 hours of the trade having been made. In addition, dealings in these company shares by Exco members are voluntarily disclosed on SENS.

At all times, the sale of Pick 'n Pay Group shares must be approved as follows:

- The Chairman by the lead director
- The CEO and other directors of the Board by the Chairman
- Exco members by the Chairman and the CEO
- Management board members and other senior executives by the CEO.

All employees and Group entities are not permitted to trade in the Group's listed shares during our **"closed periods"**, which start on the day after the interim and final stock counts (which occur mid August and mid February, respectively) and end with the publication of the respective result on the SENS.


Pick'n Pay
GRADU


ATION

Employee benefits

The Group endeavours to remunerate employees at a rate above the average for the retail industry. In addition, considerable funds and much management attention is directed to the provision of a wide range of employee benefits which vary between certain divisions within the Company, as well as between different subsidiary companies within the Pick 'n Pay Group. The differentiation is due to the fact that the various divisions and subsidiary companies operate in different market segments and therefore benefits cannot be standardised.

The following benefits are applicable in totality to the Pick 'n Pay Retail Division (the Group's largest employer) only, and not necessarily to other divisions or subsidiary companies, who have their own specific employee benefits structured along similar lines.

Retirement scheme Refer to note 25 of the financial statements on pages 83 and 84 for a description of the various funds and other statutory information.

Membership, which is compulsory for all permanently employed staff members, decreased by 0.75% to 10 674.

There are now 889 pensioner annuitants. In line with the Scheme's commitment to an annual review of pensions, the Scheme could not afford to award an increase to pensioners nor declare a bonus rate to active members. The normal retirement age for all employees is 60. At retirement, the full equishare is paid in the form of a cash lump sum. Employees may elect to convert all or part of the lump sum into a monthly pension.

The composition of the Trustee Board complies with the Pension Funds Act requirement that 50% be elected by the members. The Trustee Board term of office is three years. Trustee training courses take place covering the duties and responsibilities of Trustees, nature of Retirement Funds, regulatory framework, rules and documents, fund management and investments.

The Retirement Scheme Management Committee comprising the Trustee Board, the Principal Officer, the Investment Officer and consultants, meet six times a year to discuss the application of and changes to relevant legislation and fund rules and review investment strategy and performance, as well as various issues affecting the funds and their members.

The Investment subcommittee comprises certain members of the Trustee Board, the Principal Officer, The Investment Officer, and consultants.

The primary objective of the Scheme's investment policy is to maximise benefits payable to members including pensioners and disability claimants, subject to a reasonable level of risk.

The bulk of the Scheme's assets are in passive investment vehicles that provide a guarantee of the initial capital and returns based on the performance of underlying stock market indices. These indices are represented by a mix of local and offshore indices so that the risk of performance is not dependent on the markets in a particular country or in a particular market.

The remaining assets are professionally actively managed in a segregated portfolio, which includes cash to maintain some liquidity. The investments and financing thereof have been carefully selected to match the risk and liability profile of the fund, without compromising returns.

During the year ended 28 February 2003, the total market value of the assets decreased by R62.4 million (5.39%) to R1 094.2 million. This is due to the decline of the global stock markets, but the extent of the reduction was contained by the initial capital guarantee nature of the majority of the invested funds.

Withdrawal Benefits On 7 December 2001, the Pension Funds Second Amendment Act came into force. In terms of this Act, all Funds must now provide full equishare to members when they leave the fund before retirement through death, voluntary resignation or retrenchment.

The withdrawal benefit has been changed to equishare for all members effective 1 November 2002. For members whose equishare was less than the old withdrawal benefit, the Company has guaranteed a minimum of the value of the old withdrawal benefit as at 1 November 2002.

Disability Benefits Retirement Scheme members, who become so disabled or ill that they are no longer able to work, qualify at the discretion of the Trustees, for a monthly disability benefit. This benefit, equal to 75% of the income earned at the time of ceasing work due to injury or illness, continues until the member reaches retirement age, at which time the normal retirement benefits are applicable. The Scheme actively supports rehabilitation of disabled members where possible and the benefit is discontinued on successful re-employment.

Life Assurance Members of the Retirement Scheme are covered by a group life scheme, which currently pays out to dependants, after tax, 48 times the employee's monthly earnings at the time of death, in addition to the withdrawal benefit. The benefits of the Group life scheme may be amended from time to time, depending on the Retirement Scheme's claim experience and affordability.

Trustees

Company-appointed:

R P de Wet *(Chairman)*, D G Cope, C Hultzer, Y Mola, F P van der Walt, H de Light.

Member-elected:

R Anders, I Edson, A Hamdulay, C D G Hurst, I Motaung, B Grovers.

Alternates to the member-elected:

A Adams, C Africa, G Booyse, A Gopichund, J Trout.

Principal Officer

G T K Jones

Investment Officer

M Marsden

Retirement scheme activity for the year ended 28 February

	2003 Rm	2002 Rm	2001 Rm
Gross contributions	**140.7**	93.6	89.8
Disbursements	**110.0**	106.3	122.8
Benefits paid – withdrawal	**60.6**	57.3	70.6
– retirement	**27.0**	28.3	31.2
Administration expenses	**11.2**	6.6	7.3
Group life insurance premiums	**11.2**	14.1	13.7
Surplus/(shortfall) for the year	**30.7**	(12.7)	(33.00)
Investment income and capital appreciation	**(93.1)**	(10.8)	(45.0)
Net change	**(62.4)**	(23.5)	(78.0)
Market value – 1 March 2002	**1 156.6**	1 180.1	1 258.1
– 28 February 2003	**1 094.2**	1 156.6	1 180.1

Assets at 28 February		**%**		%		%
Equities – Local	**137.4**	**12.6**	87.3	7.5	98.3	8.3
– International	**116.0**	**10.6**	—	—	—	—
Gilts and semi gilts	**58.0**	**5.3**	41.2	3.6	51.3	4.3
Cash deposits	**181.9**	**16.6**	264.8	22.9	8.8	0.7
Property trusts and property	**.9**	**0.1**	1.8	0.2	1.4	0.1
Structured equity products	**600.0**	**54.8**	761.5	65.8	1 020.3	86.6
	1 094.2	**100.0**	1 156.6	100.0	1 180.1	100.0

Employee benefits continued

Medical scheme

The Pick 'n Pay Medical Scheme has been designed and tailor-made specifically for Pick 'n Pay employees. At present this is the solution that best meets the needs of the majority of members at an affordable cost. Membership of the subsidised in-house Medical Scheme is compulsory for all employees with the exception of those who form part of the non-management bargaining unit, for whom membership is voluntary.

Benefits

The Scheme has three core benefits, viz hospitalisation, chronic medication and a medical spending account (MSA). The first two have an insured nature with a high level of cover, while the latter is used by members at their own discretion for routine medical expenses that do not fall into the hospital or chronic benefit categories such as GPs, dentists and non-chronic medicine.

Legislation

The medical schemes industry continues to be heavily regulated. The amendments to the Regulations to the Medical Schemes Act were published in the Government Gazette on 4 November 2002. The amended Regulations place further restrictions on investments and expand the prescribed minimum benefits to include treatment for HIV/AIDS and various chronic conditions.

Reserve requirements

Legislation requires new schemes to build up a reserve within four years of no less than 25% of annual contributions. The definition of the reserve ratio was changed during 2001 to include MSA contributions in the denominator. Despite the change in the definition of the reserve ratio, the Pick 'n Pay Scheme had a ratio of 69% at 31 December 2002.

Loans

Housing loans at a favourable interest rate are made available to assist employees in acquiring a home. General loans are given to deserving cases in times of financial adversity.

Educational bursaries

Where appropriate, educational bursaries are granted to lower earning staff members and their children who are unable to afford the required fees.

Educational programmes

The Group prides itself in offering a variety of people development opportunities ranging from adult basic education training in technical, financial and managerial skills through to executive development training.

108 of our structured on-the-job training programmes are recognised by Technikon South Africa. Over the past five years, 8 500 people have graduated from these professional on-the-job programmes, 1 600 learners have completed Adult Basic Education Programmes and we currently have more than 7 000 employees busy with these on-the-job programmes covering all aspects of the business.

Long service leave

As a benefit for staff and to reward long service, all employees are entitled to long service leave. The formula varies according to job category, but once 15 years' service has been achieved, an additional two weeks' leave on the completion of each five year service period becomes standard for all permanent employees, irrespective of the nature of their employment.

Funeral scheme Each employee is covered by a non-contributory funeral scheme, which pays up to R1 000 on the death of such employee, or their direct dependants.

Health care A resident Occupational Health Practitioner is available to all employees during working hours. In addition, because of the high concentration of employees, a consulting doctor is available for Hypermarket employees. Arrangements have been made with local doctors for Supermarket employees in need of medical attention.

Saver association Through a scheme managed and administered by Nedbank, a facility providing a convenient, affordable banking service is offered to all Pick 'n Pay employees. It comprises two accounts, banking and savings, and facilitates the automatic deposit of salary entitlements, stop orders, card based cash withdrawals and payments for purchases at Pick 'n Pay checkouts.

The Pick 'n Pay Saver Association card also serves as a multi-purpose ATM card. A competitive rate of interest is paid on members' credit balances; transaction costs and membership fees are below those of other banking institutions.

Shareholders analysis'

as at 28 February 2003

Pick 'n Pay Stores Limited (PICKNPAY) **Category of shareholder**	Number of shareholders	Shareholding millions	Shareholding %
Non-public shareholders			
Pick 'n Pay Holdings Limited	1	257.3	53.2
The Pick 'n Pay Employee Share Purchase Trust	1	3.3	0.7
Pick 'n Pay Retailers (Pty) Limited	1	9.5	2.0
Directors and employees	165	0.8	0.2
Public shareholders			
Institutional holdings	476	80.7	16.7
Individuals	4 562	131.8	27.2
Total	5 206	483.4	100.0

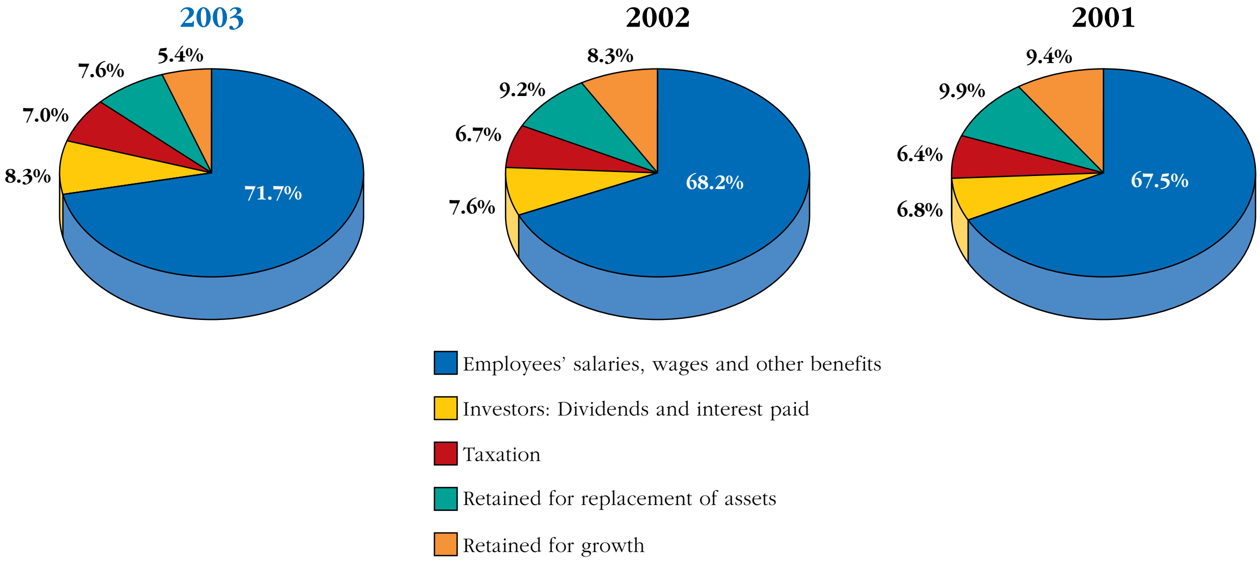
Pick 'n Pay Holdings Limited (PIKWIK) **Category of shareholder**	Number of shareholders	Shareholding millions	Shareholding %
Non-public shareholders			
The Ackerman Family Trust	1	253.0	48.0
The Pick 'n Pay Employee Share Purchase Trust	1	33.3	6.3
Directors and employees	4 767	12.3	2.4
Public shareholders			
Institutional holdings	390	111.1	21.0
Individuals	4 982	117.5	22.3
Total	10 141	527.2	100.0

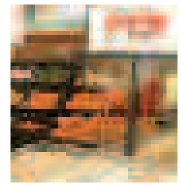
Effective ownership of Pick 'n Pay Stores Limited **Category of shareholder**	Shareholding %
The Ackerman Family Trust	25.5
The Pick 'n Pay Employee Share Purchase Trust	4.1
Directors and employees	1.5
Institutional holdings	29.9
Individuals	39.0
Total	100.0

1% or more shares are held by the following individual shareholders:	PICKNPAY shareholding %	PIKWIK shareholding %
Pick 'n Pay Holdings Limited	53.2	
The Ackerman Family Trust		48.0
Public Investment Commissioner	8.9	5.1
Liberty Life Association of South Africa		5.1
The Pick 'n Pay Employee Share Purchase Trust	0.7	6.3
Old Mutual Life		2.4
BOE Equity Fund		1.1
Sanlam	3.1	
Engineering Industries Pension Fund	2.5	
Pick 'n Pay Retailers (Pty) Limited	2.0	
J P Morgan Chase Bank	1.5	
Metal Industries Provident Fund	1.1	

Value added statement

	2003 Rm	%	% Utilised	2002 Rm	%	% Utilised	2001 Rm	%	% Utilised
Sales	**26 194.2**			18 817.5			15 126.1		
Amounts paid for merchandise and expenses	**(22 678.8)**			(16 180.4)			(12 916.5)		
Interest and dividends received	**111.9**			102.9			107.5		
Value added	**3 627.3**	**13.8**	**100.0**	**2 740.0**	**14.6**	**100.0**	**2 317.1**	**15.3**	**100.0**
Employees' salaries, wages and other benefits	**2 600.5**		**71.7**	1 868.9		68.2	1 564.0		67.5
Investors: Dividends and interest paid	**299.9**		**8.3**	209.7		7.6	157.1		6.8
Taxation	**253.5**		**7.0**	184.2		6.7	147.2		6.4
Retained for:									
– replacement of assets	**278.1**		**7.6**	251.1		9.2	230.7		9.9
– growth	**195.3**		**5.4**	226.1		8.3	218.1		9.4
	3 627.3		**100.0**	**2 740.0**		**100.0**	**2 317.1**		**100.0**

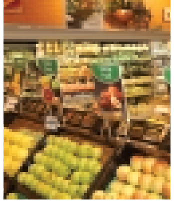


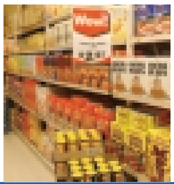


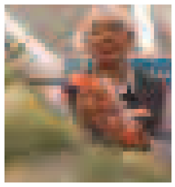
Ten year review

R million unless otherwise stated	10 year compound annual growth	**2003**	2002	2001	2000	1999	1998	1997	1996	1995	1994
OPERATING RESULTS											
Turnover	15%	**26 194.2**	18 817.5	15 126.1	13 606.7	12 353.7	10 970.6	9 793.5	9 169.4	7 919.5	6 685.9
Trading profit	17%	**680.7**	555.3	398.6	333.9	199.1	170.0	124.8	121.8	93.1	129.7
Operating profit	17%	**751.2**	622.0	470.3	428.0	317.0	265.1	190.3	157.7	119.7	148.4
Headline earnings	20%	**497.7**	381.8	317.7	257.4	188.1	158.9	101.2	90.8	79.5	89.5
CONSOLIDATED BALANCE SHEET											
ASSETS											
Non-current assets											
Goodwill		**742.1**	704.1	—	—	—	—	—	—	—	—
Property		**110.9**	95.4	70.3	119.6	129.5	111.7	112.8	118.9	112.7	111.0
Equipment and vehicles		**877.2**	855.1	817.2	818.1	661.3	407.5	369.6	377.3	377.3	339.1
Investments		**181.4**	195.5	195.5	181.5	97.5	125.6	125.6	91.0	90.7	2.7
Loans		**163.8**	263.7	295.9	193.7	165.0	129.2	117.8	104.8	94.0	80.8
Participation in export partnerships		**143.3**	149.3	166.2	183.4	194.6	188.3	157.1	106.9	101.7	95.3
Deferred tax		**68.6**	43.1	—	—	—	—	—	—	—	—
		2 287.3	2 306.2	1 545.1	1 496.3	1 247.9	962.3	882.9	798.9	776.4	628.9
Current assets											
Stocks	14%	**1 507.3**	1 267.0	866.0	730.0	714.9	608.8	625.3	575.6	581.8	437.1
Trade and other receivables		**495.7**	357.5	287.1	301.6	165.4	136.8	60.4	67.6	34.8	12.4
Cash resources		**1 035.6**	986.5	1 085.3	773.3	907.2	917.1	649.2	566.1	355.2	347.7
		3 038.6	2 611.0	2 238.4	1 804.9	1 787.5	1 662.7	1 334.9	1 209.3	971.8	797.2
Total assets		**5 325.9**	4 917.2	3 783.5	3 301.2	3 035.4	2 625.0	2 217.8	2 008.2	1 748.2	1 426.1
EQUITY AND LIABILITIES											
Ordinary shareholders' interest		**999.1**	1 220.9	862.6	641.0	469.5	405.5	341.2	312.1	273.4	261.9
Minority interest		**—**	—	19.6	18.4	14.0	12.3	17.9	24.2	11.6	—
Non-current liabilities											
Interest bearing debt		**243.3**	241.3	242.3	89.4	98.9	191.4	131.8	130.1	126.8	35.9
Provisions		**255.7**	250.1	173.4	173.4	179.7	159.8	149.7	120.5	106.3	98.6
Deferred tax		**163.9**	177.9	134.5	139.9	188.9	184.9	161.7	110.0	110.6	115.9
		662.9	669.3	550.2	402.7	467.5	536.1	443.2	360.6	343.7	250.4
Current liabilities											
Interest bearing debt		**186.7**	17.2	15.3	13.1	95.3	4.8	0.8	1.3	0.8	0.9
Trade and other payables	16%	**3 265.1**	2 770.5	2 120.4	1 985.8	1 858.7	1 539.9	1 315.7	1 244.1	1 070.0	867.9
Current tax		**212.1**	239.3	215.4	240.2	130.4	126.4	99.0	65.9	48.7	45.0
		3 663.9	3 027.0	2 351.1	2 239.1	2 084.4	1 671.1	1 415.5	1 311.3	1 119.5	913.8
Total equity and liabilities		**5 325.9**	4 917.2	3 783.5	3 301.2	3 035.4	2 625.0	2 217.8	2 008.2	1 748.2	1 426.1
Directors' valuation – Property		**271.5**	245.6	232.4	291.0	270.4	277.8	269.8	262.3	241.7	241.8
– Investments		**181.4**	183.8	213.6	181.5	97.5	160.0	132.5	97.6	90.7	6.4
Statistics											
Number of outlets – Corporate		**391**	332	221	224	234	216	237	222	249	148
– Franchise		**157**	139	193	176	185	237	125	47	6	1
Total selling area – Corporate 000m²		**748**	678	503	492	497	465	488	497	514	392
– Franchise 000m²		**187**	173	206	187	162	153	88	52	8	1
Number of TM Supermarkets stores		**53**	53	50	49	48	46	37	—	—	—
Number of Auto Centres		**5**	10	9	14	14	14	14	14	14	15
Total number of employees	000's	**31.0**	27.3	24.5	24.7	25.2	25.1	25.3	22.2	21.7	21.8

