Reviewed condensed consolidated results for the year ended 28 February 2011



Financial highlights – continuing operations

	Turnover R'billion	EBITDA R'million	Headline earnings cents per share	Total dividend cents per share
2011:	51.9	2 160.9	189.35	142.50
2010:	49.0	2 271.3	231.71	174.50

Result overview – continuing operations

The 2011 financial year was the toughest trading year in our Group's history. We undertook a number of significant and challenging steps to transform the business, at the same time we experienced an exceedingly difficult trading environment.

Despite our disappointment in the result, we have achieved much over the year:

- We completed the consolidation of our 3 inland regions into one which will realise tangible improvements in operating efficiencies and cost reductions.
- With the roll-out of SAP complete, we now have a fully integrated system across the business, with improved in-store disciplines, more efficient business processes and more timely information for performance management.
- We have completed the extension of our Longmeadow Distribution Centre, which now stands at 65,000 square metres. We have introduced automated replenishment which has improved store strike rates. Longmeadow now processes 50% of our inland grocery value, with 1 million cases handled each week from 44 major suppliers who deliver direct to the facility. Although significant improvements have been made, the facility is not yet optimal and every effort is being made to ensure that Longmeadow becomes the blueprint that we roll out to distribution centres in the Western Cape, Kwa-Zulu Natal, Eastern Cape and Gauteng over the next 3 to 5 years.
- We opened 2 stores in Zambia, which have been extremely well received and are trading ahead of expectations.
- We increased our footprint in the LSM 4 -7 market, and are showing strong growth in this sector from both Boxer and our Pick n Pay stores converted from Score.
- We opened our new flagship store "PnP on Nicol". It is not only a world class retail destination, it is truly a store for the future – built and operated entirely on sustainable, environmentally friendly principles in line with international best practice. Customer reaction has been overwhelmingly positive and we are looking to roll-out the most successful innovations to selected stores.
- After a tough time with a national labour strike over our busiest trading period, we have negotiated a three year wage deal with the Union. We are confident that Pick n Pay and SACCAWU can now work together to improve the relationship.
- A great deal of work was done on our new loyalty programme "Smart Shopper" during the year under review, and we were thrilled by its launch in March 2011. The programme was based on significant customer research and it will provide our Smart Shoppers with meaningful reward and revolutionise the way we engage with customers.

Group turnover at R51.9 billion for the year is 5.9% above last year. Turnover growth has been modest, impacted by our national labour strike and customers exercising caution despite the dramatic fall in food inflation and many price decreases. Group like for like turnover is up 2.0% for the year.

Gross profit margin has fallen from 18.0% last year to 17.5% this year, due to aggressive investment in price to regain lost ground after the national strike and the effect of increased franchise participation.

Trading profit is down 13.5% to R1 417.7 million, due to the lower gross profit margin and cost inflation exceeding internal sales price inflation. In addition, we experienced operational difficulties at Longmeadow which had a material negative effect on our result.

EBITDA (earnings before interest, tax, depreciation and capital items) at R2 160.9 million is down less than trading profit at 4.9%, demonstrating our ability to generate cash.

Headline earnings per share at 189.35 cents is 18.3% down on last year.

The **total dividends** per share for the year of 142.50 cents for Pick n Pay Stores Limited and 69.28 cents for Pick n Pay Holdings Limited are 18.3% and 18.4% down on last year, respectively.

Operational highlights

Pick n Pay and Boxer combined, increased turnover by 5.9% for the year. On average Pick n Pay's corporate internal food price inflation was 1.3% for the financial year, against an average of 8.7% last year.

We have seen strong growth in certain areas, including Private Label, Liquor, and most notably Clothing. Our Clothing division has grown turnover significantly over last year, demonstrating the positive acceptance by customers of our clothing, which offers good quality at an affordable price. We have also experienced encouraging growth in the LSM 4 -7 market, with good performances from Boxer and the Pick n Pay franchise stores converted from Score.

During the year we opened 4 new Pick n Pay corporate supermarkets, 13 Pick n Pay franchise stores, 33 liquor stores (franchise and corporate), 11 clothing stores and 6 stores across our Boxer formats.

In the year ahead we plan to open a further 12 new corporate and 7 new franchise supermarkets, as well 10 clothing stores and approximately 45 liquor stores (corporate and franchise). In the Boxer stable, we will open 13 supermarkets, 7 Punch stores, 5 liquor stores and 5 Boxer Builds.

