

SOUTH AFRICAN AND PROUD



ANNUAL REPORT 2004





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

PO Box 23087, Claremont
Cape Town, 7735

OUR MISSION

WE SERVE

With our **HEARTS** we create a **GREAT PLACE** to be

With our **MINDS** we create an **EXCELLENT PLACE** to shop



OUR VALUES

We are **PASSIONATE** about our **CUSTOMERS** and will **FIGHT** for their rights

We **CARE** for, and **RESPECT** each other

We foster **PERSONAL GROWTH** and opportunity

We nurture **LEADERSHIP** and vision, and **REWARD** innovation

We live by **HONESTY** and **INTEGRITY**

We **SUPPORT** and **PARTICIPATE** in our **COMMUNITIES**

We take individual **RESPONSIBILITY**

We are all **ACCOUNTABLE**



GROUP PROFILE

The Pick 'n Pay Group is one of Africa's largest and most consistently successful retailers of food, clothing and general merchandise.

Pick 'n Pay is a family controlled business. Four small stores were purchased in 1967 and the Group was listed on the JSE Securities Exchange South Africa in 1968 (as Pick 'n Pay Stores Limited). The Group's long history of achievement is built on five fundamental principles:

- Satisfying the needs and wants of our consumers.
- Convenient store locations for our customers.
- Design and layout of stores for maximum efficiency.
- The provision of wide-ranging and apt inventory of products – at the best prices.
- Empowering our employees with the training and skills to fulfil their maximum potential.

The Group operates through three divisions, the Retail Division, the Group Enterprises Division and Franklins Australia, each with their own managing director and management boards.



CHIEF EXECUTIVE OFFICER'S REPORT

Sean Summers
CEO

“Although we have had our fair share of challenges in the 2004 financial year, the fact that we were able to post such a positive result for the year shows the depth and strength of the Pick 'n Pay organisation”

GROUP OVERVIEW

This year was one of the most challenging in our 37-year history. Dealing with the extortion attempt demanded extensive management time. The management of the Retail division should be congratulated on keeping the business running efficiently during this trying time, and on the energy and effort that they put into Pick 'n Pay's recovery in the second half of the year. The support we received from our customers, suppliers and the broader South African community was nothing short of phenomenal.

One of the major features of the year, from a trading perspective, was the effect of the decrease in the rate of inflation in significant major categories and the effect of food deflation on basic food items sold in our Score and Boxer divisions. Notwithstanding the above challenges, the Group performed exceptionally well.

Turnover for the Group has grown by 11.8% to R29.3 billion. In Australian dollar terms, Franklins grew its turnover by 4%. Our turnover growth in southern African operations was 15.9%.

Given that food inflation in South Africa is below 6% and in Australia 1%, our overall turnover growth in real terms has been significant.

The Group's trading profit grew by 15.9% to R789.0 million, which is a commendable performance given the challenges experienced. Our trading profit margin increased from 2.6% last year to 2.7% this year.

Headline earnings per share grew by 14.1%, and to show the confidence that the Board has in the ensuing year, a final dividend of 63.5 cents per share was declared showing an increase of 15.5%. This brings the total dividend for the year to 80.00 cents, a 15.9% increase on last year. Pick 'n Pay Holdings Limited's final

dividend declared was 31.00 cents, bringing the total for the year to 39.05 cents per share.

The Group continues to generate substantial cash from its operations, generating R1.4 billion in the year under review compared to R1.1 billion last year. At year end cash resources were R1.5 billion after having paid R316.7 million on dividends, R508.6 million on property and equipment and R38.0 million on share repurchases. Interest earned on cash balances was impacted by the 5% drop in interest rates over the year.

A summary of the year's activities by division follows:





DIRECTORS' RESPONSIBILITY FOR GROUP ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the integrity of the financial statements and related information included in this report.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for the system of internal control and reviews its operation, primarily through the audit, risk and compliance committee and various other management tools.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute assurance, that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Group's policies and procedures. These controls are implemented by trained, skilled personnel with an appropriate segregation of duties, are monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

As part of the system of internal control, the Group internal audit function conducts operational and specific audits and co-ordinates audit coverage with the external auditors. The external auditors are responsible for reporting on the annual financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice, which accord with the accounting philosophy of the Group. The accounting policies, unless otherwise stated, are consistently applied and supported by reasonable and prudent judgements and estimates.