Pick 'n Pay







		10 year compound annual growth	**2003**	2002	2001	2000	1999	1998	1997	1996	1995	1994
Performance measures												
Turnover growth	%	15	**39.2**	24.4	11.2	10.1	12.6	12.0	6.8	15.8	18.5	4.1
Trading profit growth	%	17	**22.6**	39.3	19.4	67.7	17.1	36.2	2.5	30.9	(28.2)	(9.0)
Operating profit growth	%	17	**20.7**	32.3	9.9	35.0	19.6	39.3	20.7	31.8	(19.3)	(5.8)
Headline earnings growth	%	20	**30.3**	20.2	23.4	36.8	18.4	57.0	11.5	14.2	(11.2)	7.8
Trading profit on turnover	%		**2.6**	3.0	2.6	2.5	1.6	1.5	1.3	1.3	1.2	1.9
Operating profit on turnover	%		**2.9**	3.3	3.1	3.1	2.6	2.4	1.9	1.7	1.5	2.2
Headline earnings on turnover	%		**1.9**	2.0	2.1	1.9	1.5	1.4	1.0	1.0	1.0	1.3
Return on shareholders' interest	%		**44.8**	36.6	42.3	46.4	43.0	42.6	31.0	31.0	29.7	34.2
Return on total assets	%		**9.7**	8.8	9.0	8.1	6.6	6.6	4.8	4.8	5.0	6.5
Headline earnings per share	cents	20%	**102.2**	76.0	63.6	52.3	38.8	33.3	21.6	19.3	16.9	19.1
Net asset value per share	cents	11%	**239.9**	273.5	208.0	164.2	125.4	126.2	107.6	98.4	85.7	84.4
JSE Securities Exchange Information												
Pick 'n Pay Stores Limited (PICKNPAY)												
Number of shares in issue(**)	millions		**483.4**	497.1	501.3	494.8	486.9	480.2	469.6	469.6	469.6	469.6
Market capitalisation	Rm	11%	**6 018.9**	4 896.9	6 040.3	5 319.4	3 634.1	3 725.0	2 413.6	2 075.2	1 253.6	2 073.6
Price earnings ratio	times		**12.2**	13.0	18.9	20.6	17.1	21.3	18.9	22.9	15.8	23.2
Dividend per share	cents	21%	**69.0**	51.8	42.9	34.8	27.6	22.3	22.8(*)	13.5	10.3	12.3
Dividend cover	times		**1.5**	1.5	1.5	1.5	1.5	1.6	1.2(*)	1.7	1.7	1.6
PICKNPAY ordinary shares												
Volume of shares traded (**)	millions		**171.6**	191.4	128.9	130.2	97.2	75.1	49.4	26.3	23.4	5.8
Percentage of shares traded	%		**35.5**	38.5	25.7	26.3	20.0	15.6	10.5	16.8	14.9	3.5
Share price – High	cents		**1 500**	1 350	1 400	1 195	1 010	850	554	500	542	467
Share price – Low	cents		**900**	900	850	700	330	520	396	267	267	342
Share price – Year-end	cents		**1 245**	985	1 205	1 075	781	808	552	442	267	442
Pick 'n Pay Holdings Limited (PIKWIK)												
Number of shares in issue	millions		**527.2**	527.2	522.6	516.3	508.5	502.8	493.4	493.4	493.4	493.4
Group headline earnings per share	cents	20%	**50.2**	37.5	31.0	25.5	19.0	16.3	10.6	9.5	8.4	9.4
Dividend per share	cents	20%	**33.7**	25.3	20.9	17.0	13.6	11.0	11.3*	6.7	5.1	6.1
PIKWIK ordinary shares												
Volume of shares traded(**)	millions		**72.5**	90.4	108.9	115.0	101.8	58.0	54.4	19.7	15.0	16.1
Percentage of shares traded	%		**13.8**	17.1	20.8	22.3	20.0	11.5	11.0	11.9	9.1	10.3
Share price – High	cents		**610**	540	580	445	430	380	260	233	245	233
Share price – Low	cents		**385**	381	335	260	150	242	194	117	117	167
Share price – Year-end	cents		**520**	420	490	400	310	375	244	200	117	207

**Includes 5.00 cents and 2.47cents "birthday" special dividends for PICKNPAY and PIKWIK, respectively.*

***N ordinary shares were in issue during years 1997 to 2000 and share volumes and number of shares include N ordinary shares in these years.*

Definitions

Headline earnings – Net profit for the year adjusted for the after-tax effect of certain exceptional items.

Return on shareholders' interest – Headline earnings expressed as a percentage of the average ordinary shareholders' interest for the year.

Return on total assets – Headline earnings expressed as a percentage of the average total assets for the year.

Headline earnings per share – Headline earnings divided by the weighted average number of shares in issue for the year.

Dividend cover – Headline earnings per share divided by the dividends per share which relate to those earnings.

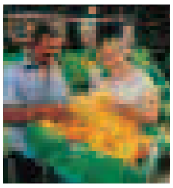
Net asset value per share – Total value of net assets at year-end, adjusted for directors' valuations of investments and property, divided by the number of shares in issue at year-end.

Market capitalisation – The price per share at year-end multiplied by the number of shares in issue at year-end.

Price earnings ratio – The price per share at year-end divided by headline earnings per share.

Dividend per share – The interim dividend declared during the current financial year and the final dividend declared after year-end, in respect of the current financial year.

Group annual financial statements and other information



Contents

Pick 'n Pay Stores Limited and its subsidiaries

Reg. No. 1968/008034/06 Share code: PIK ISIN code: ZAE 00000 5443

Pick 'n Pay Holdings Limited and its subsidiary

Reg. No. 1981/009610/06 Share code: PWK ISIN code: ZAE 00000 5724

Other information

Except where otherwise stated, all amounts are presented in millions of South African Rands.

Directors' approval, Company Secretary's certificate and Report of the Independent Auditors

Directors' approval

The directors acknowledge and accept full responsibility for the preparation and integrity of the information presented in these annual financial statements.

These annual financial statements and Group annual financial statements of Pick 'n Pay Stores Limited, which have been prepared in accordance with the Companies Act of South Africa and comply with South African Statements of Generally Accepted Accounting Practice, were approved by the Board of Directors on 7 May 2003 and are signed on their behalf by:

R D Ackerman	**S R Summers**	**D G Cope**
Chairman	*Chief Executive Officer*	*Group Finance Director*

Company Secretary's certificate

I certify that Pick 'n Pay Stores Limited has lodged with the Registrar of Companies all returns as required by a public company in terms of section 268G(d) of the Companies Act, 1973, as amended, and such returns are true, correct and up to date.

G F Lea
Company Secretary

7 May 2003

Report of the Independent Auditors

To the members of
Pick 'n Pay Stores Limited

We have audited the annual financial statements and Group annual financial statements of Pick 'n Pay Stores Limited and its subsidiaries, as set out on pages 54 to 88, for the year ended 28 February 2003. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:
- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

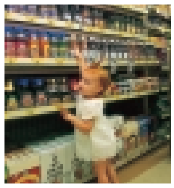
We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and the Group at 28 February 2003 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa.

KPMG Inc
Registered Accountants and Auditors
Chartered Accountants (SA)

Cape Town
7 May 2003



Directors’ report

for the year ended 28 February 2003

Nature of business

The Company, which is domiciled and incorporated in the Republic of South Africa and listed on the JSE Securities Exchange South Africa (“JSE”), is an investment holding company. The Group comprises trading subsidiaries which retail food, clothing and general merchandise throughout Southern Africa and in New South Wales, Australia. A subsidiary company also acts as franchisor in a food retailing franchising business. Property subsidiaries acquire and, on occasion, develop retail trading sites.

General review

The Group income statement is presented on page 56 and reflects the Group’s operational results.

Dividends paid and declared

A cash dividend (No. 68) of 41.25 cents per share was paid to shareholders on 10 June 2002.

A cash dividend (No. 69) of 14.00 cents per share was paid to shareholders on 9 December 2002.

The directors have declared a cash dividend (No. 70) of 55.00 cents per share. The last day of trade in order to participate in the dividend (CUM dividend) will be 6 June 2003. Shares will trade EX dividend from the commencement of business on 9 June 2003 and the record date is 13 June 2003. The dividend will be paid on 17 June 2003. Share certificates may not be dematerialised or rematerialised between 9 June 2003 and 13 June 2003, both dates inclusive.

As dividend No. 70 was declared on 14 April 2003 it will be accounted for in the 2004 financial year and is therefore not accounted for in these financial statements.

For further details refer to note 6 on page 69.

Share capital

The movement in the number of issued ordinary shares during the year was as follows:

1 March 2002	497 144 235
Shares repurchased and cancelled	(13 700 353)
28 February 2003	483 443 882

The share repurchases, and subsequent cancellation, for a total consideration of R173.0 million were implemented, in accordance with a specific and general authority granted by shareholders. On cancellation, the share capital account and share premium account were adjusted accordingly.

In addition to the above mentioned share repurchases, a subsidiary company repurchased 9 481 947 shares in the Company for a consideration of R127.2 million, which the subsidiary company holds as treasury shares. These repurchases were also implemented in accordance with a general authority granted by shareholders.

Going concern

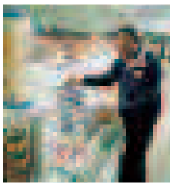
These annual financial statements have been prepared on a going concern basis.

The Board has performed a formal review of the Group’s ability to continue trading as a going concern in the foreseeable future and based on this review, considers that the presentation of the financial statements on this basis is appropriate.

There are no pending or threatened legal or arbitration proceedings which have had or may have a material effect on the financial position of the Company or the Group.

Special resolutions

On 14 June 2002 shareholders approved various special resolutions, the details of which are available from the Company on request.


Directors and secretary

In terms of the Company’s articles of association the directors listed on page 102 retire by rotation and they offer themselves for re-election. Information pertaining to the directors and the secretary appears on page 5.

Holding company

The holding company is Pick ’n Pay Holdings Limited.

Directors’ interest in shares

	2003	2002	2001
	%	%	%
Beneficial	**0.5**	0.4	6.8
Non-beneficial	**25.6**	25.0	18.4
	26.1	25.4	25.2

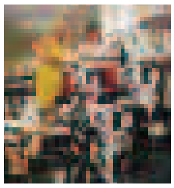
Subsidiary companies

Details of subsidiary companies are presented in note 27 on pages 87 and 88.

Business acquisitions and disposal

During the year the Group concluded the following transactions:

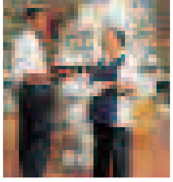
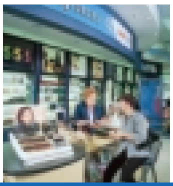
- The purchase of six Franklins stores for a total cash consideration of R57.3 million.
- The purchase of the entire share capital of the Boxer Superstores Group for a cash consideration of R185.8 million.
- The sale of Score Supermarkets (Tanzania) (Pty) Limited for a cash consideration of R10.4 million.



Income statement

for the year ended 28 February

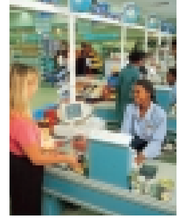
	Notes	2003 Rm	2002 Rm	2001 Rm
Revenue	1	**27 139.6**	19 519.2	15 753.4
Turnover		**26 194.2**	18 817.5	15 126.1
Cost of merchandise sold		**(21 552.3)**	(15 375.1)	(12 433.3)
Gross profit		**4 641.9**	3 442.4	2 692.8
Other income		**833.5**	598.8	519.8
Trading expenses				
Employee costs		**(2 600.5)**	(1 868.9)	(1 564.0)
Occupancy		**(681.8)**	(514.7)	(411.2)
Operations		**(771.1)**	(675.0)	(529.9)
Merchandising and administration		**(741.3)**	(427.3)	(308.9)
Trading profit	2	**680.7**	555.3	398.6
Interest received		**91.8**	72.5	80.9
Interest paid		**(41.4)**	(36.2)	(35.8)
Dividends received		**20.1**	30.4	26.6
Operating profit		**751.2**	622.0	470.3
Goodwill amortisation	7	**(38.6)**	(1.6)	—
Exceptional items	3	**(5.3)**	(36.0)	17.3
Profit before tax		**707.3**	584.4	487.6
Tax	4	**(253.5)**	(184.2)	(147.2)
Profit after tax		**453.8**	400.2	340.4
Minority interest		**—**	(0.6)	(5.4)
Net profit for the year		**453.8**	399.6	335.0
Headline earnings calculation				
Net profit for the year		**453.8**	399.6	335.0
Headline adjustments	5	**43.9**	(17.8)	(17.3)
Headline earnings	5	**497.7**	381.8	317.7
Per share – cents				
Headline earnings	5	**102.24**	76.01	63.62
Earnings	5	**93.22**	79.55	67.07
Fully diluted headline earnings	5	**98.20**	74.32	62.48
Fully diluted earnings	5	**89.64**	77.73	65.80
Dividends paid	6	**55.25**	44.50	36.60


Balance sheet

as at 28 February

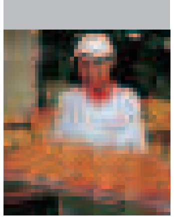
	Notes	2003 Rm	2002 Rm	2001 Rm
Assets				
Non-current assets				
Goodwill	7	**742.1**	704.1	—
Property	8	**110.9**	95.4	70.3
Equipment and vehicles	8	**877.2**	855.1	817.2
Investments	9	**181.4**	195.5	195.5
Loans	10	**163.8**	263.7	295.9
Participation in export partnerships	11	**143.3**	149.3	166.2
Deferred tax	17	**68.6**	43.1	—
		2 287.3	2 306.2	1 545.1
Current assets				
Stocks	12	**1 507.3**	1 267.0	866.0
Trade receivables		**495.7**	357.5	287.1
Cash resources		**1 035.6**	986.5	1 085.3
		3 038.6	2 611.0	2 238.4
Total assets		**5 325.9**	4 917.2	3 783.5
Equity and liabilities				
Capital and reserves				
Share capital	13	**6.0**	6.2	6.3
Share premium		**13.9**	186.7	232.0
Unissued shares	13	**16.0**	16.0	16.0
Treasury shares	14	**(127.2)**	—	—
Accumulated profits		**979.5**	784.2	604.8
Foreign currency translation reserve		**110.9**	227.8	3.5
Ordinary shareholders' interest		**999.1**	1 220.9	862.6
Minority interest		**—**	—	19.6
Total shareholders' interest		**999.1**	1 220.9	882.2
Non-current liabilities				
Interest-bearing debt	15	**243.3**	241.3	242.3
Provisions	16	**255.7**	250.1	173.4
Deferred tax	17	**163.9**	177.9	134.5
		662.9	669.3	550.2
Current liabilities				
Interest-bearing debt	15	**186.7**	17.2	15.3
Trade and other payables		**3 265.1**	2 770.5	2 120.4
Tax	4	**212.1**	239.3	215.4
		3 663.9	3 027.0	2 351.1
Total equity and liabilities		**5 325.9**	4 917.2	3 783.5

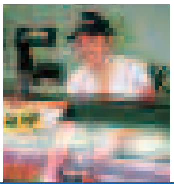


Statement of changes in equity

for the year ended 28 February

	Notes	Share capital Rm	Share premium Rm	Unissued shares Rm	Treasury shares Rm	Accumulated profits Rm	Foreign currency translation reserve Rm	Total Rm
At 29 February 2000		6.2	169.8	16.0		517.8		**709.8**
Prior year adjustment	19					(68.8)		**(68.8)**
At 29 February 2000 – adjusted		6.2	169.8	16.0	—	449.0	—	**641.0**
Net profit for the year						335.0		**335.0**
Previously reported						322.9		
Prior year adjustment	19					12.1		
Capitalisation award		0.1	62.2					**62.3**
Dividends paid	6					(179.2)		**(179.2)**
Foreign currency translation							3.5	**3.5**
At 28 February 2001		6.3	232.0	16.0	—	604.8	3.5	**862.6**
Net profit for the year						399.6		**399.6**
Previously reported						400.0		
Prior year adjustment	19					(0.4)		
Capitalisation award			46.7					**46.7**
Share repurchases		(0.1)	(92.0)					**(92.1)**
Dividends paid	6					(220.2)		**(220.2)**
Foreign currency translation							224.3	**224.3**
At 28 February 2002		6.2	186.7	16.0	—	784.2	227.8	**1 220.9**
Net profit for the year						453.8		**453.8**
Share repurchases		(0.2)	(172.8)		(127.2)			**(300.2)**
Dividends paid	6					(258.5)		**(258.5)**
Foreign currency translation							(116.9)	**(116.9)**
At 28 February 2003		6.0	13.9	16.0	(127.2)	979.5	110.9	**999.1**

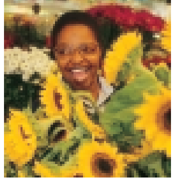




Cash flow statement

for the year ended 28 February

	Notes	2003 Rm	2002 Rm	2001 Rm
Trading profit		**680.7**	555.3	398.6
Depreciation	2, 8	**278.1**	251.1	230.7
Trade and other payables	20	**429.6**	584.9	134.4
Stocks	12, 20	**(149.9)**	(268.0)	(133.1)
Trade receivables	20	**(132.3)**	(53.6)	31.8
Cash generated by operations		**1 106.2**	1 069.7	662.4
Interest received		**91.8**	72.5	80.9
Interest paid		**(41.4)**	(36.2)	(35.8)
Dividends received		**20.1**	30.4	26.6
Australian set-up costs		**—**	(59.9)	—
Dividends paid	6	**(258.5)**	(173.5)	(121.3)
Tax paid	4	**(323.9)**	(207.6)	(177.4)
Net cash inflow from operating activities		**594.3**	695.4	435.4
Property additions	8	**(37.3)**	(60.2)	(13.4)
Proceeds on disposal of properties	8	**33.1**	41.0	74.8
Equipment and vehicles	8	**(276.9)**	(137.6)	(223.7)
Investments		**—**	—	(14.0)
Loans repaid/(advanced)		**99.9**	32.2	(102.2)
Net acquisitions	20	**(232.7)**	(604.6)	—
Net cash outflow from investing activities		**(413.9)**	(729.2)	(278.5)
Interest bearing debt raised		**171.5**	0.9	155.1
Share repurchases		**(300.2)**	(92.1)	—
Net cash (outflow)/inflow from financing activities		**(128.7)**	(91.2)	155.1
Net increase/(decrease) in cash resources		**51.7**	(125.0)	312.0
Cash resources at 1 March		**986.5**	1 085.3	773.3
Effect of exchange rate movements on working capital		**(2.6)**	26.2	—
Cash resources at 28 February		**1 035.6**	986.5	1 085.3



Accounting policies

The following are the principal accounting policies of the Group, and where applicable the Company, which are consistent in all material respects with those applied the previous year except as otherwise stated (refer note 19). The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (“GAAP”) and the requirements of the Companies Act of South Africa and on a going concern basis. The measurement basis used is the historical cost basis unless otherwise stated.