We continue our expansion into Africa. We now have two stores in Zambia and the support from our new Zambian customers has been extremely gratifying. We are once again accounting for our share of profits of our 25% investment in TM Supermarkets in Zimbabwe. We are encouraged by the improved economic climate and trading stability in Zimbabwe and are impressed with the hard work of the team at TM. We have successfully concluded negotiations to purchase a further 24% of TM, to bring our total shareholding to 49%. The transaction is awaiting approval by the Reserve Bank of Zimbabwe and the Zimbabwean Indigenisation Board.

In 2012 we will open 3 more stores in Zambia, 3 in Mozambique and 2 in Mauritius.

In July 2010, subject to approval by the Australian competition regulator, the Australian Competition and Consumer Commissions (ACCC), we accepted an offer from Metcash to acquire our Australian operation, Franklins. The ACCC reviewed the proposed transaction under its informal merger clearance process and opposed the sale to Metcash on the basis that it is likely to have the effect of substantially lessening competition in an Australian market.

Following the ACCC's decision, the parties announced that they proposed to proceed with the transaction and this led the ACCC to commence legal proceedings in the Federal Court of Australia in December 2010, seeking to prevent the parties from completing the transaction. We and Metcash agreed with the ACCC to an expedited hearing, which commenced in mid-March 2011. The judgement of the Court is expected before 30 June 2011. If the Federal Court of Australia prevents the acquisition by Metcash, we remain committed to the sale of Franklins and anticipate selling the Franklins stores, either individually or in groups, under a competitive tender process.

Franklins has been treated as a discontinued operation and its results have been reflected separately from those of continuing operations. Turnover in Franklins for the year of AUD827.2 million was down 3.9%, with a net loss incurred of AUD18.1 million (excluding depreciation, which is not provided at Group level from the time a business is classified as held for sale) against a profit of AUD2.5 million last year.

General comments

We are disappointed in the result, but would like to give credit to the Pick n Pay team for achieving an enormous amount under trying conditions. As we have communicated before, we are in the process of positioning Pick n Pay for the future, and strongly believe that our strategic initiatives will build a sound platform for future growth and continued success in the medium to long term.

For and on behalf of the board

Gareth Ackerman
Chairman

Nick Badminton
Chief Executive Officer

15 April 2011

PICK N PAY STORES LIMITED – REG. NO. 1968/008034/06 SHARE CODE: PIK ISIN CODE: ZAE000005443

Statement of comprehensive income

	Reviewed Year to Feb 2011 Rm	Growth %	Audited Year to Feb 2010* Rm
Continuing operations			
Revenue (note 3)	52 216.7		49 323.8
Turnover	51 945.8	5.9	49 068.6
Cost of merchandise sold	(42 859.6)		(40 245.0)
Gross profit	9 086.2		8 823.6
Other trading income	231.4		186.5
Trading expenses	(7 899.9)		(7 371.4)
Trading profit	1 417.7	(13.5)	1 638.7
Interest received	39.5		68.7
Interest paid	(111.0)		(86.3)
Gain on recognition of investment in associate	7.5		—
Share of associate's income	2.4		—
Profit on sale of property	—		190.9
Profit before tax	1 356.1		1 812.0
Tax	(447.8)		(531.9)
Profit for the year from continuing operations	908.3		1 280.1
Loss from discontinued operations (note 6)	(123.4)		(91.2)
Profit for the year	784.9		1 188.9
Other comprehensive income			
Exchange rate differences on translating foreign operations	50.1		73.8
Net loss on hedge of net investment in foreign operation	(52.2)		—
Retirement benefit actuarial loss	(12.5)		(34.3)
Total comprehensive income for the year	770.3		1 228.4
EBITDA, excluding capital items	2 160.9	(4.9)	2 271.3
Gross profit margin	17.5%		18.0%
Trading profit margin	2.7%		3.3%
Earnings per share – cents			
Basic	164.99	(34.3)	251.25
Continuing operations	190.92	(29.4)	270.53
Discontinued operations	(25.93)		(19.28)
Diluted	162.20	(34.4)	247.40
Continuing operations	187.68	(29.5)	266.38
Discontinued operations	(25.48)		(18.98)
Headline earnings reconciliation			
Profit for the year	784.9		1 188.9
Headline adjustments (net of tax):			
Loss on sale of equipment and vehicles – discontinued operations	7.0		6.9
Profit on sale of property	—		(183.7)
Gain on recognition of investment in associate	(7.5)		—
Headline earnings	784.4	(22.5)	1 012.1
Continuing operations	900.8	(17.8)	1 096.4
Discontinued operations	(116.4)		(84.3)
Headline earnings per share – cents			
Headline	164.90	(22.9)	213.90
Continuing operations	189.35	(18.3)	231.71
Discontinued operations	(24.45)		(17.81)
Diluted	162.10	(23.0)	210.62
Continuing operations	186.14	(18.4)	228.16
Discontinued operations	(24.04)		(17.54)
Interim dividend – No. 85 paid	37.00		39.75
Final dividend – No. 86 payable	105.50		134.75
Total dividend	142.50	(18.3)	174.50

