



Pick'n Pay



REVIEWED GROUP RESULT FOR THE YEAR ENDED 28 FEBRUARY 2005

TRADING PROFIT  **24.1%** OPERATING PROFIT  **21.7%** HEADLINE EARNINGS PER SHARE  **20.6%** FINAL DIVIDEND PER SHARE  **20.8%**

REVIEW OF OPERATIONS

GROUP OVERVIEW

We are very pleased to present these results, given the low inflation environment we are operating in. Lower selling prices have driven volumes which, with further enhancements in operational efficiencies, has resulted in an increase in operating profit margin from 2.8% to 3.2% over last year.

The result, being an increase in headline EPS of 20.6%, has enabled us to increase our final dividend by 20.8%, which equates to a 20.6% increase in total dividend for the year.

Group turnover increased by 8.9%. Before the effect of the sale of Boardmans and the continued strengthening of the Rand against the Australian Dollar, turnover increased by 10.5%. Against a backdrop of low inflation and deflation in Score and Boxer, we are pleased to have again achieved significant levels of real growth.

The increase in trading profit and operating profit (including interest received) of 24.1% and 21.7% respectively, is particularly pleasing and reflects the continued efficiencies being achieved throughout the Group.

PICK 'n PAY RETAIL DIVISION

This division continues to be the driving force behind the Pick 'n Pay Group and predominant contributor to Group profitability, with consistently good results across all divisions.

Supermarkets showed good growth in turnover and continued to make a significant profit contribution to the Group. During the year 14 new Corporate stores were opened, with a further 9 new Corporate stores planned for the year ahead.

Hypermarkets showed real growth in turnover and a substantial increase to Group profitability, mainly as a result of operating efficiencies. Our focus is on building top line sales growth in this format.

The Family store brand showed strong growth in turnover and continues to make a significant contribution to Group profitability. During the year we opened 10 stores and we plan to open a further 10 new stores next year.

GROUP ENTERPRISES

Score showed good growth in turnover with even greater increases in volumes fuelled by continued deflation. The restructure in the Western Cape and Eastern Cape regions completed in August 2004, allows Score management to concentrate on the predominantly strong areas of the Score brand, in the Northern and Central regions of the country.

12 new stores were opened during the year and refurbishments in a number of existing stores were also completed.

Management have made great strides with expense savings and extracting further operational efficiencies. There is a renewed focus on driving top line sales which, together with the cost savings that continue to be made, puts Score well on the way to returning to profitability in the year ahead.

Boxer Superstores had a very good trading year with commendable increases in both turnover and profitability. They achieved particularly good growth in service areas. In addition to the Score stores taken over in the Eastern Cape, Boxer opened 6 new stores with a further 6 planned for next year.

Pick 'n Pay Go Banking – this initiative, in partnership with Nedcor, has continued to grow its account base and funds on deposit. Enhancing the range and utility of our banking products will add to the growth of this service.

TM Supermarkets in Zimbabwe continues to trade well. Turnover increases are above the very high levels of inflation, although in the last six months management have had to deal with huge reductions in inflation.

FRANKLINS AUSTRALIA

Turnover for the year at A\$841.1 million is 2.0% below last year, which is largely accounted for by the fact that New South Wales is still experiencing food deflation in many categories and that we did not open any new stores this year.

We have now completed the establishment of our own channels of distribution. This step is the most significant since purchasing Franklins almost 4 years ago.

As a result of these projects, transitional costs pushed the trading loss before goodwill to A\$12.8 million for the year versus A\$8.2 million last year. The bulk of these additional costs were anticipated at the beginning of the year and are in line with budget.

Now that we have a self-managed distribution platform from which to operate we will be launching our franchising business in the year ahead which, together with the opening of a further 3 stores, will ensure the business incurs significantly reduced losses in the year ahead.

GENERAL COMMENT AND PROSPECTS

We are really pleased with these results which show real growth in profitability in a low inflation environment. We do not foresee material changes to the current inflation levels. With the various initiatives we have in place in each business unit for the year ahead, we are confident that we will be able to produce another year of good growth.