Basis of consolidation

These Group financial statements include the financial statements of the Company and the companies that it controls. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The Group financial statements incorporate the assets, liabilities and results of the operations of the Company and its subsidiaries. The equity and net profit attributable to minority shareholders are shown separately in the balance sheets and income statements, respectively. The results of subsidiaries are included from the effective dates of acquisition and, where applicable, up to the effective dates of disposal. All subsidiaries have financial year-ends 28 February and are consolidated to that date. The accounting policies adopted by the subsidiaries are consistent with the policies adopted by the Group. Inter-company transactions and balances are eliminated on consolidation.

The Company carries its investments in subsidiaries at cost less impairment losses.

Investments

An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee, and which is neither a subsidiary nor a joint venture of the Group. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Unrealised profits arising from transactions within the Group are eliminated. The Group has elected not to equity account for its share of profits in its 25% holding of its Zimbabwean investment, due to the difficulties in remitting dividends from Zimbabwe.

Investments are stated at cost and are written down only where there is an impairment in value.

Intangible assets

Intangible assets are capitalised on acquisition and amortised on a straight line basis over a period of the lesser of their economic life and 20 years.

Goodwill is the premium on acquisition arising from the difference between the purchase price and the Group’s interest in the fair value of the net identifiable assets acquired at the date of the transaction.

Where payments are made for the acquisition of trademarks or brand names, the amounts are capitalised and amortised over their anticipated useful lives. No valuation is made of internally developed and maintained trademarks or brand names. Expenditure incurred to maintain trademarks or brand names is expensed in full in the income statement when incurred.

Property

The policy for accounting for owner occupied property has changed. In accordance with GAAP Statement AC 135, land and buildings are stated at cost less accumulated depreciation. Land is not depreciated, however, depreciation is provided against buildings on a straight line basis at 2.5% per annum.

In the past, all property was reflected at cost. AC 135 has been applied retrospectively and prior year earnings have been adjusted accordingly (refer note 19).

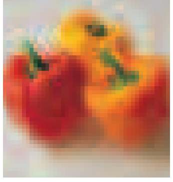
Property is valued on an annual basis, based on the current open market value as determined by the directors. This valuation is disclosed separately in note 19.

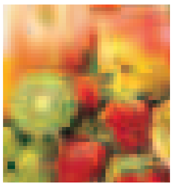
Equipment and vehicles

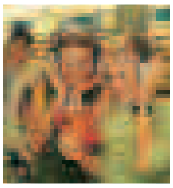
Equipment and vehicles are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis, at the following rates per annum:

Aircraft	5.0% – 14.3%
Equipment and vehicles – owned	12.5% – 20.0%
Leased vehicles (term of lease)	20.0% – 25.0%
Computers and accessories	33.3%

Refurbishments are written off in the year incurred except to the extent that they have enduring benefits in which case they are amortised over a period not exceeding five years.







Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred from the lessor to the Group as lessee.

Assets acquired in terms of finance leases are capitalised at the lower of the minimum lease payments or the fair value of the leased assets with a corresponding liability raised on the balance sheet. Related finance costs are charged to the income statement using the effective interest rate method over the period of the leases. Finance lease assets are depreciated over the shorter of the useful life of the asset or the lease period.

Operating leases are those leases which do not fall within the scope of the above definition. Rentals payable under operating leases are charged to income as incurred over the term of the relevant lease.

Participation in export partnerships

Participation in export partnerships is recorded at the cost of the original participation plus its share of the gross profit less its share of subsequent capital repayments received from the partnerships.

Stocks

Stocks comprise merchandise for resale and consumables. Stocks are stated at the lower of cost (net of relevant incentives) and net realisable value. Cost is calculated on a first-in-first-out basis.

Obsolete, redundant and slow moving stocks are identified on a regular basis and are written down to their estimated net realisable value.

The cost of merchandise sold includes shrinkage, waste and stock losses.

Trade receivables

Trade receivables, which are presented net of allowances for doubtful debts, predominantly comprise amounts owing by franchisees for their merchandise purchased through the Group.

Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Financial instruments

Financial instruments carried on the balance sheet include cash resources, investments, receivables, payables and debt. These instruments are reflected at cost unless otherwise stated. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

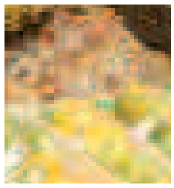
Derivative financial instruments principally include forward foreign exchange contracts.

On the issue of convertible debentures, the fair value of the conversion option is recognised and presented separately in shareholders' equity. The remaining debt obligation to debenture holders is carried as a long-term liability on the amortised cost basis until fully repaid on the maturity of the debenture.

Impairment of assets

At each balance sheet date, the Group reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement. The recoverable amount of an asset is the higher of its net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the



present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in the income statement.

Turnover

Turnover comprises retail sales to consumers and merchandise purchased by franchisees through the Group. All turnover is stated exclusive of value added tax.

Revenue recognition

Turnover is recognised when the significant risks and rewards of ownership have been transferred to the purchaser.

Interest income is accrued on a time basis, by reference to the principal amounts outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the right to receive payment is established. Dividend income from TM Supermarkets (Pvt) Ltd is accounted for only when received, due to the difficulties in remitting dividends from Zimbabwe.

Incentive income and franchise fee income is recognised when the sales which give rise to this income take place.

Income from operating leases in respect of property is recognised in the income statement on a straight line basis over the term of the lease.

Taxation

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted at the balance sheet date and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

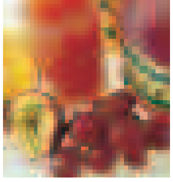
Secondary Tax on Companies ("STC") paid on net dividends paid is recognised as a tax charge in the year it is incurred. To the extent that reserves are declared as cash dividends, they will be subject to Secondary Tax on Companies.

Foreign currency transactions

Transactions denominated in foreign currencies are accounted for at the rates of exchange ruling on the dates of the transactions. Gains and losses arising from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities of South African entities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The net effect of unrealised exchange rate differences is recognised in the income statement in the period in which they occur.

Income and expenditure of foreign entities are translated at the monthly weighted average rate of exchange for the year. Assets and liabilities of foreign entities are translated at rates of exchange ruling at the balance sheet date. Profits and



losses arising on the translation of assets and liabilities of foreign entities are taken directly to non-distributable reserves and shown separately in a foreign currency translation reserve.

Employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the Group has a present obligation to pay as a result of employees' services provided up to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

Retirement benefits

The Group operates a retirement scheme comprising defined contribution and defined benefit funds, the assets of which are held in separate trustee-administered funds.

The retirement scheme is non-contributory and is funded by payments from the relevant Group company.

Payments to defined contribution benefit plans are charged as an expense as they fall due.

For defined benefit retirement plans, the cost of providing benefits is determined through valuations on an annual basis. Valuation deficits are recognised in the financial statements. Valuation surpluses are recognised in the financial statements only when it is certain that economic benefits will flow to the Group.

Where the Group is responsible for providing retirement benefits to employees with a retirement scheme outside the Group, contributions are made on behalf of the employee and the cost is accounted for in the year in which the payment is made.

Capitalisation share awards and cash dividends

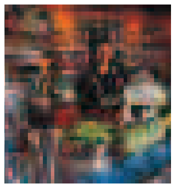
The full value of capitalisation share awards and cash dividends are recorded as a deduction from equity in the statement of changes in equity. Upon allotment of shares in terms of a capitalisation share award, the election amounts are transferred to the share capital account and share premium account.

Cash dividends and the related STC charge are recorded in the year of declaration.

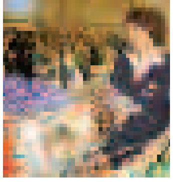
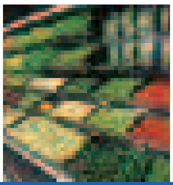
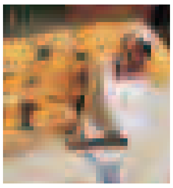
Comparative figures

Where necessary, comparative figures have been restated to accord with current year classifications and as a result of the change in accounting policy for owner-occupied property.

Notes to the annual financial statements



	2003 Rm	2002 Rm	2001 Rm
1. Revenue			
Turnover	**26 194.2**	18 817.5	15 126.1
Interest received	**91.8**	72.5	80.9
Dividends received	**20.1**	30.4	26.6
Other income	**833.5**	598.8	519.8
Incentive fee income	**769.2**	541.5	468.9
Franchise fee income	**42.4**	32.5	27.2
Property lease income	**21.9**	24.8	23.7
	27 139.6	19 519.2	15 753.4
2. Trading profit			
Trading profit is stated after taking into account the following items of expenses:			
Auditors' remuneration	**3.9**	3.6	1.8
Depreciation of property (note 8)	**2.0**	3.0	5.2
Depreciation of equipment and vehicles (note 8)	**276.1**	248.1	225.5
Owned assets	**265.6**	240.5	218.5
Leased vehicles	**10.5**	7.6	7.0
Operating lease charges (note 18)	**489.0**	396.5	287.0
Property – minimum lease payments	**404.9**	269.6	186.7
– turnover clause payments	**84.1**	126.9	100.3
Directors' emoluments	**20.1**	14.7	11.6
Non-executive – for services as directors	**0.7**	0.5	0.5
Executive, paid by subsidiary companies for managerial services	**19.4**	14.2	11.1

2. Trading profit *(continued)*

Directors' remuneration

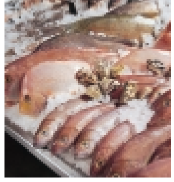
	Fees for Board meetings R'000	Fees for committee and other work R'000	Remuneration R'000	Retirement and medical contributions R'000	Performance bonus* R'000	Fringe and other benefits R'000	Total 2003 R'000	Total 2002 R'000
Non-executive directors								
G M Ackerman	48.0	100.0					**148.0**	96.0
R P de Wet	48.0	72.0					**120.0**	105.0
H S Herman	48.0	24.0					**72.0**	61.0
C Hultzer	48.0	72.0					**120.0**	102.5
C Nkosi	48.0	—					**48.0**	39.0
D M Nurek	48.0	66.0					**114.0**	99.5
B J van der Ross	48.0	—					**48.0**	44.0
	336.0	334.0	—	—	—	—	**670.0**	547.0
Executive directors								
R D Ackerman	1.5		2 100.0	18.7	2 000.0	70.1	**4 190.3**	3 784.1
W Ackerman	1.5		400.0	—	600.0	93.9	**1 095.4**	955.4
D G Cope	1.5		1 071.8	209.7	1 800.0	39.0	**3 122.0**	1 890.2
D Robins**	1.5		415.0	73.6	1 000.0	20.7	**1 510.8**	—
S R Summers	1.5		2 423.8	446.8	6 500.0	146.8	**9 518.9**	7 535.6
	7.5	—	6 410.6	748.8	11 900.0	370.5	**19 437.4**	14 165.3
Total remuneration	343.5	334.0	6 410.6	748.8	11 900.0	370.5	**20 107.4**	14 712.3

**The performance bonus relates to the results for the 2003 financial year.*

***This represents only 5 months of the year from the date D Robins was appointed to the Board.*

3. Exceptional items

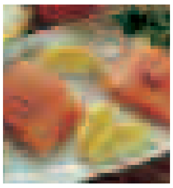
	2003 Rm	2002 Rm	2001 Rm
Exceptional items comprise:			
Profit on disposal of property	**12.4**	8.9	17.3
Impairment in value of investment in Prism Holdings Limited	**(14.1)**	—	—
Loss on disposal of Tanzania operations	**(3.6)**	—	—
Australian acquisition set-up costs	**—**	(59.9)	—
Profit on disposal of Financial Services division	**—**	15.0	—
	(5.3)	(36.0)	17.3




Notes to the annual financial statements continued

	2003 Rm	2002 Rm	2001 Rm
4. Tax			
Tax comprises:			
South African normal tax			
– current year	**262.0**	210.3	141.9
Deferred tax movement (note 17)	**(39.3)**	(42.9)	(5.4)
Secondary Tax on Companies	**29.5**	16.8	10.7
Capital Gains Tax	**1.3**	—	—
Total tax charge	**253.5**	184.2	147.2
	%	%	%
Statutory tax rate	**30.0**	30.0	30.0
Goodwill	**1.6**	0.1	—
Exempt income	**(1.4)**	(2.2)	(1.7)
Non-deductible expenditure	**1.7**	1.5	0.5
Secondary Tax on Companies	**4.2**	2.9	2.2
Capital Gains Tax	**0.2**	—	—
Other	**(0.5)**	(0.8)	(0.8)
Effective tax rate	**35.8**	31.5	30.2
	Rm	Rm	Rm
Tax paid comprises			
Owing 1 March	**239.3**	215.4	240.2
Current tax charge	**262.0**	210.3	141.9
Capital Gains Tax	**1.3**	—	—
Secondary Tax on Companies	**29.5**	16.8	10.7
Tax liability acquired (note 20)	**3.9**	4.4	—
Owing 28 February	**(212.1)**	(239.3)	(215.4)
Total tax paid	**323.9**	207.6	177.4





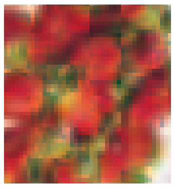
	2003 Rm	2002 Rm	2001 Rm

5. Earnings per share

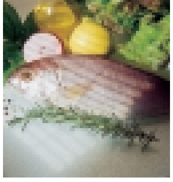
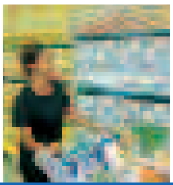
5.1 The calculation of earnings (net profit for the year) per share and headline earnings per share is based on:

	2003	2002	2001
Net profit for the year	**453.8**	399.6	335.0
Headline earnings	**497.7**	381.8	317.7
	No. of shares	No. of shares	No. of shares
The weighted average number of ordinary shares in issue during the year	**486 763 727**	502 377 813	499 453 808
	Rm	Rm	Rm
Reconciliation between earnings (net profit for the year) and headline earnings:			
Net profit for the year	**453.8**	399.6	335.0
Adjustments:	**43.9**	(17.8)	(17.3)
Profit on disposal of property	**(12.4)**	(8.9)	(17.3)
Impairment in value of investment in Prism Holdings Limited	**14.1**	—	—
Loss on disposal of Tanzania operations	**3.6**	—	—
Goodwill amortisation	**38.6**	1.6	—
Profit on disposal of Financial Services division	**—**	(15.0)	—
Tax effect of adjustments	**—**	4.5	—
Headline earnings	**497.7**	381.8	317.7
	No. of shares	No. of shares	No. of shares
Movement in the weighted average number of ordinary shares comprises:			
At 1 March	**502 377 813**	499 453 808	492 546 765
Effect of prior year share issues now fully weighted	**1 329 541**	1 817 719	2 283 329
Current year share issues	**—**	3 428 129	4 623 714
Effect of prior year share repurchases now fully weighted	**(6 563 118)**	—	—
Current year share repurchases	**(10 380 509)**	(2 321 843)	—
At 28 February	**486 763 727**	502 377 813	499 453 808

Refer to note 13 for the number of shares in issue.



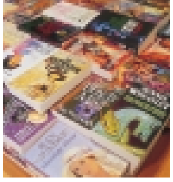
	2003 Rm	2002 Rm	2001 Rm
5. Earnings per share *(continued)*			
5.2 The calculation of diluted earnings per share and diluted headline earnings per share is based on:			
Diluted earnings	**459.6**	406.0	341.8
Diluted headline earnings	**503.5**	388.2	324.5
	No. of shares	No. of shares	No. of shares
The diluted weighted average number of ordinary shares in issue during the year	**512 688 527**	522 377 813	519 453 808
	Rm	Rm	Rm
Reconciliation between earnings and diluted earnings:			
Net profit for the year	**453.8**	399.6	335.0
Adjustment:			
Debenture interest after tax	**5.8**	6.4	6.8
Diluted earnings	**459.6**	406.0	341.8
Headline earnings adjustments	**43.9**	(17.8)	(17.3)
Fully diluted headline earnings	**503.5**	388.2	324.5
	No. of shares	No. of shares	No. of shares
Reconciliation of the weighted average number of ordinary shares for diluted earnings per share:			
Weighted average number of ordinary shares	**486 763 727**	502 377 813	499 453 808
Shares to be issued on conversion of debentures (note 15)	**20 000 000**	20 000 000	20 000 000
Share options	**5 924 800**	—	—
Weighted average number of ordinary shares for diluted earnings per share	**512 688 527**	522 377 813	519 453 808

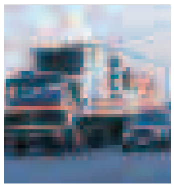




	2003 Cents	2002 Cents	2001 Cents
6. Dividends			
No. 68 – declared 15 April 2002 – paid 10 June 2002	**41.25**	34.00	27.75
No. 69 – declared 7 October 2002 – paid 9 December 2002	**14.00**	10.50	8.85
Total dividends for the year	**55.25**	44.50	36.60
	Rm	Rm	Rm
Total value of dividends declared outside the Group	**258.7**	220.2	179.2
Dividends paid to subsidiary company	**0.2**	—	—
Total value of dividends declared (note 26)	**258.5**	220.2	179.2
Comprising:			
Dividends paid in cash by the Company	**258.7**	173.5	116.9
Value of capitalisation award	**—**	46.7	62.3
	258.7	220.2	179.2
Group dividends paid in cash comprises:			
Paid by the Company	**258.7**	173.5	116.9
Paid to a subsidiary company	**(0.2)**	—	—
Paid to minorities by a subsidiary company	**—**	—	4.4
	258.5	173.5	121.3

For further details, including dividends declared after the balance sheet date, refer to the Directors' Report on page 54.