*Restated – refer note 6

Statement of financial position

	Reviewed Feb 2011 Rm	Audited Feb 2010 Rm
Assets		
Non-current assets		
Intangible assets	404.5	1 126.7
Property, equipment and vehicles	3 401.8	3 415.5
Operating lease asset	19.5	33.5
Participation in export partnerships	48.2	50.6
Deferred tax	85.8	98.1
Loans	90.2	124.7
Investment in associate	9.9	—
Investments	0.2	0.2
	4 060.1	4 849.3
Current assets		
Assets held for sale – discontinued operations (note 6)	2 120.1	—
Inventory	3 162.7	3 326.2
Trade and other receivables	1 739.2	1 968.0
Cash and cash equivalents	352.6	1 055.3
	7 374.6	6 349.5
Total assets	11 434.7	11 198.8
Equity and liabilities		
Total shareholders' equity	2 158.8	2 144.6
Non-current liabilities		
Long-term debt	626.9	670.8
Retirement scheme obligations	27.1	24.7
Operating lease liability	711.1	695.9
	1 365.1	1 391.4
Current liabilities		
Liabilities held for sale – discontinued operations (note 6)	826.6	—
Short-term debt	950.2	38.7
Tax	96.2	230.5
Trade and other payables	6 037.8	7 393.6
	7 910.8	7 662.8
Total equity and liabilities	11 434.7	11 198.8
Shares in issue – millions	480.4	480.4
Weighted average shares in issue – millions (note 4)	475.7	473.2
Net asset value – cents per share (property value based on directors' valuation)	503.0	512.5

Statement of changes in equity

	Reviewed Year to Feb 2011 Rm	Audited Year to Feb 2010 Rm
At 1 March	2 144.6	1 695.5
Total comprehensive income for the year	770.3	1 228.4
Dividends paid	(808.0)	(814.6)
Share repurchases	(90.2)	(80.1)
Net effect of settlement of employee share options	68.3	52.1
Net effect of cancellation of treasury shares	—	(2.7)
Share options expense	73.8	66.0
At 28 February	2 158.8	2 144.6

Cash flow statement

	Reviewed Year to Feb 2011 Rm	Audited Year to Feb 2010* Rm
Cash flows from operating activities		
Trading profit	1 417.7	1 638.7
Depreciation and amortisation	733.3	632.6
Share options expense	73.8	65.2
Net operating lease obligations	29.3	36.5
Cash generated before movements in working capital	2 254.1	2 373.0
Movements in working capital:	(844.8)	(58.1)
(Decrease)/increase in trade and other payables	(678.1)	245.2
Increase in inventory	(349.1)	(129.9)
Decrease/(increase) in trade and other receivables	182.4	(173.4)
Cash generated by trading activities	1 409.3	2 314.9
Interest received	39.5	68.7
Interest paid	(111.0)	(86.3)
Cash generated by operations	1 337.8	2 297.3
Dividends paid	(808.0)	(814.6)
Tax paid	(526.3)	(457.5)
Total net cash from operating activities – continuing operations	3.5	1 025.2
Net cash from/(utilised in) operating activities – discontinued operations	13.9	(62.9)
Total net cash from operating activities	17.4	962.3
Cash flows from investing activities		
Intangible asset additions	(82.5)	(49.9)
Property, equipment and vehicle additions	(1 163.2)	(969.5)
Proceeds on sale of property, equipment and vehicles	21.9	209.4
Loans repaid	34.5	3.9
Net cash utilised in investing activities – continuing operations	(1 189.3)	(806.1)
Net cash utilised in investing activities – discontinued operations	(151.4)	(117.2)
Total net cash utilised in investing activities	(1 340.7)	(923.3)
Cash flows from financing activities		
Debt raised	867.5	1.0
Share repurchases	(90.2)	(80.1)
Proceeds from employees on settlement of share options	25.1	36.4
Total net cash from/(utilised in) financing activities – continuing operations	802.4	(42.7)
Total net cash from/(utilised in) financing activities – discontinued operations	10.0	(9.9)
Total net cash from/(utilised in) financing activities	812.4	(52.6)
Net decrease in cash and cash equivalents	(510.9)	(13.6)
Cash and cash equivalents at 1 March	1 055.3	1 072.8
Effect of exchange rate fluctuations on cash and cash equivalents	(76.2)	(3.9)
Cash and cash equivalents at 28 February	468.2	1 055.3
Continuing operations	352.6	
Discontinued operations	115.6	

