





UNAUDITED INTERIM GROUP RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2005

TURNOVER  10.7%    TRADING PROFIT  12.8%    HEADLINE EARNINGS PER SHARE  16.7%    INTERIM DIVIDEND PER SHARE  17.7%

REVIEW OF OPERATIONS

GROUP OVERVIEW

We are pleased with these interim results given the tough trading environment in the last six months with continued low inflation, the industrial action in Pick 'n Pay and the challenges we faced in Australia in perfecting our own distribution channels.

For the first time the Pick 'n Pay Group is reporting under **International Financial Reporting Standards ("IFRS")** and we draw your attention to the separate section of this announcement outlining the changes we have made to our accounting policies.

**Group Turnover** at R16.9 billion shows good growth of 10.7% which is well above the low levels of inflation. The turnover increase in the Southern Africa segment of 12.4% is particularly encouraging.

**Headline Earnings per Share** at 55.31 cents has increased by 16.7%, which is above the 14.4% increase in headline earnings, as a result of the concentration effect of share repurchases.

PICK 'n PAY RETAIL

Management did a commendable job in minimising the effect of the industrial action and were still able to show good real growth in turnover and profitability.

**Supermarkets** – showed good growth in turnover and profit contribution. Two new stores, Eden Meadow in Edenvale and Cape Gate City in Cape Town, were opened during the period. In the remaining six months of the year a further six new corporate stores are scheduled to open.

**Hypermarkets** – it is in this division that the labour issues had the most impact on turnover.

However, due to expense control, the division still managed to produce a good increase in profit contribution.

**Franchise** – this division continues to make a significant profit contribution, with five new stores opening during the period and 20 confirmed for the next 18 months.

**Clothing Stores** – during the period, three new stores were opened and we have confirmed a further six new stores for the remaining six months of the year.

GROUP ENTERPRISES

**Score Supermarkets** – Score had an outstanding six months trading period, showing good real growth in turnover and a substantial reduction in the losses incurred over the same period last year. This improvement is the result of reducing gross margins to become even more competitive (which has led to increased volumes) and via cost reductions. Score is now operating far more efficiently and is well on its way to profitability for the year ended February 2006.

**Boxer Superstores** – Boxer had an excellent trading period showing significant increases in both turnover and profit contribution. Boxer opened one new store during the period and three further stores will open in the remaining six months of the year.

**TM Supermarkets** – continues to trade well increasing its turnover and profitability above the very high levels of inflation experienced in Zimbabwe. In accordance with our conversion to IFRS we now equity account our share of after tax profits which amounts to R14.6 million for this period versus R4.1 million last year.

FRANKLINS AUSTRALIA

Turnover for the period at AUD404.8 million is 5.1% down on last year, mainly as a consequence of fierce competition and the lost sales during the first few months of the period when the business was switching to its own channels of distribution.

The implementation of the SAP software system has gone very well.

The process of switching to our own distribution channels was more difficult than originally anticipated and as a consequence we incurred exceptional once-off expenditure in the current six-month period. We are pleased to report that service levels from the distribution centres are now consistently in excess of 94%.

In the six months ahead: we expect significantly reduced losses; will be converting one or two corporate stores to Franchise stores to perfect our Franchise model; and will be opening one new corporate store. We also have four new corporate stores confirmed for the 2007 financial year.

GENERAL COMMENT AND PROSPECTS

Given the significant issues we had to contend with in the current six-month period, we are pleased with these interim results. For the remainder of the financial year, we have some exciting new store openings in Pick 'n Pay Retail, our focus in Australia will be launching Franchising, and in Score on ensuring we stay on course to profitability.