	2003	2002	2001
7. Goodwill	**Rm**	Rm	Rm
Cost	**782.3**	705.7	—
Accumulated amortisation	**(40.2)**	(1.6)	—
Net book value at 28 February	**742.1**	704.1	—
Reconciliation of movement in net book value:			
Net book value at 1 March	**704.1**	—	—
Acquisitions (note 20)	**182.7**	476.8	—
Foreign currency translation	**(106.1)**	228.9	—
Amortisation charge for the year	**(38.6)**	(1.6)	—
Net book value at 28 February	**742.1**	704.1	—



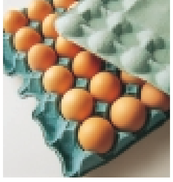


	2003 Rm	2002 Rm	2001 Rm
8. Property, equipment and vehicles			
Property			
Cost	**157.6**	152.5	127.1
Accumulated depreciation	**(46.7)**	(57.1)	(56.8)
Net book value at 28 February	**110.9**	95.4	70.3
Reconciliation of movement in net book value:			
Net book value at 1 March	**95.4**	70.3	119.6
Additions	**37.3**	60.2	13.4
Disposals	**(20.7)**	(32.1)	(57.5)
Acquisitions (note 20)	**0.9**	—	—
Depreciation charge for the year	**(2.0)**	(3.0)	(5.2)
Net book value at 28 February	**110.9**	95.4	70.3
Directors' valuation	**271.5**	245.6	232.4

The Group changed its accounting policy for property during the financial year. Buildings are now depreciated in terms of AC135 – Investment Property. Refer note 19.

Registers of all properties, containing statutory information, are available for inspection at the registered office of the Company.

	2003 Rm	2002 Rm	2001 Rm
Equipment and vehicles, including refurbishment costs, fixtures, store automation and aircraft			
Cost			
Owned assets	**2 304.1**	2 013.3	1 825.0
Leased vehicles	**84.5**	74.6	68.7
	2 388.6	2 087.9	1 893.7
Accumulated depreciation			
Owned assets	**1 495.2**	1 218.6	1 063.1
Leased vehicles	**16.2**	14.2	13.4
	1 511.4	1 232.8	1 076.5
Net book value at 28 February	**877.2**	855.1	817.2
Comprising:			
Owned assets	**808.9**	794.7	761.9
Leased vehicles (note 15)	**68.3**	60.4	55.3
	877.2	855.1	817.2

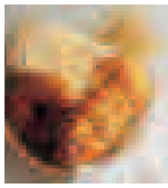


	2003 Rm	2002 Rm	2001 Rm
8. Property, equipment and vehicles *(continued)*			
Equipment and vehicles, including refurbishment costs, fixtures, store automation and aircraft *(continued)*			
Reconciliation of movement in net book value:			
Net book value at 1 March	**855.1**	817.2	818.1
Net additions	**276.9**	137.6	223.7
Foreign currency translation	**(35.5)**	41.9	0.9
Net assets acquired (note 20)	**56.8**	106.5	—
Depreciation charge for the year	**(276.1)**	(248.1)	(225.5)
Net book value at 28 February	**877.2**	855.1	817.2
The cumulative value of fully written down assets still in service and eliminated from the cost and accumulated depreciation figures, amounts to	**481.7**	484.2	392.4
9. Investments			
Listed shares at cost, less amounts written off			
Prism Holdings Limited	**0.9**	15.0	15.0
Reconciliation of carrying amount of listed shares:			
Net book value at 1 March	**15.0**	15.0	15.0
Less: Amount written off during the year	**(14.1)**	—	—
Net book value at 28 February	**0.9**	15.0	15.0
Unlisted shares at cost, less amounts written off			
Business Partners Limited	**0.2**	0.2	0.2
Investec Limited*	**175.0**	—	—
Invego Investments Limited	**—**	175.0	175.0
Held by Pick 'n Pay Stores Limited (note 26)	**175.2**	175.2	175.2
Insurance investments	**0.3**	0.3	0.3
TM Supermarkets (Pvt) Limited (Zimbabwe)**	**5.0**	5.0	5.0
Total unlisted investments at 28 February	**180.5**	180.5	180.5
Total investments at 28 February	**181.4**	195.5	195.5
Market value of listed investments	**0.9**	3.3	33.1
Directors' valuation of unlisted investments	**180.5**	180.5	180.5

**Investment ceded as security for interest bearing debt (note 15).*

***The 25% holding in TM Supermarkets (Pvt) Limited in Zimbabwe has not been equity accounted due to the difficulty in remitting dividends from Zimbabwe.*

Notes to the annual financial statements *continued*



	2003 Rm	2002 Rm	2001 Rm
10. Loans			
The following loans have been advanced by subsidiary companies:			
Employees			
Directors			
At 1 March	**0.9**	0.9	0.9
Advanced	**0.4**	—	—
Repaid	**—**	—	—
Total directors' loans	**1.3**	0.9	0.9
Other employees	**88.2**	82.7	78.5
Employee share trusts	**71.5**	179.8	217.1
Total employee loans	**161.0**	263.4	296.5
Trading loan	**2.6**	—	—
Holding company loan	**0.2**	0.3	(0.6)
Total loans at 28 February	**163.8**	263.7	295.9

Loans to directors and employees are secured, bear interest at varying rates subject to a maximum rate of 12% per annum and have varying repayment terms. Loans to employees from the employee share trusts are payable within ten years from the date of advance.

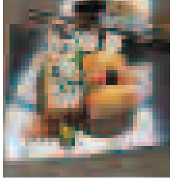
The specific repurchase of shares from the Pick 'n Pay Employee Share Purchase Trust during the current year is the main reason for the decrease in the employee share trusts' loan account.

11. Participation in export partnerships

	2003 Rm	2002 Rm	2001 Rm
During the years 1987 to 1999, a subsidiary company participated in certain export partnerships, whose business is the purchase and export sale of marine containers. The partnerships sold containers in terms of long-term credit agreements, with repayment terms usually over a 10 to 15 year period. A company listed on the JSE Securities Exchange South Africa has warranted certain important aspects of our subsidiary company's participation. The directors have considered the credit risk relating to these warranted aspects and have satisfied themselves as to the creditworthiness of the warrantor company.	**143.3**	149.3	166.2

12. Stocks

	2003 Rm	2002 Rm	2001 Rm
Merchandise for resale	**1 496.8**	1 258.0	857.3
Consumables	**10.5**	9.0	8.7
	1 507.3	1 267.0	866.0



	2003 Rm	2002 Rm	2001 Rm

13. Share capital

	2003 Rm	2002 Rm	2001 Rm
Authorised			
800 000 000 ordinary shares of 1.25 cents each	**10.0**	10.0	10.0
Issued			
483 443 882 ordinary shares of 1.25 cents each	**6.0**	6.2	6.3

The movement in the number of shares in issue during the year is as follows:

	000's	000's	000's
At 1 March	**497 144.2**	501 271.5	494 830.1
Capitalisation share award	**—**	4 757.7	6 441.4
Shares repurchased and cancelled	**(13 700.4)**	(8 885.0)	—
At 28 February	**483 443.8**	497 144.2	501 271.5

The unissued shares remain under the control of the directors until the next annual general meeting when shareholders will be asked to extend this authority for a further year.

Share incentive schemes

	2003 Rm	2002 Rm	2001 Rm
20 000 000 unissued ordinary shares have been allocated to the **Executive Share Incentive Scheme** to be issued at R4.00 each on the final redemption of the compulsory convertible debentures on 31 December 2007 (note 15). This amount represents the value attributable to the conversion rights of the debentures on issue	**16.0**	16.0	16.0

In terms of the **1997 Share Option Scheme**, approved by the shareholders on 22 September 1997, the directors are authorised to utilise up to 13.3% of the issued share capital for the scheme. Movement in the number of options granted but not taken up is as follows:

	000's	000's	000's
At 1 March	**11 974.1**	12 913.1	15 083.8
New options granted*	**4 637.8**	349.8	—
Options taken up**	**(1 388.9)**	(1 271.8)	(2 033.0)
Options forfeited	**(4.0)**	(17.0)	(137.7)
At 28 February	**15 219.0**	11 974.1	12 913.1
Percentage of issued shares	**3.1%**	2.4%	2.6%
**Average price of options granted during the year*	**R10.65**	R9.51	—
***Average take-up price of options taken up during the year*	**R 3.45**	R3.91	R3.91

		2003	2002	2001

13. Share capital *(continued)*

Options granted may be taken up during the following financial years:

Year	**Average grant price**	**000’s**	000’s	000’s
2004 and prior	R 3.70	**8 907.4**		
2005	R10.46	**1 137.0**		
2006	R 8.58	**948.0**		
2007	R10.49	**2 454.8**		
2008 and thereafter	R 7.51	**1 771.8**		
		15 219.0		

	2003	2002	2001
The Employee Share Purchase Trust, which administers the 1997 Share Option Scheme, holds the following number of ordinary shares as a hedge against options granted or to be granted by that scheme	**3 283.2**	14 434.0	13 974.0

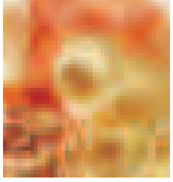
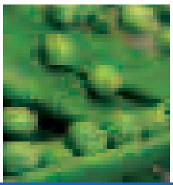
Directors’ interest in shares

Except for the indirect interest in the shares of the Company through Pick ’n Pay Holdings Limited (see page 93) no directors have either a direct beneficial or non-beneficial interest in the shares of the Company.

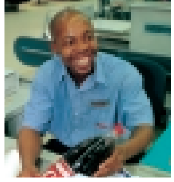
The following share options are held by directors:

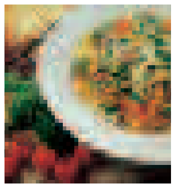
1997 Share Option Scheme	**No. of options as at year-end 000’s**	**Average offer price per option R**	**Financial years can be taken up**	**No. of options taken up in the current year 000’s**	**Net proceeds received Rm**
D G Cope	699.0	3.33	2004	—	—
D Robins	78.0	4.33	2004	—	—
S R Summers	4 090.0	4.74	2004 – 2008	—	—

Executive Share Incentive Scheme	**No. of shares as at year-end 000’s**	**Purchase price per share R**	**Date available**
D G Cope	1 000.0	4.80	31 Dec 07
D Robins	300.0	4.80	31 Dec 07
S R Summers	2 500.0	4.80	31 Dec 07

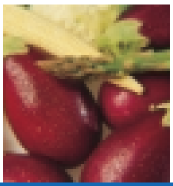
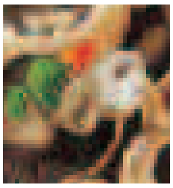




	2003 Rm	2002 Rm	2001 Rm
14. Treasury shares			
Pick 'n Pay Stores Limited shares held by a subsidiary company	**127.2**	—	—
The details of shares purchased are as follows:			
Number of shares purchased during the year	**9 481 947**	—	—
Average purchase price of shares purchased during the year	**R13.43**	—	—
15. Interest-bearing debt			
Promissory notes, issued as a result of the issue of 20 000 000 compulsory convertible debentures of R4.00 each, are redeemable in 20 semi-annual instalments at a coupon of 10.67%, ending on 31 December 2007 (note 13)	**41.8**	46.6	50.5
Loan, bearing interest at 15.00% per annum, secured by a cession over the investment in Investec Limited (note 9) and repayable in January 2006	**150.0**	150.0	150.0
Secured loans in respect of leased vehicles with a book value of R68.3 million (note 8) held under finance lease agreements bearing interest at prime bank rate less 2.75% and payable monthly in arrears, over a 4 or 5 year period	**71.5**	61.9	57.1
Short-term loan facility, guaranteed by the Company and a subsidiary company, bearing interest at a current average rate of 4.8%	**166.7**	—	—
Total interest-bearing debt at 28 February	**430.0**	258.5	257.6
***Less:* Amount repayable within one year**	**(186.7)**	(17.2)	(15.3)
Amount repayable after one year	**243.3**	241.3	242.3
16. Provisions			
Leave pay			
At 1 March	**126.6**	64.2	60.0
Income statement movement	**13.5**	(1.2)	4.2
Purchased liability	**—**	45.6	—
Foreign currency translation	**(10.3)**	18.0	—
At 28 February	**129.8**	126.6	64.2
Retirement scheme obligation (note 25)			
At 1 March	**123.5**	109.2	113.4
Income statement movement	**56.2**	38.9	20.3
Payment to retirement scheme	**(53.8)**	(24.6)	(24.5)
At 28 February	**125.9**	123.5	109.2
Total provisions at 28 February	**255.7**	250.1	173.4





	2003 Rm	2002 Rm	2001 Rm
17. Deferred tax			
The movement in deferred tax is as follows:			
At 1 March	**134.8**	134.5	139.9
Deferred tax assets	**(43.1)**	—	—
Deferred tax liabilities	**177.9**	134.5	139.9
Income statement movement (note 4)	**(39.3)**	(42.9)	(5.4)
Export partnerships	**(6.0)**	(16.9)	(17.2)
Trademarks	**—**	0.1	0.1
Property, equipment and vehicles	**3.0**	11.2	9.6
Income and expense accruals	**(9.3)**	(10.8)	2.1
Computed tax losses	**(27.0)**	(26.5)	—
Balance sheet movement	**(0.2)**	43.2	—
Acquisition (note 20)	**(0.2)**	(10.3)	—
Foreign currency translation	**—**	53.5	—
At 28 February	**95.3**	134.8	134.5
Comprising:			
Deferred tax assets			
Computed tax losses	**(53.5)**	(26.5)	—
Income and expense accruals	**(15.1)**	(16.6)	—
Total deferred tax assets	**(68.6)**	(43.1)	—
Deferred tax liabilities			
Export partnerships	**143.3**	149.3	166.2
Foreign currency translation	**57.5**	57.5	—
Income and expense accruals	**(50.1)**	(39.3)	(30.8)
Property, equipment and vehicles	**13.7**	10.9	(0.3)
Trademarks	**(0.5)**	(0.5)	(0.6)
Total deferred tax liabilities	**163.9**	177.9	134.5

	2003 Rm	2002 Rm	2001 Rm

18. Leases

The Group has entered into various operating lease agreements on premises. Leases on premises are contracted for periods of between 10 and 20 years with renewal options for a further 10 to 20 years. Rentals comprise minimum monthly payments and additional payments based on turnover levels. Turnover rentals, where applicable, average 1.5% of turnover. Rental escalations vary, but average 6.5% per annum.

At 28 February 2003 future non-cancellable minimum lease rentals are payable during the following financial years:

	2003 Rm	2002 Rm	2001 Rm
2004	**441.7**	382.2	228.8
2005 – 2008	**1 670.0**	1 455.8	1 489.1
2009 onwards	**2 654.3**	2 506.0	1 775.1
	4 766.0	4 344.0	3 493.0
At 28 February 2003 future minimum rentals receivable from non-cancellable sub-lease contracts amount to:	**70.4**	69.6	50.4

19. Change in accounting policy

During the year the Group changed its accounting policy in respect of depreciation on property, following the introduction of AC135 – Investment Property. In the past, all property was carried at cost. In accordance with AC135, buildings are now shown at cost less accumulated depreciation and any impairment in value.

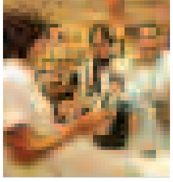
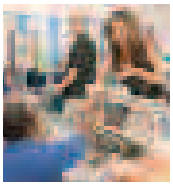
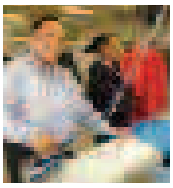
AC135 has been applied retrospectively. Comparative figures have been restated as follows:

Effect on the income statement:

	2003 Rm	2002 Rm	2001 Rm
(Decrease)/increase in profit before tax	**—**	(0.4)	12.1
Tax	**—**	—	—
(Decrease)/increase in profit after tax	**—**	(0.4)	12.1

	Boxer group acquired Rm	New Franklins stores acquired Rm	Tanzania operations sold Rm	Total Rm
20. Net acquisitions/disposal of subsidiary companies				
Net assets purchased and sold are as follows:				
Goodwill	149.9	32.8	—	**182.7**
Property	0.9	—	—	**0.9**
Equipment and vehicles	49.8	10.4	(3.4)	**56.8**
Stocks	84.0	14.1	(7.7)	**90.4**
Trade and other payables	(93.5)	—	3.6	**(89.9)**
Trade receivables	2.8	—	(2.9)	**(0.1)**
Deferred tax	0.2	—	—	**0.2**
Tax	(3.9)	—	—	**(3.9)**
Total cash consideration of acquisitions/(disposal)	190.2	57.3	(10.4)	**237.1**
Overdraft acquired	(4.4)	—	—	**(4.4)**
Total net cash consideration of acquisitions/(disposal)	185.8	57.3	(10.4)	**232.7**

	2003 Rm	2002 Rm	2001 Rm
21. Commitments			
All capital expenditure will be funded from internal cash flow			
Authorised capital expenditure			
Contracted for			
Property	**13.6**	—	2.8
Equipment and vehicles	**19.5**	7.3	0.8
Not contracted for			
Property	**—**	13.3	16.3
Equipment and vehicles	**381.0**	350.8	137.4
Total commitments	**414.1**	371.4	157.3

22. Segmental report

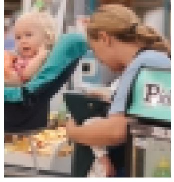
The Group is organised into two geographical segments, which is the basis on which primary segment information is reported.