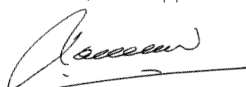


DIRECTORS' APPROVAL, COMPANY SECRETARY'S CERTIFICATE AND REPORT OF THE INDEPENDENT AUDITORS

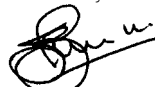
Directors' approval

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

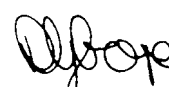
These annual financial statements and Group annual financial statements of Pick 'n Pay Stores Limited, which have been prepared in accordance with the Companies Act of South Africa and comply with South African Statements of Generally Accepted Accounting Practice, were approved by the Board of Directors on 6 May 2004 and are signed on their behalf by:



R D Ackerman
Chairman



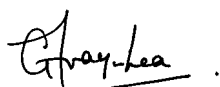
S R Summers
Chief Executive Officer



D G Cope
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

6 May 2004

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 58 to 95, for the year ended 29 February 2004. 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 29 February 2004 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
6 May 2004

DIRECTORS' REPORT

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) of 34.90 cents, to that of Pick 'n Pay Stores Limited (PICKNPAY), 71.50 cents, determines the value of a Pick 'n Pay Holdings Limited share, which based on these figures, is 48.8% (2003: 48.8%) of a Pick 'n Pay Stores Limited share.

Disclosure

The Company's sole asset is its 53.2% (2003: 53.2%) direct shareholding in its subsidiary, Pick 'n Pay Stores Limited, and its only source of income is the dividend declared by Pick 'n Pay Stores Limited and paid to the Company.

While South African Statement of Generally Accepted Accounting Practice AC132 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 summarised consolidated annual financial statements in terms of section 290 of the Companies Act of South Africa.

The summarised consolidated financial statements of the Company comprise the Group financial statements of Pick 'n Pay Stores Limited set out on pages 58 to 95, adjusted for the minority interest, and the financial statements of the Company set out on pages 101 to 110, after the elimination of balances and dividends between the Company and its subsidiary.

In compliance with AC132, the Group financial statements of the Company are detailed in note 1 to the annual financial statements of the Company on pages 103 to 106.

Dividends paid and declared

Share code: PWK ISIN: ZAE 00000 5724.

A cash dividend (No. 43) of 26.85 cents per share was paid to shareholders on 17 June 2003.

A cash dividend (No. 44) of 8.05 cents per share was paid to shareholders on 15 December 2003.

The directors have declared a cash dividend (No. 45) of 31.00 cents per share. The last day of trade in order to participate in the dividend (CUM dividend) will be Friday, 4 June 2004. Shares will trade EX dividend from the commencement of business on Monday, 7 June 2004 and the record date is Friday 11 June 2004. The dividend will be paid on Monday, 14 June 2004. Share certificates may not be dematerialised or rematerialised between Monday, 7 June 2004 and Friday, 11 June 2004, both dates inclusive.

As dividend No. 45 was only declared on 19 April 2004 it will only be accounted for in the 2005 financial year and is therefore not accounted for in these financial statements. No liability for Secondary Tax on Companies (STC) will be payable on this dividend as the Company will have sufficient STC credits to offset any liability. Refer to Shareholders' information on page 111.

Share capital

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

As at year end the Pick 'n Pay Employee Share Purchase Trust and a subsidiary company held 28 075 687 and 1 251 953 shares in the Company, respectively. These shares are reflected as treasury shares in note 1 to the annual financial statements.

Going concern

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

The Board has performed a formal review of the Company's ability to continue 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 would or may have a material effect on the financial position of the Company.

DIRECTORS' REPORT (continued)

Special resolution

On 13 June 2003 shareholders approved the following special resolution:

General authority to repurchase company shares

It was resolved that the Company and any of its subsidiaries may, in accordance with sections 85(2), 85(3) and 89 of the Companies Act, acquire issued shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may determine from time to time. Acquisition of such shares is subject to the articles of association of the Company, the provisions of the Companies Act and the Listing Requirements of the JSE Securities Exchange South Africa ("JSE").