For and on behalf of the Board

Raymond Ackerman  
Chairman

Sean Summers  
Chief Executive Officer

17 October 2005

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

INCOME STATEMENT

	Six months ended		Audited Year to	
	Aug 2005	Growth	Aug 2004	Feb 2005
	Rm	%	Rm	Rm
Revenue (note 2)	17 450.0		15 738.3	32 915.7
Turnover	16 880.8	10.7	15 245.8	31 885.0
Cost of merchandise sold	(14 013.9)		(12 652.8)	(26 447.6)
Gross profit	2 866.9		2 593.0	5 437.4
Other income	534.7		447.8	949.3
Trading expenses	(3 024.3)		(2 706.2)	(5 491.1)
Trading profit	377.3	12.8	334.6	895.6
Interest received	34.5		44.7	81.4
Operating profit	411.8		379.3	977.0
Interest paid	(21.8)		(20.8)	(32.9)
Share of associate's profit	14.6		4.1	14.6
Exceptional items	(6.8)		24.0	21.6
Profit before tax	397.8		386.6	980.3
Tax	(149.1)		(139.3)	(346.2)
Net profit for the period	248.7		247.3	634.1
Trading profit margin	2.2%		2.2%	2.8%
Operating profit margin	2.4%		2.5%	3.1%
Per share – cents				
Headline earnings	55.31	16.7	47.41	130.70
Earnings	53.84		52.51	135.30
Diluted headline earnings	52.36		45.32	124.29
Diluted earnings	50.98		50.15	128.63
Interim dividend – No. 75	23.30	17.7	19.80	
Headline earnings reconciliation				
Net profit for the period	248.7		247.3	634.1
Exceptional items	6.8		(24.0)	(21.6)
Loss on sale of fixed assets	6.8		—	3.8
Profit on sale of Boardmans	—		(24.0)	(24.0)
Profit on sale of property	—		—	(1.4)
Headline earnings	255.5	14.4	223.3	612.5

PICK 'n PAY HOLDINGS LIMITED ("PIKWIK")

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2005

Share Code: PWK ISIN code: ZAE000005724

Pikwik's only asset is its 52.94% (2004: 52.94%) investment in Pick 'n Pay Stores Limited. The Pikwik Group earnings are directly related to those of this investment. Headline earnings for the period amount to R135.3 million (2004: R118.2 million).

Headline earnings per share, calculated using the weighted average number of shares in issue during the period of 504.5 million (2004: 500.5 million), is 26.81 cents (2004: 23.61 cents). Pikwik's interim dividend per share is 11.37 cents (2004: 9.67 cents).

DIVIDEND DECLARATIONS

The directors have declared the following cash dividends:

Pick 'n Pay Stores Limited (No. 75) 23.30 cents per share  
Pick 'n Pay Holdings Limited (No. 48) 11.37 cents per share

For both Companies, the last day of trade in order to participate in the dividend (CUM dividend) will be Friday, 2 December 2005.

The shares will trade EX dividend from the commencement of business on Monday, 5 December 2005 and the record date will be Friday, 9 December 2005.

The dividends will be paid on Monday, 12 December 2005.

Share certificates may not be dematerialised or rematerialised between Monday, 5 December 2005 and Friday, 9 December 2005, both dates inclusive.

On behalf of the boards of directors

GF Lea – Company Secretary

17 October 2005

NOTES TO THE FINANCIAL INFORMATION

- The Group has changed its accounting policies to comply with International Financial Reporting Standards ("IFRS") effective 1 March 2004. All comparative information has been adjusted accordingly. Refer to the separate IFRS disclosure for further information.
- Revenue comprises turnover, other income and interest received.
- 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.

BALANCE SHEET

	Audited	
	Aug 2005	Aug 2004
	Rm	Rm
Assets		
Non-current assets		
Goodwill	723.3	702.0
Property	336.4	212.1
Equipment and vehicles	1 251.9	1 093.9
Investments	5.0	2.9
Investment in associate	38.2	16.6
Loans	94.7	88.2
Operating lease assets	4.3	3.0
Participation in export partnerships	98.6	124.8
Deferred tax	295.6	124.6
	2 848.0	2 368.1
Current assets		
Inventory	1 960.7	1 550.8
Trade and other receivables	701.3	551.0
Cash and cash equivalents	1 100.2	1 431.9
	3 762.2	3 533.7
Total assets	6 610.2	5 901.8
Equity and liabilities		
Total shareholders' equity	641.1	688.6
Non-current liabilities		
Interest-bearing debt	176.9	184.2
Retirement scheme obligations	207.8	170.0
Operating lease obligations	515.5	460.4
	900.2	814.6
Current liabilities		
Interest-bearing debt	109.5	35.8
Trade and other payables	4 649.6	4 037.0
Tax	309.8	325.8
	5 068.9	4 398.6
Total equity and liabilities	6 610.2	5 901.8
Shares in issue – millions	486.1	486.1
Weighted average shares in issue – millions	462.0	471.0
Net asset value – cents per share (property value based on directors' valuation)	197.1	191.8