For and on behalf of the Board

Raymond Ackerman
Chairman

Sean Summers
Chief Executive Officer

18 April 2005

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

INCOME STATEMENT

	Reviewed 2005 Rm	Growth %	Audited 2004 Rm
Revenue (note 2)	33 175.5		30 448.3
Turnover	31 885.0	8.9	29 276.1
Cost of merchandise sold	(26 597.5)		(24 420.4)
Gross profit	5 287.5		4 855.7
Other income	1 203.0		1 076.1
Trading expenses	(5 521.6)		(5 142.8)
Goodwill amortisation	(35.3)		(36.8)
Trading profit	933.6	24.1	752.2
Interest received	81.4		81.9
Operating profit	1 015.0	21.7	834.1
Interest paid	(32.9)		(46.6)
Dividends received	6.1		14.2
Exceptional items	21.6		—
Profit before tax	1 009.8		801.7
Tax	(360.2)		(286.0)
Net profit for the year	649.6		515.7
Trading profit margin	2.9%		2.6%
Operating profit margin	3.2%		2.8%
Per share – cents			
Headline earnings	141.54	20.6	117.38
Earnings	138.60		109.55
Fully diluted headline earnings	134.51		111.64
Fully diluted earnings	131.74		104.26
Interim dividend – No. 73 paid	19.80		16.50
Final dividend – No. 74 payable	76.70	20.8	63.50
Total	96.50		80.00
Dividend cover	1.47		1.47
Headline earnings reconciliation			
Net profit for the year	649.6		515.7
Goodwill amortisation	35.3		36.8
Exceptional items	(21.6)		—
Profit on sale of Boardmans	(24.0)		—
Profit on sale of property	(1.4)		—
Loss on sale of fixed assets	3.8		—
Headline earnings	663.3	20.1	552.5

PICK 'n PAY HOLDINGS LIMITED (“PIKWIK”) RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2005

Share Code: PWK ISIN code: ZAE000005724

Pikwik's only asset is its 52.9% (2004: 53.2%) investment in Pick 'n Pay Stores Limited. The Pikwik Group earnings are directly related to those of this investment. Headline earnings for the year amount to R351.2 million (2004: R294.1 million).

Headline earnings per share, calculated using the weighted average number of shares in issue during the year of 501.1 million (2004: 496.2 million), is 70.08 cents (2004: 59.28 cents). Pikwik's final dividend per share is 37.43 cents (2004: 31.00 cents), bringing the total dividend per share for the year to 47.10 cents (2004: 39.05 cents).

DIVIDEND DECLARATIONS

The directors have declared the following cash dividends:

Pick 'n Pay Stores Limited (No. 74) 76.70 cents per share

Pick 'n Pay Holdings Limited (No. 47) 37.43 cents per share

For both Companies, the last day of trade in order to participate in the dividend (CUM dividend) will be Friday, 3 June 2005.

The shares will trade EX dividend from the commencement of business on Monday, 6 June 2005 and the record date will be Friday, 10 June 2005.

The dividends will be paid on Monday, 13 June 2005.

Share certificates may not be dematerialised or rematerialised between Monday, 6 June 2005 and Friday, 10 June 2005, both dates inclusive.

On behalf of the boards of directors

GF Lea – Company Secretary

18 April 2005

BALANCE SHEET

	Reviewed 2005 Rm	Audited 2004 Rm
Assets		
Non-current assets		
Goodwill	656.4	745.1
Property	251.6	182.3
Equipment and vehicles	1 158.9	1 045.4
Investments	8.6	7.7
Loans	95.8	89.6
Participation in export partnerships	102.7	127.6
Deferred tax	129.9	99.2
	2 403.9	2 296.9
Current assets		
Inventory	1 878.8	1 578.7
Trade and other receivables	634.5	628.1
Cash and cash equivalents	1 329.0	1 502.5
	3 842.3	3 709.3
Total assets	6 246.2	6 006.2
Equity and liabilities		
Total shareholders' equity	1 078.8	1 132.4
Non-current liabilities		
Interest-bearing debt	178.6	188.2
Retirement scheme obligations	189.8	145.0
Deferred tax	67.0	133.9
	435.4	467.1
Current liabilities		
Interest-bearing debt	56.6	159.9
Trade and other payables	4 282.3	3 972.0
Tax	393.1	274.8
	4 732.0	4 406.7
Total equity and liabilities	6 246.2	6 006.2
Shares in issue – millions	486.1	483.4
Weighted average shares in issue – millions	468.7	470.7
Net asset value – cents per share (property value based on directors' valuation)	289.7	285.9

STATEMENT OF CHANGES IN EQUITY

	Reviewed 2005 Rm	Audited 2004 Rm
Capital and reserves at 1 March	1 132.4	924.8
Net profit for the year	649.6	515.7
Dividends paid	(381.6)	(316.7)
Issue of new shares (note 3)	12.2	—
Share repurchases	(267.3)	(38.0)
Take-up of share options from share trust	23.8	21.1
Revaluation of investments	0.9	1.6
Foreign currency translation	(91.2)	23.9
Capital and reserves at 28 February	1 078.8	1 132.4