This general authority to repurchase company shares shall be subject to the following provisions:

- Any such acquisition of shares shall be implemented on the open market on the JSE.
- This general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this special resolution.
- A paid press announcement will be published as soon as the Company and/or its subsidiaries has/have acquired shares consisting, on a cumulative basis, a total of 3 percent of the number of shares of the class of shares repurchased.
- 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 percent of the Company's issued share capital of that class of repurchased shares. This limit is 10 percent where the acquisition of shares relates to an acquisition by a subsidiary company.

- In determining the price at which the Company's shares are acquired in this manner, the maximum premium at which such shares may be acquired is 10 percent of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 business days immediately preceding the date of repurchase of such shares by the Company or its subsidiaries.

Directors and secretary

In terms of the Company's articles of association the directors listed on page 119 retire by rotation and they offer themselves for re-election. Information pertaining to the directors and the secretary appear on page 7.

Directors' interest in shares

	2004 %	2003 %
Beneficial	0.2	0.9
Non-beneficial	48.9	48.2
	<u>49.1</u>	<u>49.1</u>

Borrowings

The Company's overall level of borrowings is unchanged from the prior year.

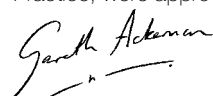


DIRECTORS' APPROVAL, COMPANY SECRETARY'S CERTIFICATE AND REPORT OF THE INDEPENDENT AUDITORS

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 6 May 2004 and are signed on their behalf by:



G M Ackerman

Chairman

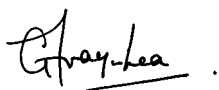


R D Ackerman

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

6 May 2004

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 subsidiary, as set out on pages 99 to 110, for the year ended 29 February 2004. 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 29 February 2004 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 note 1 to the Annual Financial Statements.



KPMG Inc

Registered Accountants and Auditors

Chartered Accountants (SA)

Cape Town

6 May 2004



Pick 'n Pay Holdings Limited**INCOME STATEMENT**

for the year ended 29 February

	2004 Rm	2003 Rm
Income		
Dividends received from Pick 'n Pay Stores Limited	<u>184.0</u>	<u>142.2</u>

BALANCE SHEET

as at 29 February

	Notes	2004 Rm	2003 Rm
Assets			
Non-current asset			
Investment in subsidiary	3	<u>128.0</u>	<u>128.0</u>
Current asset			
Trade receivable		<u>0.3</u>	<u>0.3</u>
Total assets		<u>128.3</u>	<u>128.3</u>
Equity and liabilities			
Capital and reserves			
Share capital	4	6.6	6.6
Share premium		<u>120.8</u>	<u>120.8</u>
		<u>127.4</u>	<u>127.4</u>
Current liabilities			
Loan from subsidiary company		0.1	0.2
Trade payable		<u>0.8</u>	<u>0.7</u>
		<u>0.9</u>	<u>0.9</u>
Total equity and liabilities		<u>128.3</u>	<u>128.3</u>

STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February

	Note	Share capital Rm	Share premium Rm	Accu- mulated profits Rm	Total Rm
At 28 February 2002		6.6	120.8	—	127.4
Net profit for the year				142.2	142.2
Dividends paid	2			(142.2)	(142.2)
At 28 February 2003		6.6	120.8	—	127.4
Net profit for the year				184.0	184.0
Dividends paid	2			(184.0)	(184.0)
At 29 February 2004		6.6	120.8	—	127.4

CASH FLOW STATEMENT

for the year ended 29 February

	2004 Rm	2003 Rm
Dividend income	184.0	142.2
Cash generated by operations	184.0	142.2
Dividends paid	(184.0)	(142.2)
Net cash inflows from operating activities	—	—



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February

Accounting policies

The accounting policies are consistent with those of Pick 'n Pay Stores Limited as set out on pages 64 to 67.