The segments are as follows:

Southern African operations
Australian operations

Financial information pertaining to geographic segments is as follows:

	Southern Africa		Australia		Total	
	2003 Rm	2002 Rm	**2003 Rm**	2002 Rm	**2003 Rm**	2002 Rm
Turnover	**21 635.3**	17 137.5	**4 558.9**	1 680.0	**26 194.2**	18 817.5
Trading profit/(loss)	**764.8**	588.8	**(84.1)**	(33.5)	**680.7**	555.3
Exceptional items	**(5.3)**	23.9	**—**	(59.9)	**(5.3)**	(36.0)
Goodwill amortisation	**(9.6)**	(1.6)	**(29.0)**	—	**(38.6)**	(1.6)
Depreciation, included in trading profit/(loss)	**(250.2)**	(237.3)	**(27.9)**	(13.8)	**(278.1)**	(251.1)
Goodwill	**180.9**	40.5	**561.2**	663.6	**742.1**	704.1
Total property, equipment and vehicles	**801.2**	777.5	**186.9**	173.0	**988.1**	950.5
Total current assets (excluding cash resources)	**1 813.3**	1 405.5	**189.7**	219.0	**2 003.0**	1 624.5
Total current liabilities (excluding debt)	**3 140.4**	2 643.7	**336.8**	366.1	**3 477.2**	3 009.8



23. Related party transactions

Transactions between group subsidiaries

During the year, in the ordinary course of business, certain companies within the Group entered into arm's length transactions with each other. These intra-Group transactions have been eliminated on consolidation.

Directors

A number of directors of the Company hold positions in other entities where they may have significant influence over the financial or operating policies of those entities. The following are considered to be such entities:

Director	Entity	Position held in entity
R D Ackerman	Pick 'n Pay Employee Share Purchase Trust	Trustee
G M Ackerman	Pick 'n Pay Employee Share Purchase Trust	Trustee
D G Cope	Pick 'n Pay Retirement Scheme	Trustee
	Pick 'n Pay Medical Scheme	Trustee
R P de Wet	Pick 'n Pay Employee Share Purchase Trust	Trustee
	Pick 'n Pay Executive Share Trust	Trustee
	Pick 'n Pay Retirement Scheme	Chairman
	Pick 'n Pay Medical Scheme	Chairman
H S Herman	Investec Asset Management	Non-executive chairman
	Investec Employee Benefits Limited	Non-executive chairman
	Investec Limited	Non-executive chairman
	Investec Bank Limited	Non-executive chairman
C Hultzer	Pick 'n Pay Employee Share Purchase Trust	Trustee
	Pick 'n Pay Retirement Scheme	Trustee
	Pick 'n Pay Medical Scheme	Trustee
D M Nurek	Investec Bank Limited	Executive director
	Investec Employee Benefits Limited	Director
	Pick 'n Pay Executive Share Trust	Trustee
	Trencor Limited	Non-executive director

Except for the Pick 'n Pay related trusts, transactions between the Group and these entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.

Related party transactions include:

i) The Pick 'n Pay Employee Share Purchase Trust and the Pick 'n Pay Executive Share Trust administer the Company's share schemes.

ii) The Pick 'n Pay Retirement and Medical Schemes administer the Company's retirement and medical plans, respectively.

iii) The Company holds an investment in Investec Ltd (note 9).

iv) Investec Bank Limited manages cash resources and assets on behalf of Group companies, the Pick 'n Pay Retirement Scheme and the Pick 'n Pay Medical Scheme.

v) A subsidiary company borrowed R150 million from Investec Bank Limited (note 15).

vi) Investec Asset Management manages a portion of the Pick 'n Pay Retirement and Medical Schemes' assets.

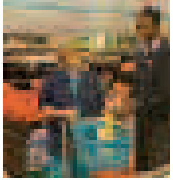
vii) Investec Employee Benefits Limited provides the Group with Life Cover Services.

viii) A subsidiary company participates in export partnerships with Trencor Limited group entities (note 11).

Certain non-executive directors of the Group are also non-executive directors of other public companies which transact with the Group. Except as disclosed above, the relevant directors do not believe they have significant influence over the financial or operating policies of those companies. Those entities are therefore not disclosed above.

Shares held by directors and their related entities

The percentage of shares held by directors of the Company and their related entities at the balance sheet date are disclosed in the Directors' Report on page 55 and in note 13.



24. Financial instruments

Currency risk

The Group is exposed to foreign currency risk through the importation of merchandise. This risk is covered by entering into forward exchange contracts. These contracts are matched with anticipated future cash outflows in foreign currencies. The Group does not use forward foreign exchange contracts for speculative purposes.

At 28 February 2003 US$6.2 million was outstanding to be paid within four months under forward foreign exchange contracts at an average exchange rate of R9.04 to the US$.

Credit risk

Financial assets, which potentially subject the Group to concentrations of credit risk, consist principally of cash resources, receivables, investments and employee loans.

The Group's cash resources and forward foreign exchange contracts are placed with major South African and international financial institutions of high credit standing and within specific guidelines laid down by the Group's Treasury committee and approved by the Board. The Treasury committee is appointed by the Board and comprises executive directors and senior executives.

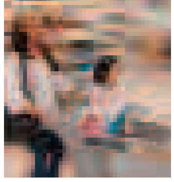
Receivables, which are predominantly amounts owing by franchisees, are presented net of allowances for doubtful debts. The Group obtains collateral and other forms of tangible security from its franchise debtors. The total credit risk with respect to receivables from franchise debtors is ameliorated as a result of the dispersion amongst individual franchisees and across different geographic areas. Accordingly, the Group has no significant concentration of credit risk.

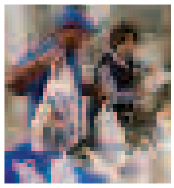
The Group obtains appropriate forms of security when granting employee loans.

Cash flow and funding risk

This risk is managed using cash flow forecasts and by the maintenance of adequate borrowing facilities. In terms of the articles of association, the Company's borrowing powers are unlimited. However, the Treasury committee maintains strict control over the acceptance and drawdown of any loan facility.

	2003 Rm	2002 Rm	2001 Rm
At 28 February the Group's loan facilities comprised:			
Total borrowing facilities granted by financial institutions	**1 391.3**	1 073.9	797.1
Total actual borrowings and utilisation of facilities	**(499.6)**	(401.9)	(287.4)
Unutilised borrowing facilities	**891.7**	672.0	509.7





24. Financial instruments *(continued)*

Interest rate risk

The effective rates on financial instruments at 28 February 2003 are:

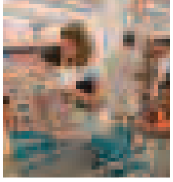
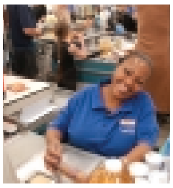
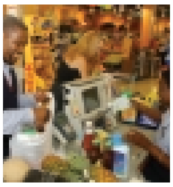
	Weighted average rate of return %	Floating interest rate %	Maturity of interest bearing asset/liability: 1 year or less Rm	1 to 5 years Rm	Over 5 years Rm	Non-interest bearing Rm	Total Rm
Assets							
Cash resources		11.2	1 035.6	—	—	—	**1 035.6**
Trade receivables			—	—	—	495.7	**495.7**
Participation in export partnerships			—	—	—	143.3	**143.3**
Loans	4.5		12.6	50.6	26.3	74.3	**163.8**
Investments	10.8		—	175.0	—	6.4	**181.4**
Total financial assets			1 048.2	225.6	26.3	719.7	**2 019.8**
Liabilities							
Trade and other payables			—	—	—	3 265.1	**3 265.1**
Interest-bearing debt			186.7	243.3	—	—	**430.0**
Provisions			—	—	—	255.7	**255.7**
Total financial liabilities			186.7	243.3	—	3 520.8	**3 950.8**
Net financial assets/(liabilities)			861.5	(17.7)	26.3	(2 801.1)	**(1 931.0)**

Fair values of financial instruments

At 28 February 2003 the carrying amounts of cash resources, trade receivables and trade and other payables approximate their fair values due to their short-term maturities.

The fair value of loans, participation in export partnerships and investments approximate their carrying value as disclosed on the balance sheet.

The cash flows from the participation in export partnerships (note 11), which will be received over the next 10 to 15 years, have not been discounted. For fair presentation purposes, it is noted that any impairment to the participation in export partnerships will result in a corresponding reduction in the related deferred taxation liability and thus there would be no impact on the net cash flow statement and the income statement.

25. Retirement benefits

Retirement Scheme

The Scheme originally comprised four separate funds:

- Defined contribution Provident Fund for Non-Management Bargaining Unit (NMBU) employees who are not members of the SACCAWU National Provident Fund and non-NMBU employees up to Assistant Store Manager level.
- Defined contribution Pension Fund for non-NMBU employees up to Store Manager level, which also pays pensions to retirees from all four schemes who elect to purchase a pension from the Pick 'n Pay Scheme.
- Defined benefit Retirement Fund for employees at Regional Manager level and above.
- Defined contribution Senior Provident Fund for employees who join the Group at age 53 or older.

With effect from 1 March 2001, the Trustees amalgamated all the Funds into one Fund. This is a defined contribution Non-contributory Provident Fund. As part of the amalgamation, a Pick 'n Pay Preserver Fund has also been formed. Previous members of the Pension Fund will transfer a portion of their benefit into this fund to limit the tax effect of their transfer benefit. A similar arrangement is not needed for the other employees by virtue of their transfer being from one Provident Fund to another.

Although the rule amendments for this arrangement have not yet received FSB approval, the Scheme operates and has been valued on the new structure since June 2001. The new scheme is defined contribution in nature, however as part of the amalgamation certain members are guaranteed that they will not be worse off and hence they retain their previous defined benefit guarantee. Since the pensioners are also paid by the Scheme, the Scheme's liabilities may be broken down between those which are defined contribution in nature, and those which are defined benefit and for which the employer has an obligation to make additional contributions to ensure this portion of the Scheme is fully funded.

Post-retirement medical benefits

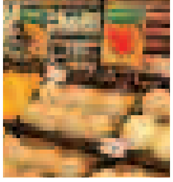
Members who joined the Group prior to 1 January 1997 will receive an additional pension on retirement to assist with post-retirement medical scheme contributions. Some of the members have already retired and are in receipt of a post-retirement medical pension. The full obligation for both active members and retirees is provided for in the financial statements. There is no subsidy for members who joined the Group after 1 January 1997.

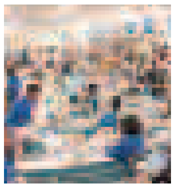
Benefit fund

This fund pays disability benefits sanctioned by the trustees. The fund has been reinsured by an insurer on a 100% profit share basis and hence the employer is required to make additional contributions to ensure this fund is fully funded at all times.

Employee benefit obligations

	Retirement Defined Benefit Fund Rm	Post-Retirement Medical Fund Rm	Benefit Fund Rm	Total Obligation 2003 Rm	Total Obligation 2002 Rm	Total Obligation 2001 Rm
The amount recognised in the balance sheet is as follows:						
Present value of funded obligations	440.1	91.8	14.4	**546.3**	491.4	430.8
Fair value of assets	(408.2)	—	(12.2)	**(420.4)**	(367.9)	(321.6)
Present value of unfunded obligations (note 16)	31.9	91.8	2.2	**125.9**	123.5	109.2





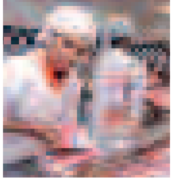
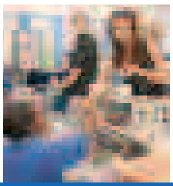
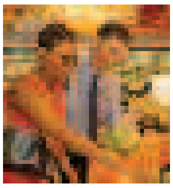
25. Retirement benefits *(continued)*

Employee benefit obligations *(continued)*

	Retirement Defined Benefit Fund Rm	Post-Retirement Medical Fund Rm	Benefit Fund Rm	Total Obligation 2003 Rm	Total Obligation 2002 Rm	Total Obligation 2001 Rm
Amounts recognised in the income statement are as follows:						
Current service cost	34.8	0.5	2.8	**38.1**	33.0	33.9
Interest on the obligation	51.9	12.1	1.6	**65.6**	55.8	53.0
Expected return on the plan assets	(49.2)	0.1	(1.7)	**(50.8)**	(41.0)	(35.2)
Net actuarial (gains)/ losses recognised	16.0	(14.9)	2.2	**3.3**	(8.9)	(31.4)
Total included in staff costs	53.5	(2.2)	4.9	**56.2**	38.9	20.3
Actual return on plan assets	(1.9%)	—	(5.5%)	**(2.0%)**	(3.3%)	12.3%
Movement in the liability recognised on the balance sheet is as follows:						
Net liability – 1 March	29.5	94.0	—	**123.5**	109.2	113.4
Net expense in the income statement	53.5	(2.2)	4.9	**56.2**	38.9	20.3
Contributions	(51.1)	—	(2.7)	**(53.8)**	(24.6)	(24.5)
Net liability – 28 February	31.9	91.8	2.2	**125.9**	123.5	109.2

The principal assumptions at the last valuation date of 1 June 2002 are:

Discount rate	13.75% per annum
Future salary increases	11.50% per annum
Future pension increases	7.06% per annum
Annual increase in health care costs	11.50% per annum

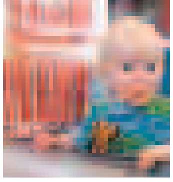




Notes 26 to 27 comprise Pick 'n Pay Stores Limited's annual financial statements

26. Pick 'n Pay Stores Limited

BALANCE SHEET AS AT 28 FEBRUARY

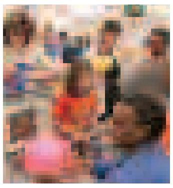
	2003 Rm	2002 Rm	2001 Rm
Assets			
Non-current assets			
Interest in subsidiary companies (note 27)	**4.1**	64.4	(13.3)
Employee share purchase trust	**65.8**	174.6	162.0
Investments (note 9)	**175.2**	175.2	175.2
	245.1	414.2	323.9
Current asset			
Trade receivables	**3.1**	2.6	2.5
Total assets	**248.2**	416.8	326.4
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital (note 13)	**6.0**	6.2	6.3
Share premium	**13.9**	186.7	232.0
Unissued shares (note 13)	**16.0**	16.0	16.0
Accumulated profit	**153.4**	145.5	5.9
	189.3	354.4	260.2
Non-current liabilities			
Debentures (note 15)	**41.8**	46.6	50.5
Current liabilities			
Dividends received in advance	**14.2**	12.8	12.8
Trade and other payables	**2.5**	2.7	2.8
Tax	**0.4**	0.3	0.1
	17.1	15.8	15.7
Total equity and liabilities	**248.2**	416.8	326.4




Notes to the annual financial statements *continued*

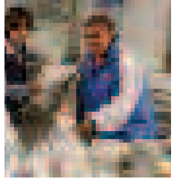
	2003 Rm	2002 Rm	2001 Rm
26. Pick ’n Pay Stores Limited *(continued)*			
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY			
Distributions from subsidiary companies	**245.3**	339.5	199.3
Income from unlisted investments	**17.6**	17.1	17.1
Fees received from subsidiary company	**6.0**	5.1	4.8
Interest received	**8.3**	9.5	9.7
Interest paid	**(8.3)**	(9.5)	(9.7)
Administrative expenses	**(0.7)**	(0.5)	(0.5)
Profit before tax	**268.2**	361.2	220.7
Tax	**(1.6)**	(1.4)	(1.3)
Net profit for the year	**266.6**	359.8	219.4
Accumulated profit /(deficit) – 1 March	**145.5**	5.9	(34.3)
	412.1	365.7	185.1
Dividends paid (note 6)	**(258.7)**	(220.2)	(179.2)
Accumulated profit – 28 February	**153.4**	145.5	5.9
CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY			
Profit before tax	**268.2**	361.2	220.7
Dividends received in advance	**1.4**	—	—
Trade and other payables	**(0.2)**	(0.1)	(33.4)
Trade receivables	**(0.5)**	(0.1)	(0.2)
Cash generated by operations	**268.9**	361.0	187.1
Dividends paid (note 6)	**(258.7)**	(173.5)	(116.9)
Tax paid	**(1.5)**	(1.2)	(1.3)
Net cash inflows from operating activities	**8.7**	186.3	68.9
Employee share purchase trust	**108.8**	(12.6)	(68.0)
Share repurchases	**(173.0)**	(92.1)	—
Debentures repaid	**(4.8)**	(3.9)	(3.4)
Cash utilised in investing and financing activities	**(69.0)**	(108.6)	(71.4)
Pick ’n Pay Retailers (Pty) Limited loan account			
Net movement for the year	**(60.3)**	77.7	(2.5)
Balance at 1 March	**32.9**	(44.8)	(42.3)
Balance at 28 February (note 27)	**(27.4)**	32.9	(44.8)





	2003 Rm	2002 Rm	2001 Rm
27. Interest in subsidiaries			
Shares at cost			
Trading	**30.0**	30.0	30.0
Pick ’n Pay Retailers (Pty) Limited			
Pick ’n Pay (Mitchells Plain) Limited			
Pick ’n Pay (Bophuthatswana) (Pty) Limited			
Pick ’n Pay (Gabriel Road) (Pty) Limited			
Pick ’n Pay Garages (Pty) Limited			
The Blue Ribbon Meat Corporation (Pty) Limited			
Property owning	**0.6**	0.6	0.6
Alstar (Pty) Limited			
Bedworth Sentrum (Pty) Limited			
Carrefour (Pty) Limited			
Lanbas Investments (Pty) Limited			
Pick ’n Pay (Bellville) (Pty) Limited			
Pick ’n Pay (Newton Park) (Pty) Limited			
Pick ’n Pay (Ottery) (Pty) Limited			
Pick ’n Pay (Steeledale) (Pty) Limited			
Pick ’n Pay (Steelpark) (Pty) Limited			
Dormant companies	**0.9**	0.9	0.9
	31.5	31.5	31.5
Indebtedness (due to)/from Pick ’n Pay Retailers (Pty) Limited	**(27.4)**	32.9	(44.8)
Held by Pick ’n Pay Stores Limited	**4.1**	64.4	(13.3)
The attributable earnings of subsidiaries are	**500.7**	446.7	307.7
The attributable losses of subsidiaries are	**62.2**	61.9	—

Notes to the annual financial statements *continued*



27. Interest in subsidiaries *(continued)*

Held by other Group trading subsidiaries:

InterFrank Group Holdings (Pty) Limited
(Registered in Australia)
InterFrank Holdings (Pty) Limited
(Registered in Australia)
Fresco Supermarket Holdings (Pty) Limited
(Registered in Australia)
Fresco Supermarkets (Pty) Limited
(Registered in Australia)
Pick ’n Pay International Limited
(Registered in the United Kingdom)
Pick ’n Pay Insurance Company Limited
Score Supermarkets Operating Limited
Score Supermarkets (Trading) (Pty) Limited
Score Supermarkets (Botswana) (Pty) Limited
(Registered in the Republic of Botswana)
Score Supermarkets (Southern Africa) (Pty) Limited
(Registered in the Republic of Botswana)
Score Supermarkets (Swaziland) Limited
(Registered in the Kingdom of Swaziland)
Boxer Holdings (Pty) Limited
Boxer Superstores (Pty) Limited
Mfolozi Properties (Pty) Limited
KwaZulu Cash & Carry (Pty) Limited
Boxer Fresh Meats (Pty) Limited

All companies are 100% held and incorporated in South Africa except where indicated.
A comprehensive list of group subsidiaries is available on request at the registered office of the Company.