NOTES TO THE FINANCIAL INFORMATION

- Accounting policies comply with South African Statements of Generally Accepted Accounting Practice and are consistent with those applied in the previous year. The financial information has been reviewed by KPMG Inc., whose unqualified review opinion is available for inspection at the Company's registered office. It is anticipated that an unqualified audit opinion will be issued in due course once the annual financial statements have been audited.
- Revenue comprises turnover, other income, interest received and dividends received.
- During the year Pick 'n Pay Stores Limited issued 2 690 000 shares pursuant to the take-up of share options under the 1997 share option scheme.
- Treasury shares held by the Group are treated as cancelled for the weighted average number of shares calculation.
- Effective 1 April 2004 the Boardmans Division was sold for net asset value plus goodwill of R26 million. The profit on sale is the amount received for goodwill after transaction costs.
- The South African Revenue Service has concluded an agreement with the managing partner and its export partners regarding the tax treatment of a group company's participation in export partnerships. This agreement has no material effect on the current or future earnings.

CASH FLOW STATEMENT

	Reviewed 2005 Rm	Audited 2004 Rm
Trading profit	933.6	752.2
Depreciation	304.7	283.1
Goodwill amortisation	35.3	36.8
Trade and other payables	365.9	592.0
Inventory	(345.5)	(71.4)
Trade and other receivables	15.7	(125.1)
Exchange rate effect on working capital	(22.2)	(19.8)
Cash generated by trading activities	1 287.5	1 447.8
Interest received	81.4	81.9
Cash generated by operations	1 368.9	1 529.7
Interest paid	(32.9)	(46.6)
Dividends received	6.1	14.2
Dividends paid	(381.6)	(316.7)
Tax paid	(341.2)	(283.5)
Net cash inflow from operating activities	619.3	897.1
Property	(73.7)	(74.2)
Equipment and vehicles	(446.3)	(434.4)
Investments realised	—	175.3
Loans	(6.7)	7.9
Proceeds from sale of Boardmans (note 5)	78.1	—
Net cash outflow from investing activities	(448.6)	(325.4)
Interest-bearing debt repaid	(112.9)	(87.9)
Issue of new shares (note 3)	12.2	—
Share repurchases	(267.3)	(38.0)
Take-up of share options from share trust	23.8	21.1
Net cash outflow from financing activities	(344.2)	(104.8)
Net (decrease)/increase in cash and cash equivalents	(173.5)	466.9
Cash and cash equivalents at 1 March	1 502.5	1 035.6
Cash and cash equivalents at 28 February	1 329.0	1 502.5

SEGMENTAL REPORT

	Southern Africa		Australia		Total	
	Reviewed Feb 2005 Rm	Audited Feb 2004 Rm	Reviewed Feb 2005 Rm	Audited Feb 2004 Rm	Reviewed Feb 2005 Rm	Audited Feb 2004 Rm
Turnover – Australian dollars	27 989.2	25 068.6	3 895.8 841.1	4 207.5 858.3	31 885.0	29 276.1
Trading profit/(loss) before goodwill amortisation – Australian dollars	1 028.4	829.5	(59.5) (12.8)	(40.5) (8.2)	968.9	789.0
Goodwill amortisation	(9.5)	(9.5)	(25.8)	(27.3)	(35.3)	(36.8)
Exceptional items	21.6	—	—	—	21.6	—
Depreciation, included in trading profit/(loss)	(267.9)	(248.1)	(36.8)	(35.0)	(304.7)	(283.1)
Goodwill	161.7	171.2	494.7	573.9	656.4	745.1
Property, equipment and vehicles	1 203.5	1 021.0	207.0	206.7	1 410.5	1 227.7
Inventory and receivables	2 140.1	1 995.2	373.2	211.6	2 513.3	2 206.8
Trade and other payables	3 759.6	3 509.5	522.7	462.5	4 282.3	3 972.0



DIRECTORS OF PICK 'n PAY STORES LIMITED:

Executive: RD Ackerman* (Chairman), D Robins** (Deputy Chairman), SR Summers (CEO), W Ackerman*, DG Cope **Non-executive:** GM Ackerman*, RP de Wet†, HS Herman†, C Hultzer††, C Nkosi†, DM Nurek†, BJ van der Ross† *Also directors of Pick 'n Pay Holdings Limited **German †Independent

BASTION GRAPHICS