



UNAUDITED INTERIM GROUP RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2006

↑ 10.3%

Turnover

↑ 23.1%

Trading profit

↑ 15.5%

Headline earnings per share

↑ 15.9%

Interim dividend per share

Review of operations

Group overview

We are pleased to report that the Group has achieved a 15.5% increase in headline earnings per share for the 6 months ended 31 August 2006. This has been achieved through a 10.3% increase in turnover and a 23.1% increase in trading profit. Our continual strive for operational efficiencies has led to an increase in trading profit margin from 2.2% to 2.5% for the period. In light of the above result, we have increased our interim dividend by 15.9%.

Pick 'n Pay Retail

The Retail Division had a strong 6 month period showing real growth in turnover and increased its profit contribution through improved operating efficiencies during the half year.

Supermarkets – during the period 4 new corporate stores were opened with a further 6 new stores due to open in the second half of the financial year. We already have 4 new supermarkets being built for completion in the 2008 financial year with extensive redevelopments of the Benmore Gardens and Claremont supermarkets also planned for next year.

We continue to expand our successful Family Franchise format opening 4 new stores in the current period with a further 7 new stores due to open in the second half of the year. This division continues to play an important role in the expansion of the Pick 'n Pay brand.

Hypermarkets – the opening of 2 brand new hypermarkets in Zambezi Road, Montana and on Old Pretoria Road Centurion, in the second half of the financial year will provide momentum for growth in this store format.

Group Enterprises

At the lower levels of the LSM market, both Score and Boxer had to contend with difficult trading conditions during the first three months of this period.

After persistent deflation experienced in this market over the last 3 years the trend has moved to positive inflation.

Boxer Superstores – opened 2 new stores in the period and intend opening a further 5 stores in the remaining half of the financial year.

Score Supermarkets – with the increasing number of conversions to the Nambawane format we are now starting to reap the benefit. A further 6 stores were converted in the current 6 month period with this process being accelerated in the second half of the year with a further 28 conversions. In addition, Score opened 1 new store this period with a further 5 new store openings planned for the remainder of the financial year.

During the period we acquired 100% of the business of **Fruit & Veg City**, which purchase is still subject to certain suspensive conditions, including Competition Commission approval and completion of our due diligence review.

Franklins Australia

Turnover for the period at R2.0 billion was on par with last year. As a result of improved gross margins and the containment of expenses, Franklins were able to decrease their loss for the period from R63.5 million to R29.0 million.

During the period we opened our first two franchise stores, one a conversion from a corporate store, and the other conversion from another franchising brand. To date we are very pleased with the sales growth shown since conversion and feedback from operators on the support given by Franklins is very encouraging.

In the second half of the financial year, we have various other franchise conversions planned in addition to 2 new corporate store openings. A further 4 corporate stores have already been confirmed to open during the 2008 financial year. These new store openings, together with the expansion of our franchise business, will give the momentum needed to improve the overall performance of this business.

General comment and prospects

We remain confident of being able to achieve real growth in headline earnings per share for the year.

For and on behalf of the Board

Raymond Ackerman
Chairman

Sean Summers
Chief Executive Officer

16 October 2006

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

INCOME STATEMENT

	Six months ended		Audited Year to	
	Aug 2006 Rm	Growth %	Aug 2005 Rm	Feb 2006 Rm
Revenue (note 3)	19 487.0		17 700.1	36 784.6
Turnover	18 617.3	10.3	16 880.8	35 078.4
Cost of merchandise sold	(15 429.9)		(14 055.1)	(29 060.1)
Gross profit	3 187.4		2 825.7	6 018.3
Other trading income	849.9		784.8	1 649.3
Trading expenses	(3 584.2)		(3 233.2)	(6 620.2)
Profit on sale of investment	7.8		—	—
Loss on sale of property, equipment and vehicles	(4.7)		(6.8)	(2.5)
Trading profit	456.2	23.1	370.5	1 044.9
Interest received	19.8		34.5	56.7
Operating profit	476.0	17.5	405.0	1 101.6
Interest paid	(27.1)		(21.8)	(37.6)
Dividends received	—		—	0.2
Share of associate's profit	24.1		14.6	23.4
Profit before tax	473.0		397.8	1 087.6
Tax	(178.3)		(149.1)	(384.5)
Profit for the period	294.7	18.5	248.7	703.1
Trading profit margin	2.5%		2.2%	3.0%
Operating profit margin	2.6%		2.4%	3.1%
Per share – cents				
Basic earnings	64.53		53.84	152.49
Diluted basic earnings	60.96		50.98	144.42
Interim dividend – No. 77	27.00	15.9	23.30	—
Headline earnings reconciliation				
Profit for the period	294.7		248.7	703.1
Profit on sale of investment	(7.8)		—	—
Loss on sale of property, equipment and vehicles	4.7		6.8	2.5
Headline earnings	291.6	14.1	255.5	705.6
Per share – cents				
Headline earnings	63.86	15.5	55.31	153.02
Diluted headline earnings	60.32		52.36	144.92

PICK 'n PAY HOLDINGS LIMITED (“PIKWIK”)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2006

Share Code: PWK ISIN code: ZAE000005724

Pikwik's only asset is its 52.94% (2005: 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 R154.4 million (2005: R135.3 million).