1. Group financial statements

In compliance with AC132, 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	
	2004 Rm	2003 Rm	2004 Rm	2003 Rm
INCOME STATEMENT				
Net profit after tax	515.7	453.8	515.7	453.8
Minority interest	(241.3)	(212.4)	—	—
Net profit for the year	274.4	241.4	515.7	453.8
Per share – cents				
Headline earnings	59.28	53.53	117.38	102.87
Earnings	55.32	48.81	109.55	93.80
Diluted headline earnings	54.58	49.98	111.64	98.78
Diluted earnings	50.97	45.62	104.26	90.17
Headline earnings and earnings per share is based on:				
	Rm	Rm	Rm	Rm
Earnings (Net profit for the year)	274.4	241.4	515.7	453.8
Headline adjustments	19.6	23.5	36.8	43.9
Headline earnings	294.0	264.9	552.5	497.7
and:				
	No. of shares 000's	No. of shares 000's	No. of shares 000's	No. of shares 000's
Weighted average number of shares in issue	496 207.6	494 908.7	470 748.6	483 779.6
Previously stated		527 249.1		486 763.7
Change in accounting policy – consolidation of share trust		(32 340.4)		(2 984.1)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

1. Group financial statements (continued)

	Pick 'n Pay Holdings Limited and its subsidiary		Pick 'n Pay Stores Limited and its subsidiaries	
	2004 Rm	2003 Rm	2004 Rm	2003 Rm
Diluted earnings per share and diluted headline earnings per share is based on:				
Diluted earnings	261.7	232.2	520.9	459.6
Diluted headline earnings	280.2	254.4	557.7	503.5
and:	No. of shares 000's	No. of shares 000's	No. of shares 000's	No. of shares 000's
The diluted weighted average of ordinary shares in issue during the year:				
	513 359.9	508 925.2	499 578.1	509 704.4
	Rm	Rm	Rm	Rm
Reconciliation between earnings and diluted earnings:				
Net profit for the year	274.4	241.4	515.7	453.8
Adjustment:				
Debenture interest after tax	2.6	2.9	5.2	5.8
Pick 'n Pay Stores Limited's dilution effect	(15.3)	(12.1)	—	—
Diluted earnings	261.7	232.2	520.9	459.6
Headline earnings adjustments	18.5	22.2	36.8	43.9
Diluted headline earnings	280.2	254.4	557.7	503.5
	No. of shares 000's	No. of shares 000's	No. of shares 000's	No. of shares 000's
Reconciliation of the weighted average number of ordinary shares for diluted earnings per share:				
Weighted average number of ordinary shares	496 207.6	494 908.7	470 748.6	483 779.6
Shares to be issued on conversion of debentures	—	—	20 000.0	20 000.0
Share options	17 152.3	14 016.5	8 829.5	5 924.8
Weighted average number of ordinary shares for diluted earnings per share	513 359.9	508 925.2	499 578.1	509 704.4



1. Group financial statements *(continued)*

	Pick 'n Pay Holdings Limited and its subsidiary		Pick 'n Pay Stores Limited and its subsidiaries	
	2004 Rm	2003 Rm	2004 Rm	2003 Rm
BALANCE SHEET				
Assets				
As previously stated		5 325.9		5 325.9
Change in accounting policy – consolidation of share trust		(66.3)		(66.3)
Total assets	6 006.2	5 259.6	6 006.2	5 259.6
Equity and liabilities				
Share capital	6.6	6.6	6.0	6.0
Share premium	120.8	120.8	13.9	13.9
Unissued shares	—	—	16.0	16.0
Treasury shares	(74.8)	(80.9)	(199.6)	(188.2)
As previously stated		—		(127.2)
Change in accounting policy		(80.9)		(61.0)
Accumulated profits	433.1	344.0	1 159.7	974.6
As previously stated		336.0		979.5
Change in accounting policy		8.0		(4.9)
Revaluation reserve	0.9	—	1.6	—
Foreign currency translation reserve	71.7	59.0	134.8	110.9
Ordinary shareholders' interest	558.3	449.5	1 132.4	933.2
Minority interest	574.1	483.7	—	—
As previously stated		476.7		
Change in accounting policy		7.0		
Total shareholders' equity	1 132.4	933.2	1 132.4	933.2
Liabilities	4 873.8	4 326.4	4 873.8	4 326.4
Total equity and liabilities	6 006.2	5 259.6	6 006.2	5 259.6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