STATEMENT OF CHANGES IN EQUITY

	Audited Year to	
	Aug 2005	Aug 2004
	Rm	Rm
Total shareholders' equity at 1 March – as previously reported		1 132.4
IFRS adjustments (refer IFRS disclosure)		
Operating leases		(299.9)
Inventory valuation		(11.0)
Investment in associate		10.0
Total shareholders' equity at 1 March – as re-stated	772.4	831.5
Net profit for the period – as re-stated	248.7	247.3
Net profit for the period – as previously reported		253.0
IFRS adjustments (refer IFRS disclosure)		
Operating leases		(20.3)
Inventory valuation		(0.1)
Investment in associate		1.6
Share based payments		(4.7)
Goodwill amortisation		17.8
Dividends paid	(347.1)	(292.3)
Issue of new shares	—	12.2
Share repurchases	(90.6)	(67.5)
Take-up of share options from share trust	10.3	18.1
Share based payments reserve	8.1	4.7
Revaluation of investments	1.3	0.2
Foreign currency translation	38.0	(65.6)
Total shareholders' equity at 31 August/28 February	641.1	688.6

CASH FLOW STATEMENT

	Audited Year to	
	Aug 2005	Aug 2004
	Rm	Rm
Trading profit	377.3	334.6
Depreciation	175.9	148.0
Share based payments expense	8.1	4.7
Net operating lease obligations	24.0	28.9
Trade and other payables	380.5	100.8
Inventory	(102.1)	(33.2)
Trade and other receivables	(62.6)	79.2
Exchange rate effect on working capital	(3.9)	(16.2)
Cash generated by trading activities	797.2	646.8
Interest received	34.5	44.7
Cash generated by operations	831.7	691.5
Interest paid	(21.8)	(20.8)
Dividend received from associate	—	2.5
Dividends paid	(347.1)	(292.3)
Tax paid	(318.1)	(114.5)
Net cash inflow from operating activities	144.7	266.4
Property	(87.6)	(32.4)
Equipment and vehicles	(257.9)	(218.7)
Loans repaid/(advanced)	1.1	1.4
Proceeds from sale of Boardmans	—	78.1
Net cash outflow from investing activities	(344.4)	(171.6)
Interest-bearing debt raised/(repaid)	51.2	(128.2)
Issue of new shares	—	12.2
Share repurchases	(90.6)	(67.5)
Take-up of share options from share trust	10.3	18.1
Net cash outflow from financing activities	(29.1)	(165.4)
Net decrease in cash and cash equivalents	(228.8)	(70.6)
Cash and cash equivalents at 1 March	1 329.0	1 502.5
Cash and cash equivalents at 31 August/28 February	1 100.2	1 431.9

SEGMENTAL REPORT

	Southern Africa		Australia		Total	
	Aug 2005	Aug 2004	Aug 2005	Aug 2004	Aug 2005	Aug 2004
	Rm	Rm	Rm	Rm	Rm	Rm
Turnover	14 887.6	13 248.0	1 993.2	1 997.8	16 880.8	15 245.8
– Australian dollars			404.8	426.5		
Trading profit/(loss)	440.8	366.6	(63.5)	(32.0)	377.3	334.6
– Australian dollars			(13.0)	(6.7)		
Exceptional items	(6.8)	24.0	—	—	(6.8)	24.0
Depreciation, included in trading profit/(loss)	(149.5)	(129.1)	(26.4)	(18.9)	(175.9)	(148.0)
Goodwill	171.3	171.3	552.0	530.7	723.3	702.0
Property, equipment and vehicles	1 337.8	1 101.2	250.5	204.8	1 588.3	1 306.0
Total current assets (excluding cash and cash equivalents)	2 247.9	1 908.5	414.1	193.3	2 662.0	2 101.8
Total current liabilities (excluding debt)	4 463.7	4 061.9	495.7	300.9	4 959.4	4 362.8

Compliance with International Financial Reporting Standards ("IFRS")

In order to comply with IFRS the Group has adopted the following accounting policies. All comparative information has been adjusted to comply with these new accounting policies.

- Operating leases with fixed rental escalations are now charged to the income statement on a straight line basis as opposed to a cash basis in previous years. This has necessitated the raising of a provision for lease expenses and an asset for lease income on the balance sheet. This provision and asset will be reversed during the latter part of each lease term when the actual cash flow exceeds the income statement charge.
- The valuation of inventory now takes account of normal cash discounts which has the effect of reducing the inventory valuation at the reporting date.
- As the Group holds a 25% interest in TM Supermarkets in Zimbabwe we now recognise our share of after tax profits per the equity accounting method. Previously, we only accounted for dividends actually received.
- Share options (share based payments) granted to employees after November 2002 are valued using a binomial valuation model and this value is charged to the income statement over the expected life of the option.
- Goodwill is no longer amortised and is now stated at its carrying value as at 1 March 2004. This carrying value is reviewed annually for impairment.
- We have changed various income statement classifications to allow for the above changes and also to comply with IFRS classifications.

These results are also available on our website <http://www.picknpay.co.za>



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