Headline earnings per share, calculated using the weighted average number of shares in issue during the period of 507.4 million (2005: 504.5 million), is 30.43 cents (2005: 26.81 cents). Pikwik's interim dividend per share is 13.17 cents (2005: 11.37 cents).

DIVIDEND DECLARATIONS

The directors have declared the following cash dividends:

Pick 'n Pay Stores Ltd (No. 77) 27.00 cents per share
Pick 'n Pay Holdings Ltd (No. 50) 13.17 cents per share

For both Companies, the last day of trade in order to participate in the dividend (CUM dividend) will be Friday, 1 December 2006.

The shares will trade EX dividend from the commencement of business on Monday, 4 December 2006 and the record date will be Friday, 8 December 2006.

The dividends will be paid on Monday, 11 December 2006.

Share certificates may not be dematerialised or rematerialised between Monday, 4 December 2006 and Friday, 8 December 2006, both dates inclusive.

On behalf of the boards of directors
GF Lea – Company Secretary 16 October 2006

NOTES TO THE FINANCIAL INFORMATION

- Accounting policies comply with International Financial Reporting Standards and, except for the adoption of IFRIC 4 explained in note 2, have been consistently applied with those adopted for the year ended 28 February 2006.
- International Financial Reporting Interpretations Committee (IFRIC) 4 requires lease contracts embedded in service contracts to be accounted for in accordance with IAS 17 Leases. The Group has identified equipment used by third party distribution centre operators as finance leases and the trucks used by contracted operators to distribute merchandise to our stores as operating leases. The effect of the finance leases was to raise the value of the assets and the concomitant liabilities on the balance sheet with no effect on the Group's equity. The operating leases (which have no income statement or balance sheet effect) will require disclosure in the annual report. Comparative balance sheets have been adjusted accordingly.
- Revenue comprises turnover, other income, interest received and dividends received.
- An error was made in the calculation of operating lease liabilities adjusted for in the financial statements for the year ended 28 February 2006. This has been corrected as a prior year adjustment to opening equity with no effect on comparative earnings.
- Certain comparative income statement classifications have been changed to accord with those presented for the year ended 28 February 2006. These reclassifications had no effect on earnings.
- 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.
- The Group has acquired the entire Fruit & Veg City business, which is subject to certain suspensive conditions including Competition Commission approval and the completion of a due diligence review.

BALANCE SHEET

	Aug 2006 Rm	Aug 2005 Rm	Audited Feb 2006 Rm
Assets			
Non-current assets	726.0	665.8	634.9
Goodwill	140.6	78.8	110.9
Intangible assets	2 123.2	1 540.9	1 873.7
Property, equipment and vehicles	0.6	5.0	9.3
Investments	71.1	38.2	47.0
Investment in associate	83.9	94.7	96.7
Loans	5.3	4.3	4.8
Operating lease asset	69.4	98.6	71.8
Participation in export partnerships	218.7	299.7	238.3
Deferred tax	3 438.8	2 826.0	3 087.4
Current assets	2 156.6	1 960.7	1 984.2
Inventory	875.3	701.3	750.7
Trade and other receivables	3.6	—	—
Tax	540.9	1 100.2	944.6
Cash and cash equivalents	3 576.4	3 762.2	3 679.5
Total assets	7 015.2	6 588.2	6 766.9
Equity and liabilities	684.5	573.1	854.9
Total equity	189.1	202.0	192.9
Non-current liabilities	182.8	207.8	194.8
Long-term debt	575.4	530.1	554.4
Retirement scheme obligations	947.3	939.9	942.1
Operating lease liability	48.6	115.8	79.5
Current liabilities	5 334.8	4 649.6	4 654.1
Short-term debt	—	309.8	236.3
Trade and other payables	5 383.4	5 075.2	4 969.9
Tax	7 015.2	6 588.2	6 766.9
Total equity and liabilities	486.1	486.1	486.1
Shares in issue – millions	456.7	462.0	461.1
Weighted average shares in issue – millions	223.7	182.4	257.9
Net asset value – cents per share (property value based on directors' valuation)			