1. Group financial statements *(continued)*

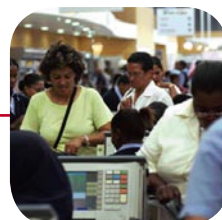
STATEMENT OF CHANGES IN EQUITY

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

	Share capital Rm	Share premium Rm	Treasury shares Rm	Accumulated profits Rm	Revaluation reserve Rm	Foreign currency translation reserve Rm	Total Rm
At 28 February 2002	6.6	120.8	—	378.1	—	118.0	623.5
Change in accounting policy – consolidation of share trust	—	—	(70.1)	(53.8)	—	—	(123.9)
At 28 February 2002 – as restated	6.6	120.8	(70.1)	324.3	—	118.0	499.6
Net profit for the year				241.4			241.4
Company share repurchases			(10.8)				(10.8)
Subsidiary's share repurchases				(90.7)			(90.7)
Take-up of share options				3.6			3.6
Dividends paid (note 2)				(134.6)			(134.6)
Foreign currency translation						(59.0)	(59.0)
At 28 February 2003	6.6	120.8	(80.9)	344.0	—	59.0	449.5
Change in accounting policy – participation in export partnerships				(4.5)			(4.5)
Net profit for the year				274.4			274.4
Share repurchases			(4.8)				(4.8)
Subsidiary's share repurchases				(12.2)			(12.2)
Take-up of share options			10.9				10.9
Dividends paid (note 2)				(168.6)			(168.6)
Revaluation of investment					0.9		0.9
Foreign currency translation						12.7	12.7
At 29 February 2004	6.6	120.8	(74.8)	433.1	0.9	71.7	558.3

CASH FLOW STATEMENT

The cash flow statement is the same as for Pick 'n Pay Stores Limited. Please refer to page 63.



	2004 cents	2003 cents
2. Dividends		
No. 43 – declared 14 April 2003 – paid 17 June 2003	26.85	20.13
No. 44 – declared 20 October 2003 – paid 15 December 2003	8.05	6.83
Total dividends for the year	34.90	26.96
	Rm	Rm
Total value of dividends declared outside the Group	168.6	134.6
Dividends paid to Group entities	15.4	7.6
Total value of dividends declared and paid by the Company	184.0	142.2
For further details refer to the Directors' Report on page 99, and Shareholders' information on page 111.		
3. Investment in subsidiary		
Pick 'n Pay Stores Limited		
257 345 334 (2003: 257 345 334) ordinary shares		
Initial investment	24.7	24.7
Capitalisation share awards received	103.3	103.3
Total investment at cost	128.0	128.0
Market value	4 529.3	3 203.9
4. Share capital		
Authorised		
800 000 000 ordinary shares of 1.25 cents each	10.0	10.0
Issued		
527 249 082 ordinary shares of 1.25 cents each	6.6	6.6
Shares in issue at 29 February are made up as follows:	000's	000's
Treasury shares held in the share trust	28 075.7	31 457.8
Treasury shares held in a subsidiary company	1 251.9	1 297.4
Shares held outside the Group	497 921.5	494 493.9
	527 249.1	527 249.1
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, over 26 million unissued shares, for a further year.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 29 February

4. Share capital *(continued)*

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
At 1 March	33 424.0	31 135.9
New options granted*	1 467.6	4 744.2
Options taken up**	(4 367.5)	(2 003.8)
Options forfeited	(998.4)	(452.3)
At 29 February	29 525.7	33 424.0
Percentage of issued shares	5.6%	6.3%
*Average grant price of options granted during the year	R4.93	R4.20
**Average take up price of options taken up during the year	R2.39	R2.28

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

Year	Average grant price	000's
2005	R2.52	24 422.7
2006	R3.53	4 513.0
2007	R4.06	170.0
2008	R5.10	180.0
2009 and thereafter	R5.10	240.0
		29 525.7

The Employee Share Purchase Trust, which administers the 1997 Share Option Scheme, holds the following number of ordinary shares:

As a hedge against shares granted or to be granted by that scheme, reflected as treasury shares