* Restated – refer note 6

Operating segment report

	Pick n Pay and Boxer		Insurance		Unallocated Head Office costs and revenues		TOTAL CONTINUING OPERATIONS		DISCONTINUED OPERATIONS Franklins		DISCONTINUED OPERATIONS Score		TOTAL OPERATIONS	
	Reviewed Feb 2011 Rm	Audited Feb 2010 Rm	Reviewed Feb 2011 Rm	Audited Feb 2010 Rm	Reviewed Feb 2011 Rm	Audited Feb 2010 Rm	Reviewed Feb 2011 Rm	Audited Feb 2010 Rm	Reviewed Feb 2011 Rm	Audited Feb 2010 Rm	Reviewed Feb 2011 Rm	Audited Feb 2010 Rm	Reviewed Feb 2011 Rm	Audited Feb 2010 Rm
External revenue	52 214.0	49 320.6	2.7	3.2	—	—	52 216.7	49 323.8	5 617.4	5 673.3	—	580.9	57 834.1	55 578.0
Inter-segment revenue	(12.9)	(14.4)	12.9	14.4	—	—	—	—	—	—	—	—	—	—
External turnover	51 945.8	49 068.6		—	—	—	51 945.8	49 068.6	5 613.0	5 666.0	—	579.8	57 558.8	55 314.4
– Australian dollars (millions)									827.2	861.1				
Profit/(loss) before tax	1 340.6	1 603.2	15.5	17.9	—	190.9	1 356.1	1 812.0	(123.4)	16.3	—	(106.0)	1 232.7	1 722.3
– Australian dollars (millions)									(18.1)*	2.5				
Total assets	9 256.6	9 009.5	58.0	47.7	—	—	9 314.6	9 057.2	2 120.1	2 055.5	—	86.1	11 434.7	11 198.8

*Excluding depreciation of AUD10.5 million.

Pick n Pay Holdings Limited ("PIKWIK")

Share Code: PWK ISIN code: ZAE000005724

Pikwik's only asset is its 53.95% (2010: 54.43%) effective holding in Pick n Pay Stores Limited (excluding treasury shares). The Pikwik Group earnings are directly related to those of this investment.

Headline earnings for the year amount to R423.4 million (2010: R549.9 million).

Headline earnings per share is 82.08 cents (2010: 106.72 cents).

Headline earnings per share from continuing operations is 94.29 cents (2010: 115.62 cents).

Diluted headline earnings per share is 79.68 cents (2010: 103.84 cents).

Diluted headline earnings per share from continuing operations is 91.78 cents (2010: 112.64 cents).

The total number of shares in issue is 527.2 million (2010: 527.2 million) and the weighted average number of shares in issue during the year is 515.9 million (2010: 515.3 million).

Pikwik's total dividend for the year is 69.28 cents per share (2010: 84.93 cents per share), a decrease of 18.4%.

Dividend declarations

The directors have declared the following cash dividends:

Pick n Pay Stores Ltd (No. 86) 105.50 cents per share

Pick n Pay Holdings Ltd (No. 59) 51.34 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 2011. The shares will trade EX dividend from the commencement of business on Monday, 6 June 2011 and the record date will be Friday, 10 June 2011.

The dividends will be paid on Monday, 13 June 2011.

Share certificates may not be dematerialised or rematerialised between Monday, 6 June 2011 and Friday, 10 June 2011, both dates inclusive.