Directors' approval, Company Secretary's certificate and Report of the Independent Auditors

Directors' approval

The directors acknowledge and accept full responsibility for the preparation and integrity of the information presented in these annual financial statements.

These annual financial statements and Group annual financial statements of Pick 'n Pay Holdings Limited, which were prepared in accordance with the Companies Act of South Africa and comply with South African Statements of Generally Accepted Accounting Practice, were approved by the Board of Directors on 7 May 2003 and are signed on their behalf by:

G M Ackerman
Chairman

R D Ackerman
Director

Company Secretary's certificate

I certify that Pick 'n Pay Holdings Limited has lodged with the Registrar of Companies all returns as required by a public company in terms of section 268G(d) of the Companies Act, 1973, as amended, and such returns are true, correct and up to date.

G F Lea
Company Secretary

7 May 2003

Report of the Independent Auditors

To the members of

Pick 'n Pay Holdings Limited

We have audited the annual financial statements and Group annual financial statements of Pick 'n Pay Holdings Limited and its subsidiaries, as set out on pages 91 to 98, for the year ended 28 February 2003. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements, based on our audit.

Scope

We conducted our audit in accordance with South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

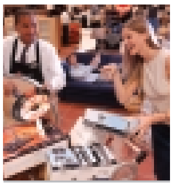
In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and the Group at 28 February 2003 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa.

We draw attention to the manner of presentation of the Group annual financial statements of the Company as set out in the directors' report.

KPMG Inc.

KPMG Inc
Registered Accountants and Auditors
Chartered Accountants (SA)

Cape Town
7 May 2003


Directors' report

for the year ended 28 February 2003

Structure and function

The Company, which is domiciled and incorporated in the Republic of South Africa and listed on the JSE Securities Exchange South Africa ("JSE"), was formed with the sole purpose of holding a controlling interest in Pick 'n Pay Stores Limited. The Company is entitled to redistribute any dividend received from Pick 'n Pay Stores Limited.

Relative share value

The directors consider that the ratio of the dividend per share for the year of Pick 'n Pay Holdings Limited (PIKWIK), 26.96 cents, to that of Pick 'n Pay Stores Limited (PICKNPAY), 55.25 cents, determines the value of a Pick 'n Pay Holdings Limited share which, based on these figures, is 48.8% (2002 – 48.9%) of a Pick 'n Pay Stores Limited share.

Disclosure

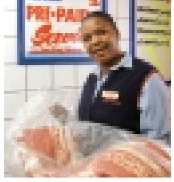
The Company's sole asset is its 53.2% (2002: 51.8%) direct shareholding in its subsidiary, Pick 'n Pay Stores Limited, and its only source of income is the dividend declared by the subsidiary and paid to the Company.

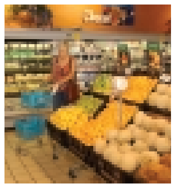
While South African Statement of Generally Accepted Accounting Practice AC 132 requires the consolidated financial statements to be the financial statements of a group presented as those of a single enterprise, the Directors consider it sufficient to present consolidated annual financial statements in terms of Section 290 of the Companies Act of South Africa.

The consolidated financial statements of the Company comprise the Group financial statements of Pick 'n Pay Stores Limited set out on pages 53 to 88, adjusted for the minority interest, and the financial statements of the Company set out on pages 94 to 98, after the elimination of balances and dividends between the Company and its subsidiary.

In compliance with AC 132, the Group financial statements of the Company are detailed below together with the summarised Group financial statements of its subsidiary.

	Pick 'n Pay Holdings Limited and its subsidiary		**Pick 'n Pay Stores Limited and its subsidiaries**	
	2003 Rm	2002 Rm	**2003 Rm**	2002 Rm
INCOME STATEMENT				
Net profit after tax	**453.8**	400.2	**453.8**	400.2
Minority interest	**(212.4)**	(193.2)	**—**	(0.6)
Net profit for the year	**241.4**	207.0	**453.8**	399.6
Net profit for the year	**241.4**	207.0	**453.8**	399.6
Headline adjustment	**23.5**	(9.3)	**43.9**	(17.8)
Headline earnings	**264.9**	197.7	**497.7**	381.8
Per share – cents				
Headline earnings	**50.22**	37.49	**102.24**	76.01
Earnings	**45.79**	39.26	**93.22**	79.55
	000's	000's	**000's**	000's
Weighted average number of shares in issue	**527 249.1**	527 249.1	**486 763.7**	502 377.8
BALANCE SHEET	**Rm**	Rm	**Rm**	Rm
Total assets	**5 325.9**	**4 917.2**	**5 325.9**	**4 917.2**
Equity and liabilities				
Share capital	**6.6**	6.6	**6.0**	6.2
Share premium	**120.8**	120.8	**13.9**	186.7
Unissued shares	**—**	—	**16.0**	16.0
Treasury shares	**—**	—	**(127.2)**	—
Accumulated profits	**336.0**	378.1	**979.5**	784.2
Foreign currency translation reserve	**59.0**	118.0	**110.9**	227.8
Ordinary shareholders' interest	**522.4**	623.5	**999.1**	1 220.9
Minority interest	**476.7**	597.4	**—**	—
Total shareholders' interest	**999.1**	1 220.9	**999.1**	1 220.9
Liabilities	**4 326.8**	3 696.3	**4 326.8**	3 696.3
Total equity and liabilities	**5 325.9**	**4 917.2**	**5 325.9**	**4 917.2**





Directors’ report continued

for the year ended 28 February 2003

STATEMENT OF CHANGES IN EQUITY

The Pick ’n Pay Holdings Limited Group statement of changes in equity is as follows:

	Share capital Rm	Share premium Rm	Accumulated profits Rm	Foreign currency translation reserve Rm	Total Rm
At 28 February 2001	6.5	107.8	315.7	1.7	**431.7**
Net profit for the year			207.0		**207.0**
Capitalisation award	0.1	13.0			**13.1**
Subsidiary’s share repurchases			(30.7)		**(30.7)**
Dividends paid			(113.9)		**(113.9)**
Foreign currency translation				116.3	**116.3**
At 28 February 2002	6.6	120.8	378.1	118.0	**623.5**
Net profit for the year			241.4		**241.4**
Subsidiary’s share repurchases			(141.3)		**(141.3)**
Dividends paid			(142.2)		**(142.2)**
Foreign currency translation				(59.0)	**(59.0)**
At 28 February 2003	6.6	120.8	336.0	59.0	**522.4**

CASH FLOW STATEMENT

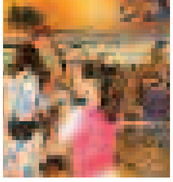
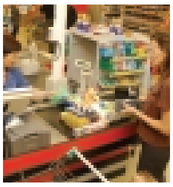
This is the same as for the subsidiary.

ACCOUNTING POLICIES

The accounting policies are consistent with those of Pick ’n Pay Stores Limited as set out on pages 60 to 63.

DIRECTORS’ REMUNERATION

For the remuneration of R D Ackerman, G M Ackerman, W Ackerman, R P de Wet, H S Herman, C Hultzer and D M Nurek refer note 2 on page 65.


Dividends paid and declared

Share code: PWK   ISIN code: ZAE 00000 5724

A cash dividend (No. 41) of 20.13 cents per share was paid to shareholders on 10 June 2002.

A cash dividend (No. 42) of 6.83 cents per share was paid to shareholders on 9 December 2002.

The directors have declared a cash dividend (No. 43) of 26.85 cents per share. The last day of trade in order to participate in the dividend (CUM dividend) will be 6 June 2003.

Shares will trade EX dividend from the commencement of business on 9 June 2003 and the record date is 13 June 2003.

The dividend will be paid on 17 June 2003. Share certificates may not be dematerialised or rematerialised between 9 June 2003 and 13 June 2003, both days inclusive.

As dividend No. 43 was declared on 14 April 2003 it will be accounted for in the 2004 financial year and is therefore not accounted for in these financial statements.

Share capital

There was no movement in the number of issued ordinary shares during the year, being 527 249 082.

Special resolution

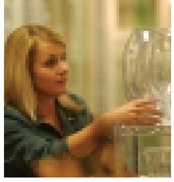
On 14 June 2002 shareholders approved various special resolutions, the details of which are available from the Company on request.

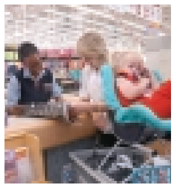
Directors and secretary

In terms of the Company's articles of association the directors listed on page 105 retire by rotation and offer themselves for re-election. Information pertaining to the directors and secretary appears on page 5.

Directors' interest in shares

	2003	2002	2001
	%	%	%
Beneficial	**0.9**	0.8	13.3
Non-beneficial	**48.2**	48.2	36.0
	49.1	49.0	49.3





Income statement

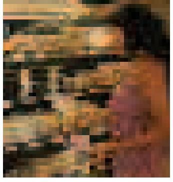
for the year ended 28 February

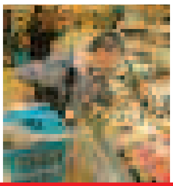
	Notes	2003 Rm	2002 Rm	2001 Rm
Income				
Dividends received from Pick ’n Pay Stores Limited	1	**142.2**	113.9	92.8
Dividends paid	1, 2	**142.2**	113.9	92.8
Per share – cents				
Earnings		**26.96**	21.75	17.92
Dividends	2	**26.96**	21.75	17.92
Shares in issue	4	**527 249 082**	527 249 082	522 627 004

Balance sheet

as at 28 February

	Notes	2003 Rm	2002 Rm	2001 Rm
Assets				
Non-current asset				
Investment in subsidiary	3	**128.0**	128.0	114.2
Current asset				
Trade receivable		**0.3**	0.3	0.3
Total assets		**128.3**	128.3	114.5
Equity and liabilities				
Capital and reserves				
Share capital	4	**6.6**	6.6	6.5
Share premium		**120.8**	120.8	107.8
		127.4	127.4	114.3
Current liabilities				
Loan from subsidiary company		**0.2**	0.3	(0.6)
Trade payable		**0.7**	0.6	0.8
		0.9	0.9	0.2
Total equity and liabilities		**128.3**	128.3	114.5





Statement of changes in equity

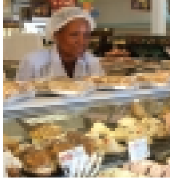
for the year ended 28 February

	Notes	Share capital Rm	Share premium Rm	Accu-mulated profits Rm	Total Rm
At 29 February 2000		6.5	79.8	—	**86.3**
Net profit for the year		—	—	92.8	**92.8**
Capitalisation award	1	—	28.0	—	**28.0**
Dividends paid	2	—	—	(92.8)	**(92.8)**
At 28 February 2001		6.5	107.8	—	**114.3**
Net profit for the year		—	—	113.9	**113.9**
Capitalisation award	1	0.1	13.0	—	**13.1**
Dividends paid	2	—	—	(113.9)	**(113.9)**
At 28 February 2002		6.6	120.8	—	**127.4**
Net profit for the year		—	—	142.2	**106.2**
Dividends paid	2	—	—	(142.2)	**(106.2)**
At 28 February 2003		6.6	120.8	—	**127.4**

Cash flow statement

for the year ended 28 February

	2003 Rm	2002 Rm	2001 Rm
Dividend income	**142.2**	113.9	92.8
Total payables	**—**	0.7	0.1
Cash generated by operations	**142.2**	114.6	92.9
Dividends paid	**(142.2)**	(100.8)	(64.8)
Net cash inflows from operating activities	**—**	13.8	28.1
Cash utilised in investing activities			
Investment in subsidiary	**—**	13.8	28.1
Net cash outflows from operating activities	**—**	13.8	28.1
Movement in cash and cash equivalents	**—**	—	—



Notes to the annual financial statements

1. Capitalisation share awards and cash dividends

The full value of capitalisation share awards and cash dividends, both payable and receivable, are recorded as a deduction from equity in the statement of changes in equity and dividend income in the income statement, respectively.

Upon allotment of shares in terms of a capitalisation share award, the election amounts are transferred to the share capital account and share premium account.

The value of a capitalisation award received is capitalised as part of the carrying value of the investment.

Cash dividends are recorded in the year of declaration.

2. Dividends

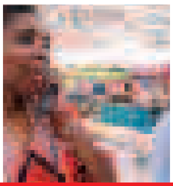
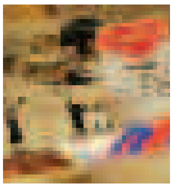
	2003 cents	2002 cents	2001 cents
No. 41 – declared 15 April 2002 – paid 10 June 2002	**20.13**	16.62	13.60
No. 42 – declared 7 October 2002 – paid 9 December 2002	**6.83**	5.13	4.32
Total dividends for the year	**26.96**	21.75	17.92
	Rm	Rm	Rm
Total value of dividends declared (note 1)	**142.2**	113.9	92.8

For further details refer to Directors’ Report on page 93.

3. Investment in subsidiary

Pick ’n Pay Stores Limited

	2003	2002	2001
257 345 334 (2002 – 257 345 334) ordinary shares			
Initial investment	**24.7**	24.7	24.7
Cumulative capitalisation share awards received (note 3)	**103.3**	103.3	89.5
Total investment at cost	**128.0**	128.0	114.2
Market value	**3 203.9**	2 534.9	3 078.5

	2003 Rm	2002 Rm	2001 Rm

4. Share capital

Authorised

	2003 Rm	2002 Rm	2001 Rm
800 000 000 ordinary shares of 1.25 cents each	**10.0**	10.0	10.0

Issued

	2003 Rm	2002 Rm	2001 Rm
527 249 082 ordinary shares of 1.25 cents each	**6.6**	6.6	6.5

The unissued shares remain under the control of the directors until the next annual general meeting when shareholders will be asked to extend this authority for a further year.

Share incentive scheme

In terms of the 1997 Share Option Scheme, approved by shareholders on 22 September 1997, the directors are authorised to utilise up to 17.5% of the issued share capital for the scheme.

Movement in the number of options granted but not taken up is as follows:

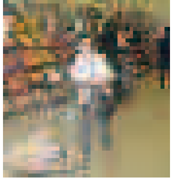
	000's	000's	000's
At 1 March	**31 135.9**	26 536.1	21 126.3
New options granted*	**4 744.2**	6 266.2	7 334.2
Options taken up**	**(2 003.8)**	(1 350.0)	(1 467.2)
Options forfeited	**(452.3)**	(316.4)	(457.2)
At 28 February	**33 424.0**	31 135.9	26 536.1
Percentage of issued shares	**13.0%**	5.9%	5.1%
**Average grant price of options granted during the year*	**R4.20**	R3.83	R3.35
***Average take-up price of options taken up during the year*	**R2.28**	R1.93	R1.59

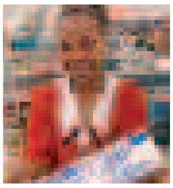
Options granted may be taken up during the following financial years:

Year	**Average grant price**	**000's**	000's	000's
2004 and prior	R2.36	**25 939.3**		
2005	R3.70	**2 551.3**		
2006	R3.49	**4 763.4**		
2007	R4.10	**170.0**		
		33 424.0		

The Employee Share Purchase Trust, which administers the 1997 Share Option Scheme, holds the following number of ordinary shares as a hedge against options granted or to be granted by that scheme	**33 200.2**	35 399.5	34 486.3

Notes to the annual financial statements *continued*





4. Share capital *(continued)*

Directors’ interest in shares

The following shares are held by directors and senior executives:

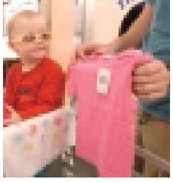
	Beneficial interest 000’s	Non-beneficial interest 000’s	2003 Total 000’s	2002 Total 000’s
Directors				
R D Ackerman	597.3	—	**597.3**	597.3
W Ackerman	3 900.0	—	**3 900.0**	3 703.9
G M Ackerman	—	957.8	**957.8**	886.0
R D Ackerman/W Ackerman/G M Ackerman	—	253 050.0*	**253 050.0**	253 050.0
H S Herman	62.5	—	**62.5**	62.5
Senior executives				
S R Summers	82.7	—	**82.7**	82.7
D Robins	7.7	—	**7.7**	—

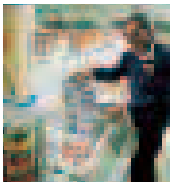
**The non-beneficial interest represents the holding by the Ackerman Family Trust, of which these directors are trustees.*

The following share options are held by directors and senior executives:

1997 Share Option Scheme

	No of shares as at year-end 000’s	Average offer price per share	Financial years can be taken up
Director			
G M Ackerman	1 903.9	1.60	2004
Senior executives			
D G Cope	305.3	3.60	2004 – 2005
D Robins	526.1	2.69	2004 – 2006
S R Summers	1 688.7	3.57	2004 – 2008





Shareholders' information

Annual general meetings

13 June 2003

Dividends

	Pick 'n Pay Stores Ltd Share code: PIK ISIN code: ZAE 00000 5443		Pick 'n Pay Holdings Ltd Share code: PWK ISIN code: ZAE 00000 5724			
	No.	*Amount (cents)*	*No.*	*Amount (cents)*	*Last date of trade*	*Date of payment*
Interim	67	10.50	40	5.13	30 Nov 2001	10 Dec 2001
Final	68	41.25	41	20.13	31 May 2002	10 Jun 2002
Interim	69	14.00	42	6.83	29 Nov 2002	09 Dec 2002
Final	70	55.00	43	26.85	6 June 2003	17 June 2003
Interim	71				5 Dec 2003	15 Dec 2003
Final	72				4 Jun 2004	14 Jun 2004

Preliminary profit announcements

Interim to 31 August 2003: about 15 October 2003
Final to 28 February 2004: about 17 April 2004

Publication of annual report

End of May

Registered office

5th Floor, Pick 'n Pay Centre, corner Main and Campground Roads, Claremont, Cape Town, 7708

Group Company Secretary

G F Lea
Business address: 5th Floor, Pick 'n Pay Centre, corner Main and Campground Roads, Claremont, Cape Town, 7708
Postal address: PO Box 23087, Claremont, 7735
Tel (021) 658-1000, Fax (021) 683-2514
E-mail address: glea@pnp.co.za

Information Officer

Penny Hinde
E-mail address: phinde@pnp.co.za

Website address

http://www.picknpay.co.za

Registrar

Computershare Investor Services Limited, 70 Marshall Street, Johannesburg 2001. PO Box 61051, Marshalltown, 2107
Tel (011) 370-5000, Fax (011) 688-7721

STRATE

Pick 'n Pay Stores Ltd and Pick 'n Pay Holdings Ltd moved into the STRATE environment on the JSE Securities Exchange South Africa on 1 October 2001.