On behalf of share purchase scheme participants

28 075.7	31 457.8
1 692.4	1 842.4
29 768.1	33 300.2



4. Share capital *(continued)*

Directors' interest in shares

The following shares are held by directors and senior executives:

	Balance held at 1 March 2003 000's	Additions during the year 000's	Disposals during the year 000's	Balance held at 29 February 2004 000's	Beneficial/ Non-beneficial interests
Directors – Pick 'n Pay Holdings Limited					
R D Ackerman	597.3		2.0**	595.3	Beneficial
W Ackerman	3 900.0		3 900.0*	—	—
G M Ackerman	957.8			957.8	Non-beneficial
R D Ackerman/ W Ackerman/G M Ackerman*	253 050.0	3 931.2		256 981.2	Non-beneficial
H S Herman	80.0			80.0	Beneficial
Directors – Pick 'n Pay Stores Limited					
S R Summers	82.7			82.7	Beneficial
D Robins	7.7			7.7	Beneficial

*The non-beneficial interest represents the holding by the Ackerman Family Trust of 253.1 million shares and 3.9 million shares held by the Mistral Trust, of which these directors are trustees. The Mistral Trust shares were sold to the Trust by Mrs W Ackerman.

**These shares were donated by Mr R D Ackerman for no consideration.

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

1997 Share Option Scheme

	Year granted	Option grant price	Balance held at 28 February 2003	Granted in year	Balance held at 29 February 2004	Available for take-up
Director – Pick 'n Pay Holdings Limited						
Gareth Ackerman	1987	0.21	172 800		172 800	Now
	1987	0.15	71 714		71 714	Now
	1990	1.14	240 000		240 000	Now
	1995	1.50	180 000		180 000	Now
	1996	1.83	1 200 000		1 200 000	Now
	1999	1.79	18 078		18 078	Now
	2000	2.04	10 160		10 160	Now
	2001	1.08	11 111		11 111	Now
			1 903 863	—	1 903 863	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

4. Share capital (continued)

	Year granted	Option grant price	Balance held at 28 February 2003	Granted in year	Balance held at 29 February 2004	Available for take-up
Directors – Pick 'n Pay Stores Limited						
Dennis Cope	2000	3.25	200 000		200 000	Now
	2001	3.80	23 100		23 100	Now
	2001	3.80	9 900		9 900	July 2004
	2002	4.50	28 920		28 920	Now
	2002	4.50	21 690		21 690	Now
	2002	4.50	21 690		21 690	May 2005
			305 300	—	305 300	
David Robins	1995	1.50	36 000		36 000	Now
	1999	2.50	40 000		40 000	Now
	1999	2.50	30 000		30 000	Now
	1999	2.50	30 000		30 000	April 2006
	1999	2.00	80 000		80 000	Now
	1999	2.00	60 000		60 000	Now
	1999	2.00	60 000		60 000	April 2006
	2000	3.25	95 000		95 000	Now
	2001	3.80	27 650		27 650	Now
	2001	3.80	11 850		11 850	July 2004
	2002	4.50	22 240		22 240	Now
	2002	4.50	16 680		16 680	Now
	2002	4.50	16 680		16 680	May 2005
	2003	5.10		180 000	180 000	April 2006
	2003	5.10		180 000	180 000	April 2008
	2003	5.10		240 000	240 000	April 2010
			526 100	600 000	1 126 100	
Sean Summers	1984	0.38	48 000		48 000	Now
	1984	0.43	1 914		1 914	Now
	1984	1.02	387		387	Now
	1998	3.36	1 357		1 357	Now
	1999	2.09	2 168		2 168	Now
	2000	1.84	1 997		1 997	Now
	2000	3.25	1 075 000		1 075 000	Now
	2001	1.36	2 274		2 274	Now
	2002	4.50	222 600		222 600	Now
	2002	4.50	166 500		166 500	Now
	2002	4.50	166 500		166 500	May 2005
			1 688 697	—	1 688 697	



SHAREHOLDERS' INFORMATION

Annual general meetings

11 June 2004

and 09h30 respectively. The venue for the AGMs will be the boardroom at the registered office (see below).