STATEMENT OF CHANGES IN EQUITY

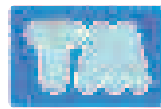
	Six months ended		Audited Year to
	Aug 2006 Rm	Aug 2005 Rm	Feb 2006 Rm
Total equity at 1 March – as previously reported		714.8	714.8
Prior year adjustment – Operating leases (Note 4)		(10.4)	(10.4)
Total equity at 1 March – as re-stated	854.9	704.4	704.4
Total income and expense for the period	420.1	288.0	686.9
Profit for the period	294.7	248.7	703.1
Revaluation of investments	(7.8)	1.3	5.7
Foreign currency translation	133.2	38.0	(21.9)
Dividends paid	(403.9)	(347.1)	(452.0)
Share repurchases	(221.1)	(90.6)	(132.0)
Take-up of share options from share trust	20.2	10.3	25.2
Share options expense	14.3	8.1	22.4
Total equity at 31 August / 28 February	684.5	573.1	854.9

CASH FLOW STATEMENT

	Six months ended		Audited Year to
	Aug 2006 Rm	Aug 2005 Rm	Feb 2006 Rm
Trading profit	456.2	370.5	1 044.9
Profit on sale of investment	(7.8)	—	—
Loss on sale of property, equipment and vehicles	4.7	6.8	2.5
Depreciation and amortisation	187.0	175.9	325.4
Share options expense	14.3	8.1	22.4
Net operating lease obligations	20.5	24.0	47.8
Increase in trade and other payables	655.1	380.5	377.9
Increase in inventory	(172.4)	(102.1)	(125.6)
Increase in trade and other receivables	(122.3)	(62.6)	(85.2)
Cash generated by trading activities	1 035.3	801.1	1 610.1
Interest received	19.8	34.5	56.7
Cash generated by operations	1 055.1	835.6	1 666.8
Interest paid	(27.1)	(21.8)	(37.6)
Dividends received	—	—	0.2
Dividends paid	(403.9)	(347.1)	(452.0)
Tax paid	(398.6)	(318.1)	(565.5)
Cash flows from operating activities	225.5	148.6	611.9
Property, equipment and vehicle additions	(417.5)	(386.0)	(829.3)
Proceeds on sale of property, equipment and vehicles	28.8	41.8	49.6
Intangible asset additions	(26.8)	—	(90.0)
Acquisition of stores	(2.2)	—	(5.2)
Proceeds on sale of investment	8.7	—	—
Loans repaid/advanced	12.8	1.1	(0.9)
Cash flows from investing activities	(396.2)	(343.1)	(875.8)
Debt (repaid)/raised	(34.8)	49.9	4.3
Share repurchases	(221.1)	(90.6)	(132.0)
Take-up of share options from share trust	20.2	10.3	25.2
Cash flows from financing activities	(235.7)	(30.4)	(102.5)
Net decrease in cash and cash equivalents	(406.4)	(224.9)	(366.4)
Cash and cash equivalents at 1 March	944.6	1 329.0	1 329.0
Exchange rate effect on cash and cash equivalents	2.7	(3.9)	(18.0)
Cash and cash equivalents at 31 August / 28 February	540.9	1 100.2	944.6

SEGMENTAL REPORT

	Southern Africa		Australia		Total	
	Aug 2006 Rm	Aug 2005 Rm	Aug 2006 Rm	Aug 2005 Rm	Aug 2006 Rm	Aug 2005 Rm
Segment revenue	17 333.9	15 609.6	2 153.1	2 090.5	19 487.0	17 700.1
Turnover	16 617.8	14 887.6	1 999.5	1 993.2	18 617.3	16 880.8
– Australian dollars			405.1	404.8		
Segment result						
Trading profit/(loss)	485.2	434.0	(29.0)	(63.5)	456.2	370.5
– Australian dollars			(5.8)	(13.0)		
Depreciation and amortisation, included in trading profit/(loss)	(161.0)	(149.5)	(26.0)	(26.4)	(187.0)	(175.9)
Goodwill, included in total assets	173.5	171.3	552.5	494.5	726.0	665.8
Total assets, net of deferred tax and tax	5 467.5	5 060.7	1 325.4	1 227.8	6 792.9	6 288.5
Total liabilities, net of tax	5 645.0	5 039.7	685.7	665.6	6 330.7	5 705.3
Capital expenditure	430.7	330.9	15.8	55.1	446.5	386.0



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 Nureki†, BJ van der Ross†

*Also directors of Pick 'n Pay Holdings Limited

**German

†Independent

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