Computershare has been appointed as the Companys' Central Securities Depositary Participant (CSDP).

Auditors

KPMG Inc

Attorneys

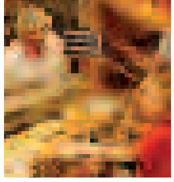
Sonnenberg Hoffmann & Galombik Inc.

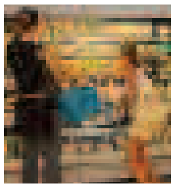
Principal bankers

ABSA Limited
First National Bank of Southern Africa Limited

JSE Securities Exchange South Africa Sponsor

Investec Bank Limited





Subsidiary company directors

In addition to the management board directors on pages 14, 20 and 26 the following executives are directors of our main operating companies.

Pick 'n Pay Retailers (Pty) Limited

Hypermarket General Managers

Bobby Bezuidenhout (57)
Durban
Appointed 1991
Years of Service 31

Mark Bishop (40)
Boksburg
Appointed 2001
Years of Service 20

Dion Blom (36)
Princess Crossing
Appointed 2002
Years of Service 13

André Els (44)
Faerie Glen
Appointed 1991
Years of Service 22

Brian Gregson (43)
Norwood
Appointed 2002
Years of Service 15

Ian Hughes (36)
Moffett Park
Appointed 2002
Years of Service 16

Johannes Letswalo (43)
Steeledale
Appointed 2001
Years of Service 19

Piet Lubbe (40)
Bedworth Park
Appointed 1998
Years of Service 18

John Lucas (49)
Brackenfell
Appointed 1998
Years of Service 24

Wim Theron (35)
Ottery
Appointed 2003
Years of Service 5

Sylvester Mofokeng (39)
Northgate
Appointed 2000
Years of Service 16

Duncan Pentz (46)
Bloemfontein
Appointed 1997
Years of Service 22

Jacques van Rooyen (43)
Wonderpark
Appointed 1998
Years of Service 16

Dirk Venter (49)
Klerksdorp
Appointed 2002
Years of Service 22

Supermarket General Managers

André Coetzer (38)
Eastern Cape
Appointed 1998
Years of Service 19

Llywellyn Dyer (40)
Western Cape
Appointed 1999
Years of Service 18

Danie Boshoff (44)
Gauteng
Appointed 1995
Years of Service 20

Dallas Langman (33)
KwaZulu-Natal
Appointed 1998
Years of Service 13

Luke Louw (45)
Northern Region
Appointed 1996
Years of Service 21

Corporate General Managers

Suzanne Ackerman-Berman (40)
Corporate and Social Affairs
Appointed 2002
Years of Service 8

Peter Arnold (41)
Fresh Produce
Appointed 1997
Years of Service 19

Solly Bendrau (47)
General Merchandise
Appointed 2000
Years of Service 25

Richard Carter (45)
Operations – Boardmans
Appointed 2002
Years of Service 29

Tessa Chamberlain (43)
Marketing
Appointed 2001
Years of Service 4

Michael Coles (48)
Clothing
Appointed 1995
Years of Service 8

Rob Clifford (54)
Operations
Appointed 1999
Years of Service 9

Harold Dawson (44)
Technology
Appointed 2000
Years of Service 13

Louis de Beer (46)
Bakeries
Appointed 1991
Years of Service 24

Leon de Lange (36)
Home Shopping
Appointed 2002
Years of Service 15

Helen de Light (48)
Industrial Relations
Appointed 2002
Years of Service 17

Ivan Diepraam (49)
Delicatessens
Appointed 1994
Years of Service 22

Stuart Duffield (45)
General Merchandise
Appointed 1991
Years of Service 25

Cornelius Grobbelaar (51)
Internal Audit
Appointed 1996
Years of Service 21

George Jones (55)
Employee Benefits
Appointed 1997
Years of Service 15

Isak Joubert (33)
Property
Appointed 1998
Years of Service 10

Gary Lea (37)
Group Company Secretary
Group Finance
Appointed 2001
Years of Service 6

Warren Marsden (48)
General Merchandise
Appointed 1989
Years of Service 25

Ray Murray (54)
National – Perishables
Eastern Cape – Foods
Appointed 1988
Years of Service 28

Malcolm Mycroft (46)
General Merchandise
Appointed 1999
Years of Service 25

Adrian Naude (32)
HealthPharm
Appointed 2000
Years of Service 5

Kader Patel (42)
Hypermarkets – Foods
Appointed 1994
Years of Service 21

Jo Rice (56)
Franchise – Family Stores
Appointed 1997
Years of Service 21

Cedric Ross (43)
Score
Appointed 1998
Years of Service 20

Frikkie Rossouw (54)
Food Distribution – Gauteng
Appointed 1985
Years of Service 28

Dave Rappoport (52)
Boardmans
Appointed 1989
Years of Service 32

Andre Siebrits (46)
Pick 'n Pay Go Banking
Appointed 1994
Years of Service 25

David Smith (48)
Supermarkets – National Foods
Western Cape – Foods
Appointed 1993
Years of Service 28

Rob Speedy (33)
Business Systems
Appointed 2000
Years of Service 11

Frans van der Colff (44)
Franchise – Mini Markets
Appointed 2002
Years of Service 15

Lyndsay Webster-Rozon (32)
Strategy
Appointed 2000
Years of Service 3

Leon Wilks (56)
Systems – Store Automation
Appointed 1989
Years of Service 31

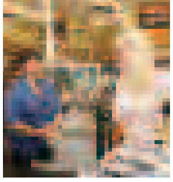
Subsidiary Board – Buyers

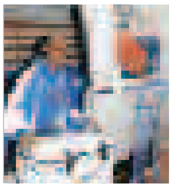
Rowan Armstrong (39)
General Merchandise
Appointed 2002
Years of Service 18

Gigi Bisogno (47)
Corporate Brands
Appointed 1989
Years of Service 26

David Braun (50)
Corporate
Appointed 1994
Years of Service 25

Roy Campbell (47)
General Merchandise
Appointed 2002
Years of Service 26





Selwyn Cohen (59)
General Merchandise
Appointed 1988
Years of Service 31

Neil Cooke (45)
KwaZulu-Natal – Foods
Appointed 2000
Years of Service 23

Moosa Hans (56)
Hypermarkets – Foods
Appointed 1991
Years of Service 23

Geoff Kahn (54)
HealthPharm
Appointed 1987
Years of Service 33

Peter Powell (45)
Northern Region – Foods
Appointed 2001
Years of Service 6

Hennie Roets (33)
General Merchandise
Appointed 2003
Years of Service 13

Alan van den Berg (36)
Gauteng – Foods
Appointed 1999
Years of Service 16

Naas van Poucke (45)
Western Cape – FDC
Appointed 2002
Years of Service 20

Subsidiary Board – Administration

Abdurahman Hamdulay (31)
Western Cape – Chief Accountant
Appointed 2001
Years of Service 10

Christine Janse van Rensburg (44)
National Human Resources
Appointed 1999
Years of Service 14

Loretta Kelly (48)
Corporate Accountant
Appointed 2001
Years of Service 32

Graeme Laithwaite (58)
Corporate Expense Control
Appointed 1997
Years of Service 19

Henry Lefevre (55)
Internal Audit
Appointed 1981
Years of Service 31

Karyn Leibbrandt (43)
KwaZulu-Natal Chief Accountant
Appointed 2001
Years of Service 18

Pearly Ling (38)
Operations
Appointed 2001
Years of Service 6

Yacoob Mola (48)
KwaZulu-Natal – Human Resources
Appointed 1999
Years of Service 14

Fred Pearl (57)
Corporate Accountant
Appointed 1987
Years of Service 32

Bronwen Rohland (39)
Labour Productivity
Appointed 2001
Years of Service 17

Sidney Snyders (59)
Systems Application
Appointed 1991
Years of Service 33

Petrus Steyn (33)
Gauteng – Chief Accountant
Appointed 2001
Years of Service 8

Brian Strydom (48)
Eastern Cape – Chief Accountant
Appointed 1994
Years of Service 19

Lorraine Terry (47)
Northern Region – Chief Accountant
Appointed 2001
Years of Service 22

Vaughan Veale (49)
Franchise
Appointed 2002
Years of Service 21

Erna Vause (60)
Corporate
Appointed 1993
Years of Service 18

Subsidiary Board – Regional Managers

Steve MacDonald (44)
Western Cape Franchise
Appointed 1990
Years of Service 24

Frik Minnie (60)
Northern Region – Operations
Appointed 1991
Years of Service 30

Score Supermarkets

Directors

Charl Cowley (31)
Finance
Appointed 2001
Years of Service 3

Dharmalingum Dass (45)
Merchandise – Non-Food
Appointed 1993
Years of Service 25

Andre Maree (40)
Operations
Appointed 1997
Years of Service 16

David Ramsden (43)
Merchandise
Appointed 2001
Years of Service 21

Bill Nash (52)
Training and Development
Appointed 1995
Years of Service 17

Benji Sussman (38)
Property
Appointed 1997
Years of Service 16

Anderson Tshaya (53)
Human Resources
Appointed 1997
Years of Service 13

Kevin Wynne (44)
Business Development
Appointed 1996
Years of Service 22

Blue Ribbon Meat

Directors

Malcolm Baxter (55)
National General Manager
Appointed 1986
Years of Service 34

Ian Crook (45)
Gauteng
Appointed 2002
Years of Service 21

Alan Ford (60)
Product Development
Appointed 1999
Years of Service 31

Donald Johnson (56)
KwaZulu-Natal General Manager
Appointed 2002
Years of Service 32

Beverley Marks (46)
Human Resources
Appointed 1999
Years of Service 15

Malcolm Simpson (55)
Western Cape General Manager
Appointed 1999
Years of Service 35

Tracey Wellington (36)
Finance
Appointed 1998
Years of Service 10

TM Supermarkets

Directors

Graham Jacobs (58)
Finance
Appointed 1997
Years of Service 17

Dave Mills (54)
Deputy Managing Director
Appointed 1998
Years of Service 23

Mike Oakley (58)
Managing Director
Appointed 1983
Years of Service 33

Boxer Superstores

Directors

Pak Goss (54)
Non-Executive
Appointed – 1988

Tom Smith (56)
Non-Executive
Appointed – 1988

Rob Bell (50)
Operations
Appointed 2001
Years of Service 20

Marek Masojada (37)
Finance
Appointed 1995
Years of Service 9

Eugene Stoop (48)
Merchandise
Appointed 1992
Years of Service 11

Franklins Australia

General Managers

Jill Adams (39)
Human Resources
Appointed 2001
Years of Service 2

Johan Grobler (37)
Chief Accountant
Appointed 1999
Years of Service 12

Kevin Korb (43)
Merchandise
Appointed 1995
Years of Service 21

Alan Malakou (48)
Operations
Appointed 2001
Years of Service 2

Bill Morgan (57)
Information Technology
Appointed 2001
Years of Service 4

Eddy Odden (54)
Marketing
Appointed 2001
Years of Service 2

Notice of annual general meeting

The 35th annual general meeting of shareholders of Pick ’n Pay Stores Limited (“the Company”) for the year ended 28 February 2003 will be held at 11h00 on Friday, 13 June 2003.

The venue will be the boardroom at Head Office, 5th Floor, Pick ’n Pay Centre, corner Main and Campground Roads, Claremont, Cape Town.

The following business will be transacted and resolutions proposed, with or without amendment.

1. Ordinary resolution number 1

Approval of financial statements

“Resolved that the annual financial statements of the Company and its subsidiaries, for the year ended 28 February 2003, are hereby adopted.”

2. Ordinary resolution number 2

Appointment of Auditors

“Resolved that KPMG Inc. are hereby re-appointed as the Auditors of the Company for the ensuing year.”

3. Messrs R D Ackerman, D G Cope, D Robins and B J van der Ross, retire in accordance with the Company’s articles of association but, being eligible, offer themselves for re-election.

R D Ackerman (72) *Chairman*

Raymond Ackerman founded Pick ’n Pay in 1967 and has led the Company as Chairman for 36 years. During this time he has won many accolades personally and on behalf of Pick ’n Pay for general business acumen, consumer sovereignty and social and environmental initiatives.

Raymond was appointed to the Board in 1967.

D G Cope (52) *Group Finance Director*

Dennis Cope is the Group Finance Director and has been with the Company for 25 years. He joined the Group in the butchery division as an accountant, progressing to finance director in 1981. He then transferred to the head office in 1986 and was made finance director of Group Enterprises in 1995.

Dennis was appointed to the Board as Group Finance Director in 1997.

D Robins (49) *Deputy Chairman*

David Robins has been with the Company for 9 years, the majority of which as Director of International and African business. David was appointed to the Board in 2002 as Deputy Chairman.

B J van der Ross (56)

Ben van der Ross is an independent non-executive director. Ben was appointed to the Board in 2000. Ben is on the Board of FirstRand Limited. He is Chairman of Bonatla Property Holdings and Intersite Property Management Services and is a non-executive director of Nasionale Pers.

Accordingly, to consider and if deemed fit, to re-elect those directors by way of passing the separate ordinary resolutions set out below:

Ordinary resolution number 3.1

Appointment of R D Ackerman as director

“Resolved that R D Ackerman, be and is hereby elected as director of the Company.”

Ordinary resolution number 3.2

Appointment of D G Cope as director

“Resolved that D G Cope, be and is hereby elected as director of the Company.”

Ordinary resolution number 3.3

Appointment of D Robins as director

“Resolved that D Robins, be and is hereby elected as director of the Company.”

Ordinary resolution number 3.4

Appointment of B J van der Ross as director

“Resolved that B J van der Ross, be and is hereby elected as director of the Company.”

4. Ordinary resolution number 4

General authority over unissued shares

“Resolved that all the unissued authorised shares in the Company, in addition to those shares specifically approved for issue in terms of the Company’s share incentive schemes, be and are hereby placed under the control of the directors, subject to the provisions of the Companies Act, No. 61 of 1973 (as amended) and the JSE Securities Exchange South Africa’s Listing Requirements, until the next annual general meeting.”

Except for the shares previously allocated to the Company’s share incentive schemes, no issue of these shares is contemplated at the present time and no issue will be made that could effectively transfer control of the Company without the prior approval of shareholders in a general meeting.

5. Ordinary resolution number 5

Directors’ fees

“Resolved that the directors’ fees paid to the directors of the Company for the year ended 28 February 2003, as set out in the financial statements accompanying the notice of annual general meeting, are hereby confirmed.”

6. Special resolution number 1

General authority to repurchase company shares

“Resolved that, the Company hereby approves, as a general approval contemplated in sections 85(2), 85(3) and 89 of the Companies Act, 1973 (Act 61 of 1973), as amended (“the Act”), the acquisition by the Company or any of its subsidiaries from time to time of the issued shares of the Company or its holding company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the articles of association of the Company, the provisions of the Act and the Listings Requirements of the JSE Securities Exchange South Africa (“JSE”) as presently constituted and which may be amended from time to time, and provided that:

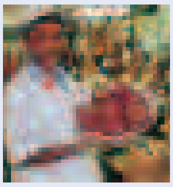
a. any such acquisition of shares shall be implemented on the open market on the JSE;

b. this general authority shall only be valid until the Company’s next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;

c. a paid press announcement will be published as soon as the Company and/or its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% (three percent) of the number of shares of the class of shares repurchased in issue prior to the acquisition pursuant to which the 3% (three percent) threshold is reached, which announcement shall contain full details of such acquisitions;

d. acquisitions by the Company and its subsidiaries of shares in the capital of the Company may not, in the





aggregate, exceed in any one financial year 20% (twenty percent) (or 10% (ten percent) where in the aggregate such acquisition relates to the acquisition by a subsidiary) of the Company's issued share capital of the class of repurchased shares from the date of the grant of this general authority; and

e. in determining the price at which the Company's shares are acquired by the Company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of repurchase of such shares by the Company or its subsidiaries."

Statement by the Board of Directors of the Company

Pursuant to and in terms of the Listings Requirements of the JSE, the Board of Directors of the Company hereby state that:

a. the intention of the directors of the Company is to utilise the general authority if at some future date the cash resources of the Company are in excess of its requirements or there are other good grounds for doing so. In this regard the directors will take account of, *inter alia*, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company, and the interests of the Company;

b. in determining the method by which the Company intends to repurchase its securities, the maximum number of securities to be repurchased and the date on which such repurchase will take place, the directors of the Company will only make repurchases if at the time of the repurchase they are of the opinion that:

b.1 the Company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of this notice of the annual general meeting;

b.2 the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with South African Statements of Generally Accepted Accounting Practice, will, after the repurchase, be in excess of the consolidated liabilities of the Company and its subsidiaries for the next 12 (twelve) months after the date of this notice of the annual general meeting;

b.3 the issued share capital and reserves of the Company and its subsidiaries will, after the repurchase, be adequate for the purposes of the business of the Company and its subsidiaries for the next 12 (twelve) months after the date of this notice of annual general meeting; and

b.4 the working capital available to the Company and its subsidiaries will, after the repurchase, be sufficient for the Group's requirements for the next 12 (twelve) months after the date of this notice of the annual general meeting.

The Board of Directors of the Company will notify the shareholders of the terms of the repurchase of the Company's shares by publishing an announcement in the press in accordance with the Listings Requirements of the JSE should the Company and/or its subsidiaries cumulatively repurchase more than 3% (three percent) of any class of the Company's issued share capital.

Reason and effect of special resolution number 1

The reason for special resolution number 1 is to grant the Company a general authority in terms of the Act for the acquisition by the Company or any of its subsidiaries of shares issued by the Company or its holding company, which authority shall be valid until the earlier of the next annual general meeting of the Company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the Company or any of its subsidiaries to acquire shares issued by the Company or its holding company.