The minutes of the previous AGM held on 13 June 2003 are available on our website.

Dividends

Pick 'n Pay Stores Ltd			Pick 'n Pay Holdings Ltd		Last date of trade	Date of payment
	Share code: PIK ISIN code: ZAE 00000 5443	Amount		Share code: PWK ISIN code: ZAE 00000 5724		
	No.	(cents)	No.	Amount (cents)		
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	16.50	44	8.05	5 Dec 2003	15 Dec 2003
Final	72	63.50	45	31.00	4 June 2004	14 June 2004
Interim	73		46		3 Dec 2004	13 Dec 2004
Final	74		47		3 June 2005	13 June 2005

Preliminary profit announcements

Interim to 31 August 2004: about 19 October 2004

Final to 28 February 2005: about 19 April 2005

Publication of annual report

End of May 2005

Registered office

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

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 +27(0)21 658-1000. Fax +27(0)21 683-2514. E-mail address: glea@pnp.co.za

Information Officer

Penny Hinde

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

Website address

www.picknpay.co.za

Registrar

Computershare Investor Services Limited, 70 Marshall Street, Johannesburg 2001. PO Box 61051, Marshalltown, 2107

Tel +27(0)11 370-5000, Fax +27(0)11 688-7721

Auditors

KPMG Inc

Attorneys

Sonnenberg Hoffmann Galombik

Principal bankers

ABSA Limited First National Bank of Southern Africa Limited

**JSE Securities Exchange South Africa
Sponsor** Investec Bank Limited

NOTICE OF ANNUAL GENERAL MEETING

The 23rd annual general meeting of shareholders of Pick 'n Pay Holdings Limited ("the Company") for the year ended 29 February 2004 will be held at 09h30, or as soon as the AGM for Pick 'n Pay Stores Limited is completed, on Friday, 11 June 2004. Registration for attendance at the AGM will commence at 08h30.

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 29 February 2004, 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. Ordinary resolution number 3

Re-appointment of directors

Messrs Raymond David Ackerman, Hugh Sidney Herman and David Morris Nurek retire in accordance with the Company's articles of association. Being eligible, R D Ackerman and H S Herman offer themselves for re-election.

Raymond Ackerman (73)

Raymond Ackerman purchased Pick 'n Pay in 1967 and has been its Chairman ever since. He was also the Group's CEO until 1999 when Sean Summers was appointed in that position. He has won many accolades during the years both as a leader, a businessman and as the champion of the consumer.

Hugh Herman (63)

Hugh was MD of Pick 'n Pay for many years after having joined the Group from our main legal advisory firm, Sonnenberg Hoffmann Galombik. He left Pick 'n Pay in 1993 when he joined Investec Bank, where he still serves as Chairman of the Group. Hugh serves on several of the Pick 'n Pay Board committees.

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 Raymond Ackerman as director

"Resolved that Raymond David Ackerman be and is hereby elected as director of the Company."

Ordinary resolution number 3.2

Appointment of Hugh Herman as director

"Resolved that Hugh Sidney Herman be and is hereby elected as director of the Company."

4. Ordinary resolution number 4

General authority over unissued shares

"Resolved that 26 million (being 5% of the issued share capital) of the unissued authorised shares in the Company (which for the purpose of the Listings Requirements of the JSE Securities Exchange South Africa ("JSE") shall include treasury shares), and in addition the 92 million 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) ("the Companies Act") and the JSE 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 and 89 of the Companies 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 articles of association of the Company, the provisions of the Companies Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided further that

NOTICE OF ANNUAL GENERAL MEETING (continued)

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 5% (five percent) of the Company's issued share capital of the class of repurchased shares from the date of the grant of this general authority."

Additional information required by the JSE Listings Requirements

It is recorded that the Company may only make a general acquisition of shares if the following JSE Listings Requirements are met:

- a. any such acquisition of shares shall be effected through the order book operated by the JSE trading system or other manner approved by the JSE;
- b. the 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 at the time of granting of this general authority, which announcement shall contain full details of such acquisitions;
- d. 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 price at which such shares may be acquired may not be greater than 10% (ten percent) above 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; and
- e. in the case of a derivative (as contemplated in the Listings Requirements of the JSE) the price of the derivative shall be subject to the limits set out in section 5.84(a) of the JSE Listings Requirements."