On behalf of the boards of directors

DE Muller – *Company Secretary*
15 April 2011

Directors of Pick n Pay Stores Limited

Executive: NP Badminton *(CEO)*, DG Cope *(CFO)*, SD Ackerman-Berman, JG Ackerman
Non-executive: GM Ackerman *(Chairman)*, D Robins (German)
Independent non-executive: HS Herman, A Mathole, L Phalatse, BJ van der Ross, RSJ van Rensburg, J van Rooyen
A Mathole and L Phalatse were appointed to the Board on 1 November 2010. C Nkosi retired from the Board on 31 December 2010.

Directors of Pick n Pay Holdings Limited

Non-executive: RD Ackerman *(Chairman)*, GM Ackerman, W Ackerman
Independent non-executive: RP de Wet, HS Herman
Alternate directors: JG Ackerman, SD Ackerman, D Robins (German)

Notes to the financial information

1. KPMG Inc, the Group's independent auditor, has reviewed the condensed consolidated results contained in this preliminary report, and has expressed an unmodified conclusion on the preliminary financial statements. Their review report is available for inspection at the Company's registered office. These preliminary financial statements are prepared in accordance with the recognition and measurement requirements of IFRS and the disclosure requirements of IAS 34. Accounting policies are consistent with those of prior years.
2. During the year, certain companies within the Group entered into transactions with each other. These intra-group transactions are eliminated on consolidation. Related party information is unchanged from that reported at 28 February 2010. For further information, please refer to note 28 of the 2010 annual report.
3. Revenue comprises turnover, other trading income and interest received.
4. The weighted average number of shares is lower than that in issue due to the treasury shares held by the Group being treated as cancelled for this calculation.
5. The Group recommenced equity accounting its 25% investment in TM Supermarkets in Zimbabwe (TM) from 1 March 2010. The investment has been recognised at 25% of the shareholder's equity of TM at the beginning of the current year.
6. Discontinued operations:

   Franklins – in July 2010 the Group agreed to sell its Australian operation to Metcash, subject to approval by the Australian competition regulator, the Australian Competition and Consumer Commissions (ACCC). The ACCC opposed the sale to Metcash on the basis that it is likely to have the effect of substantially lessening competition in an Australian market.

   Following the ACCC's decision, the parties announced that they proposed to proceed with the transaction and this led the ACCC to commence legal proceedings in the Federal Court of Australia in December 2010, seeking to prevent the parties from completing the transaction. We and Metcash agreed with the ACCC to an expedited hearing, which commenced in mid-March 2011. The judgement of the Court is expected before 30 June 2011. If the Federal Court of Australia prevents the acquisition by Metcash, we remain committed to the sale of Franklins and anticipate selling the Franklins stores, either individually or in groups, under a competitive tender process.

   Franklins has been presented as a discontinued operation at 28 February 2011 and the comparative information has been restated accordingly.

   Score – the Group completed the closure of the store operations of its subsidiary Score Supermarkets Operating Limited in 2010.

The salient financial information of the discontinued operations is as follows:

	Franklins Pty Limited		Score Supermarkets Operating Limited		Total discontinued operations	
	Reviewed Feb 2011 Rm	Audited Feb 2010 Rm	Reviewed Feb 2011 Rm	Audited Feb 2010 Rm	Reviewed Feb 2011 Rm	Audited Feb 2010 Rm
Statement of comprehensive income						
Revenue	5 617.4	5 673.3	—	580.9	5 617.4	6 254.2
Turnover	5 613.0	5 666.0	—	579.8	5 613.0	6 245.8
Trading expenses	1 281.6	1 319.8	—	238.1	1 281.6	1 557.9
Loss on sale of equipment and vehicles	(7.0)	(5.6)	—	(1.3)	(7.0)	(6.9)
Trading (loss)/profit for the year	(123.2)	14.4	—	(107.1)	(123.2)	(92.7)
(Loss)/profit for the year (after tax)	(123.4)	16.3	—	(107.5)	(123.4)	(91.2)
Statement of financial position						
Total assets	2 120.1	2 055.5	—	86.1	2 120.1	2 141.6
Total liabilities	826.6	975.2	—	174.4	826.6	1 149.6
Cash flow statement						
Net cash from/(utilised in) operating activities	13.9	149.8	—	(212.7)	13.9	(62.9)
Net cash (utilised in)/from investing activities	(151.4)	(174.0)	—	56.8	(151.4)	(117.2)
Net cash from/(utilised in) financing activities	10.0	(9.9)	—	—	10.0	(9.9)

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Sponsor: Investec Bank Limited, 100 Grayston Drive, Sandton, 2196
Transfer secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001

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BASTION GRAPHICS