7. Ordinary resolution number 6

General authority to issue shares for cash

"Resolved that, subject to not less than 75% (seventy-five percent) of the votes cast by those shareholders of the Company present in person or represented by proxy to vote at this annual general meeting voting in favour of this ordinary resolution, the directors of the Company be and are hereby authorised by way of a general authority to issue all or any of the authorised but unissued shares in the capital of the Company for cash, as and when they in their discretion deem fit, subject to the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the Company, the Listings Requirements of the JSE Securities Exchange South Africa ("JSE") as presently constituted and which may be amended from time to time and the following limitations:

a. that this general authority shall only be valid until the Company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this ordinary resolution;

b. that a paid press announcement be published giving full details, including the expected effect on the net asset value and earnings per share, at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of shares in issue prior to the issue;

c. that issues in the aggregate in any 1 (one) financial year may not exceed 15% (fifteen percent) of the number of the shares in the Company's issued share capital of the class of shares issued before such issue;

d. that in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company; and

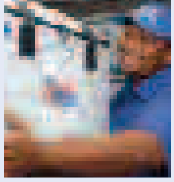
e. that any issue will only be made to "public shareholders" as defined by the Listings Requirements of the JSE and not to related parties."

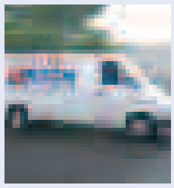
8. Ordinary resolution number 7

Approval of Amendments to the Pick 'n Pay 1997 Share Option Scheme

"Resolved that the Company hereby approves, confirms and ratifies the amendments to the Agreement establishing

5th PROOF





Notice of annual general meeting continued

and regulating the Pick 'n Pay 1997 Share Option Scheme ("the 1997 Scheme"), in terms of the Addendum dated 9 May 2003 between The Trustees for the time being of the Pick 'n Pay Employee Share Purchase Trust, the Company and Pick 'n Pay Holdings Limited, a copy of which has been tabled at this meeting."

The reason and effect of ordinary resolution number 7 is to approve the Addendum amending the 1997 Scheme in accordance with the terms thereof, which include amendments enabling the Company to adopt a more flexible approach to the terms and conditions of the share options that may be granted under the 1997 Scheme by giving it a discretion to set the percentages in which, and the time periods after which, shares will become available for delivery to employees. This will enable the Company to reward deserving employees by granting them options in terms of which they will become entitled to delivery of shares after a shorter time period.

A summary of the salient features of the proposed amendments to be made to the 1997 Scheme is attached. Copies of the proposed amendments to the 1997 Scheme are available for inspection at the registered office of the Company during ordinary business hours.

9. Ordinary resolution number 8

Approval of Amendments to the Pick 'n Pay Executive Share Incentive Scheme

"Resolved that the Company hereby approves, ratifies and confirms the amendment to the document entitled "Deed of Trust and Executive Share Incentive Scheme", dated 23 December 1997, in terms of which the Pick 'n Pay Executive Share Incentive Scheme ("the Executive Scheme") was established, by increasing the maximum number of ordinary shares in the issued ordinary share capital of the Company that any one executive participating in the Executive Scheme may acquire from 2 500 000 to 3 500 000 ordinary shares correspondingly increasing the maximum percentage of the ordinary shares.

The reason for ordinary resolution number 8 is to provide for the possible allocation of more shares in the Executive Scheme to individual participating executives.

The effect of ordinary resolution number 8 is to approve the increase in the maximum number of ordinary shares in the issued ordinary share capital of the Company that any one participating executive may acquire in terms of the Executive Scheme.

10. Ordinary resolution number 9

Directors' authority to implement company resolutions

"Resolved that each and every director of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting."

11. To transact such other business that may be transacted at an annual general meeting.

General instructions

All shareholders are encouraged to attend, speak and vote at the annual general meeting.

If you hold certificated shares (i.e. have not dematerialised your shares in the Company) or are registered as an own name dematerialised shareholder, then:

- you may attend and vote at the annual general meeting; alternatively
- you may appoint a proxy to represent you at the annual general meeting by completing the attached form of proxy and returning it to the registered office of the Company by no later than 24 hours prior to the time appointed for the holding of the meeting.

If you own dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE's electronic settlement system, Share Transactions Totally Electronic ("STRATE")) and are not registered as an "own name dematerialised shareholder" (i.e. specifically instructed your Central Security Depository Participant ("CSDP") to hold your shares in your own name on the Company's sub-register), then, subject to the mandate between yourself and your CSDP or broker:

- if you wish to attend the annual general meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting. You should not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.

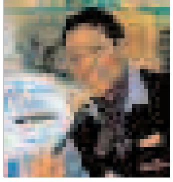
CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the Company, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the registered office of the Company not less than 24 hours prior to the time appointed for the holding of the meeting.

By order of the Board

G F Lea

G F Lea
Company Secretary

Cape Town
7 May 2003



Notice of annual general meeting

The 22nd annual general meeting of shareholders of Pick 'n Pay Holdings Limited ("the Company") for the year ended 28 February 2003 will be held at 11h30 on Friday, 13 June 2003.

The venue will be the boardroom at Head Office, 5th Floor, Pick 'n Pay Centre, corner Main and Campground Roads, Claremont, Cape Town.

The following business will be transacted and resolutions proposed, with or without amendment.

1. Ordinary resolution number 1

Approval of financial statements

"Resolved that the annual financial statements of the Company and its subsidiaries, for the year ended 28 February 2003, are hereby adopted."

2. Ordinary resolution number 2

Appointment of Auditors

"Resolved that KPMG Inc. are hereby re-appointed as the Auditors of the Company for the ensuing year."

3. Messrs G M Ackerman, R P de Wet and C Hultzer, retire in accordance with the Company's articles of association but, being eligible, offer themselves for re-election.

G M Ackerman (45) *Chairman*

Gareth Ackerman was an executive at Pick 'n Pay for 15 years before going non-executive as Deputy Chairman of Pick 'n Pay Stores Limited in 1999.

While at Pick 'n Pay, Gareth ran many different divisions and was appointed joint managing director in 1993 and then managing director of Group Enterprises in 1995.

Gareth was appointed to the Board in 1987 and in 2002 was appointed as Chairman of the Board.

R P de Wet (60)

Rene de Wet is an independent non-executive director. Rene was an executive at Pick 'n Pay for 29 years, first as an accountant, then as human resources director when he was appointed to the Board in 1981. He was then appointed Joint Managing Director in 1993 and Deputy Chairman in 1995. Rene retired as an executive director in 1999 but remained on the Board as a non-executive director.

C Hultzer (67)

Colin Hultzer is an independent non-executive director. Colin was appointed to the Board in 1993 after a career with Arthur Andersen. Colin serves on other boards as a non-executive director and has been a member of the Pick 'n Pay Audit Committee since its inception and as Chairman of that committee since 1999.

Accordingly, to consider and if deemed fit, to re-elect those directors by way of passing the separate ordinary resolutions set out below:

Ordinary resolution number 3.1

Appointment of G M Ackerman as director

"Resolved that G M Ackerman be and is hereby elected as director of the Company."

Ordinary resolution number 3.2

Appointment of R P de Wet as director

"Resolved that R P de Wet be and is hereby elected as director of the Company."

Ordinary resolution number 3.3

Appointment of C Hultzer as director

"Resolved that C Hultzer be and is hereby elected as director of the Company."

4. Ordinary resolution number 4

General authority over unissued shares

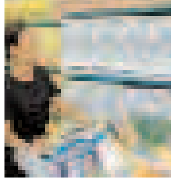
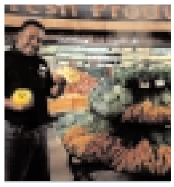
"Resolved that all the unissued authorised shares in the Company, in addition to those shares specifically approved for issue in terms of the Company's share incentive schemes, be and are hereby placed under the control of the directors, subject to the provisions of the Companies Act, No. 61 of 1973 (as amended) and the JSE Securities Exchange South Africa's Listing Requirements, until the next annual general meeting."

Except for the shares previously allocated to the Company's share incentive schemes, no issue of these shares is contemplated at the present time and no issue will be made that could effectively transfer control of the Company without the prior approval of shareholders in a general meeting.

5. Special resolution number 1

General approval to repurchase company shares

"Resolved that, the Company hereby approves, as a general approval contemplated in sections 85(2), 85(3) and 89 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), the acquisition by the Company or any of its subsidiaries from time to time of the issued shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the

Notice of annual general meeting continued

articles of association of the Company, the provisions of the Act and the Listings Requirements of the JSE Securities Exchange South Africa (“JSE”) as presently constituted and which may be amended from time to time, and provided that:

a. any such acquisition of shares shall be implemented on the open market on the JSE;

b. this general authority shall only be valid until the Company’s next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;

c. a paid press announcement will be published as soon as the Company and/or its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% (three percent) of the number of shares of the class of shares repurchased in issue prior to the acquisition pursuant to which the 3% (three percent) threshold is reached, which announcement shall contain full details of such acquisitions;

d. acquisitions by the Company and its subsidiaries of shares in the capital of the Company may not, in the aggregate, exceed in any one financial year 20% (twenty percent) (or 10% (ten percent) where in the aggregate such acquisition relates to the acquisition by a subsidiary) of the Company’s issued share capital of the class of repurchased shares from the date of the grant of this general authority; and

e. in determining the price at which the Company’s shares are acquired by the Company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of repurchase of such shares by the Company or its subsidiaries.”

Statement by the Board of Directors of the Company

Pursuant to, and in terms of, the Listings Requirements of the JSE, the Board of Directors of the Company hereby state that:

a. the intention of the directors of the Company is to utilise the general authority if at some future date the cash resources of the Company are in excess of its requirements or there are other good grounds for doing so. In this regard the directors will take account of, *inter alia*, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company, and the interests of the Company;

b. in determining the method by which the Company intends to repurchase its securities, the maximum number of securities to be repurchased and the date on which such repurchase will take place, the directors of the Company will only make repurchases if at the time of the repurchase they are of the opinion that:

b.1 the Company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of this notice of the annual general meeting;

b.2 the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with South African Statements of Generally Accepted Accounting Practice, will, after the repurchase, be in excess of the consolidated liabilities of the Company and its subsidiaries for the next 12 (twelve) months after the date of this notice of the annual general meeting;

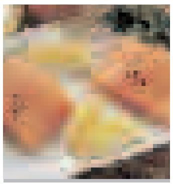
b.3 the issued share capital and reserves of the Company and its subsidiaries will, after the repurchase, be adequate for the purposes of the business of the Company and its subsidiaries for the next 12 (twelve) months after the date of this notice of annual general meeting; and

b.4 the working capital available to the Company and its subsidiaries will, after the repurchase, be sufficient for the Group’s requirements for the next 12 (twelve) months after the date of this notice of the annual general meeting.

Reason and effect of special resolution number 1

The reason for special resolution number 1 is to grant the Company a general authority in terms of the Act for the acquisition by the Company or any of its subsidiaries of shares issued by the Company, which authority shall be valid until the earlier of the next annual general meeting of the Company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the Company and/or any of its subsidiaries to acquire shares issued by the Company.





6. Ordinary resolution number 5

General authority to issue shares for cash

"Resolved that, subject to not less than 75% (seventy-five percent) of the votes cast by those shareholders of the Company present in person or represented by proxy to vote at this annual general meeting voting in favour of this ordinary resolution, the directors of the Company be and are hereby authorised by way of a general authority to issue all or any of the authorised but unissued shares in the capital of the Company for cash, as and when they in their discretion deem fit, subject to the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the Company, the Listings Requirements of the JSE Securities Exchange South Africa ("JSE") as presently constituted and which may be amended from time to time and the following limitations:

a. that this general authority shall only be valid until the Company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this ordinary resolution;

b. that a paid press announcement be published giving full details, including the expected effect on the net asset value and earnings per share, at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;

c. that issues in the aggregate in any 1 (one) financial year may not exceed 15% (fifteen percent) of the number of the shares in the Company's issued share capital of the class of shares issued before such issue;

d. that in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company; and

e. that any issue will only be made to "public shareholders" as defined by the Listings Requirements of the JSE and not to related parties."

7. Ordinary resolution number 6

Approval of Amendments to the Pick 'n Pay 1997 Share Option Scheme

"Resolved that the Company hereby approves, confirms and ratifies the amendments to the Agreement establishing and regulating the Pick 'n Pay 1997 Share Option Scheme ("the 1997 Scheme"), in terms of the Addendum dated 9 May 2003 between The Trustees for the time being of the Pick 'n Pay Employee Share Purchase Trust, Pick 'n Pay Stores Limited and the Company, a copy of which has been tabled at this meeting."

The reason and effect of ordinary resolution number 6 is to approve the Addendum amending the 1997 Scheme in accordance with the terms thereof, which include amendments enabling the Company to adopt a more flexible approach to the terms and conditions of the share options that may be granted under the 1997 Scheme by giving it a discretion to set the percentages in which, and the time periods after which, shares will become available for delivery to employees. This will enable the Company to reward deserving employees by granting them options in terms of which they will become entitled to delivery of shares after a shorter time period.

A summary of the salient features of the proposed amendments to be made to the 1997 Scheme is attached. Copies of the proposed amendments to the 1997 Scheme are available for inspection at the registered office of the Company during ordinary business hours.

8. Ordinary resolution number 7

Directors' authority to implement company resolutions

"Resolved that each and every director of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting."

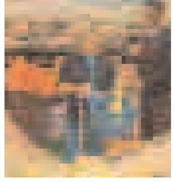
9. To transact such other business that may be transacted at an annual general meeting.

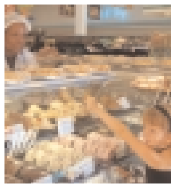
General instructions

All shareholders are encouraged to attend, speak and vote at the annual general meeting.

If you hold certificated shares (i.e. have not dematerialised your shares in the Company) or are registered as an own name dematerialised shareholder, then:

- you may attend and vote at the annual general meeting; alternatively
- you may appoint a proxy to represent you at the annual general meeting by completing the attached form of proxy and returning it to the registered office of the Company by no later than 24 hours prior to the time appointed for the holding of the meeting.





Notice of annual general meeting continued

If you own dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE’s electronic settlement system, Share Transactions Totally Electronic (“STRATE”)) and are not registered as an “own name dematerialised shareholder” (i.e. specifically instructed your Central Security Depository Participant (“CSDP”) to hold your shares in your own name on the Company’s sub-register), then, subject to the mandate between yourself and your CSDP or broker:

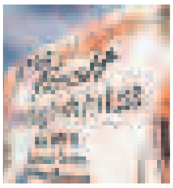
- if you wish to attend the annual general meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting. You should not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.

CSDPs, brokers or their nominees, as the case may be, recorded in the Company’s sub-register should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the Company, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the registered office of the Company not less than 24 hours prior to the time appointed for the holding of the meeting.

By order of the Board

G F Lea
Company Secretary

Cape Town
7 May 2003



Salient features of share scheme amendments

Salient features of proposed amendments to be made to the agreement establishing and regulating the Pick 'n Pay 1997 Share Option Scheme (The "1997 Scheme")

This summary has been compiled for information purposes only. It contains a short description of the most important amendments to be made to the 1997 Scheme, and is not a comprehensive record thereof. Shareholders are advised to have regard to the copy of the Addendum to the 1997 Scheme that is available for inspection at 5th Floor, Pick 'n Pay Centre, Corner Main and Campground Roads, Claremont, Cape Town, should they require more information.

1. Background

1.1 The current terms of the 1997 Scheme prohibit any one employee from acquiring more than 1,04% of the aggregate of the issued ordinary and "N" ordinary shares in Pick 'n Pay Stores Limited ("Stores") together with any holding under previous schemes, and 2% of the aggregate of the issued ordinary and "N" ordinary shares in Pick 'n Pay Holdings Limited ("Pikwik") together with any holding under previous schemes.

1.2 Furthermore, the current terms of the 1997 Scheme only provide for the granting of options to employees that must be exercised within 90 days of the date on which they were granted. These options entitle employees who have exercised their options to delivery of the relevant shares after a period of five years has elapsed from the date of the offer, and against payment for the shares. The current terms of the 1997 Scheme further state that if an employee's employment with the Pick 'n Pay group terminates except as a result of death, superannuation or ill-health or any other reason approved by the Board of Pikwik or Stores prior to the expiry of the five-year period, the Trustees shall be entitled to repurchase such sale shares at the option price. No deviation from these time periods is allowed in terms of the current terms of the 1997 Scheme, unless the trustees (the "Trustees") of the Pick 'n Pay Employee Share Purchase Trust (the "Trust") exercise their discretion to do so in an individual instance.

1.3 The Trustees and the Boards of Directors of both Stores and Pikwik (the "Companies") are of the opinion that the limits on the maximum percentage of shares that an employee may obtain in the Companies, as set out in the current terms of the 1997 Scheme, should be increased.

1.4 The Trustees and the Boards of Directors of the Companies are further of the opinion that it would be appropriate to adopt a more flexible approach to the terms and conditions of the share options that may be granted under the 1997 Scheme. Therefore, they propose that the current terms of the 1997 Scheme be amended to give them a discretion when granting options to set the percentages in which, and time periods after which, employees will become entitled to delivery of such shares. This will enable them to reward deserving employees by granting them options in terms of which they will become entitled to delivery of shares after a shorter time period.

2. The amendments

The following amendments will, subject to approval by each of the Companies in general meeting and by the Listings Division of the JSE Securities Exchange South Africa, be made to the current terms of the 1997 Scheme:

2.1 The limits on the percentages of shares that any one employee may acquire will be increased to 2% of the aggregate of the issued ordinary shares in Stores together with any holding under previous schemes, and 4% of the aggregate of the issued ordinary shares in Pikwik together with any holding under previous schemes.

2.2 The reference to "N" ordinary shares in the capital of the Companies will be removed, as it has become obsolete.

2.3 The Trustees will be entitled to determine, in accordance with the instructions of the Boards of Directors of the respective Companies, the time period within which an option must be exercised, and the dates on and corresponding percentages in which the employee will become entitled to pay for, and take delivery of, the offered shares.

2.4 In the absence of a determination to the contrary by the Trustees, employees will become entitled to pay for and take delivery of all of the offered shares after a period of five years has elapsed from the date of the offer.

2.5 The provisions in the current terms of the 1997 Scheme relating to the termination of an employee's employment with the Pick 'n Pay group and the Trustees' powers to repurchase shares from employees will be amended. Employees will henceforth enjoy the benefit of the growth in value of those shares that have qualified for delivery to them (as set out in 2.2) on the date of termination of the employee's employment or repurchase of the shares.

2.6 The error in the current terms of the 1997 Scheme which indicates that any employee who takes up financial assistance from the Trustees in order to pay for shares offered to him must repay the resulting debt to the Trustees on the date of delivery of those shares to him will be corrected. Henceforth, any such debt will be repayable by no later that the tenth anniversary of the date of the relevant offer made to the employee.

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