Statement by the Board of directors of the Company

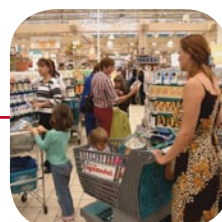
Pursuant to, and in terms of, the JSE Listings Requirements, the board of directors of the Company hereby state that:

- 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 and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, 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 ordinary business purposes 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 ordinary business 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 JSE Listings Requirements 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 Companies 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 (which shall for the purpose of the JSE Listings Requirements include the sale of treasury shares) for cash (as contemplated in the JSE Listings Requirements) 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, the articles of association of the Company and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided further that issues in the aggregate in any 1 (one) financial year may not exceed 5% (five percent) of the number of the shares of the relevant class of shares issued before such issue."

Additional information required by the JSE Listings Requirements

It is recorded that the Company may only make an issue of shares or other equity securities (as defined in the JSE Listing Requirements) for cash if the following JSE Listings Requirements are met:

- a. the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- b. the 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;
- c. a paid press announcement will 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 equity securities in issue prior to the issue;
- d. that issues in the aggregate in any 1 (one) financial year may not exceed 15% (fifteen percent) of the number of the equity securities of the Company in issue of that class of equity securities before such issue, taking into account the dilution effect of convertible equity securities and options in accordance with the JSE Listings Requirements;
- e. in determining the price at which an issue of equity securities 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
- f. any issue will only be made to "public shareholders" as defined by the JSE Listings Requirements and not to related parties."

7. Ordinary resolution number 6

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."

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

NOTICE OF ANNUAL GENERAL MEETING (continued)

General instructions and information

The annual report to which this notice of this annual general meeting is attached provides details of:

- the directors and managers of the Company on page 7;
- the major shareholders of the Company on page 35;
- the directors' shareholding in the Company on page 100; and
- the share capital of the Company in note 4 on page 107, and an analysis of the shareholders on page 35.

There are no material changes to the Group's financial or trading position, nor are there any material, legal or arbitration proceedings that may affect the financial position of the Group between 29 February 2004 and the reporting date.

The directors, whose names are given on page 7 of the annual report collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and this notice contains all information required by law and the JSE Listings Requirements.

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 (i.e. have specifically instructed your Central Security Depository Participant ("CSDP") to hold your shares in your own name on the Company's sub-register) 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.

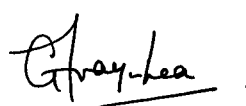
Please note that if you are the owner of dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE's electronic settlement system, Share Transactions Totally

Electronic ("STRATE")) held through a CSDP or broker and are not registered as an "own name dematerialised shareholder", then you are not a registered shareholder of the Company, your CSDP or broker (or their nominee) would be. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker (or their nominee), as the case may be:

- if you wish to attend the annual general meeting you must contact your CSDP or broker (or their nominee), 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 (or their nominee), as the case may be, and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. 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 as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE 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
6 May 2004





SUSTAINABILITY REVIEW FEEDBACK FORM

Although Pick 'n Pay has always reported certain triple-bottom-line information in its Annual Report, this is our first formal attempt at sustainability reporting. There is little doubt that there is much work for us to do.

We are currently developing a scorecard against which we can adequately and appropriately measure our performance in sustainable terms. We are working towards reporting in terms of the globally accepted Global Reporting Initiative (GRI) and will work towards ensuring that the information reported in our Sustainability Report is independently verified.

Your feedback on this report would be greatly appreciated. Please let us know what additional information you would find beneficial and how you would like us to present the information.

Please detach this form and send it to:

Penny Hinde

Pick 'n Pay

PO Box 23087

Claremont

7735

Please tick the Group that reflects your relationship with Pick 'n Pay

Shareholder ☐

Customer ☐

Supplier ☐

Community member ☐

Employee ☐

Other (please specify): _____

What is your opinion of the Sustainability Report

Excellent ☐

Good ☐

Satisfactory ☐

Poor ☐

Please share with us your thoughts on how this report can be improved in future.