

Turnover
↑ 12.3%

EBITDA*
↑ 10.6%

*excluding capital profits on the sale of properties and stores

Headline earnings per share
↑ 11.1%

Interim dividend per share
↑ 11.2%

FINANCIAL HIGHLIGHTS – CONTINUING OPERATIONS

Result overview

This has been an exceptionally tough trading period in a recessionary economic climate which has had a marked effect on consumer spending. However, we expect the recent 5.5% reduction in interest rates and rapidly reducing inflation to ease the strain on consumers' disposable income in the period ahead.

Notwithstanding these challenges, we continue to make significant progress in our efforts to transform Pick n Pay. We've seen some very positive results from our efforts to date:

- Overall our continuing operations have gained 0.4% of market share in the period with significant gains in every fresh food category.
- Our revamped private label offer has delivered 26% sales growth. We are giving customers a great value alternative to the leading brands.
- The three Pick n Pay Express stores we've opened are performing ahead of expectations. A further two will be opened in the next month.
- We have all but completed the process of converting Score to Pick n Pay franchise and Boxer. We now sell as much from 48 conversions as we did from 126 Score stores.
- We continue to be South Africa's lowest priced retailer – although it's proving challenging to get customers to believe this given the quality of our offer and our high store standards.
- The efficiency of our Longmeadow operations has improved markedly.
- The installation of SAP is 85% complete with just a handful of Hypers and inland franchise stores to go.
- Our continued efforts to help our customers live more sustainable lives has resulted in our being recognised by the Sunday Times survey as the most green retailer.

However, there is still a lot to do. The management team is focused on ensuring that we not only grow topline sales but improve the efficiency of every part of our operation.

Group turnover at R26.6 billion is 12.3% above last year, with a growth of 15.3% from Pick n Pay and Boxer and a decrease of 8.3% at Franklins, the latter being due to the strengthening of the Rand. The Franklins increase in Australian Dollars is 3.3%.

The decrease in **trading profit margin** from 2.9% last year to 2.8% this period follows a drop in gross profit margin for the period to 18.6% from 18.8% last year. This is a result of our investment in keeping prices down on certain fast selling lines, among other things.

Profit before tax for the period at R927.8 million is 35.9% above last year, and includes a profit on sale of certain properties of R190.9 million.

Headline earnings per share at 100.30 cents is 11.1% above last year.

The **interim dividend per share** at 39.75 cents for Pick n Pay Stores Limited and 19.31 cents for Pick n Pay Holdings Limited is an increase of 11.2% and 10.6%, respectively, over last year.

Operational highlights

Franklins Australia produced a 3.3% increase in turnover in Australian Dollars, and its profit before tax for the period (before capital items) increased from R3.5 million last year to R14.7 million this year. The key driver to this improvement is enhanced performances by refurbished stores, which includes an introduction of a comprehensive fresh offer and a wider range of perishables. We have now completed 15 refurbishments, with a further 7 stores to be completed by the end of the financial year.

Pick n Pay and Boxer increased turnover by 15.3%, which has resulted in our gaining market share. In addition to the Score conversions, we opened 5 new Pick n Pay supermarkets in the period with a further 7 due to open in the second half of the year. Boxer converted 8 Score stores in the period and will convert another 2 in the second six months as well as open 2 new stores.

Our accelerated refurbishment programme of Pick n Pay Supermarkets is now under way and we anticipate completing 34 franchise and corporate refurbishments this financial year. The enhanced turnover growth experienced by the stores completed to date gives us the confidence to accelerate the programme further and we plan to refurbish a further 60 stores (including franchise stores) in the next financial year.

A number of factors had a significant impact on our earnings growth, including: our continued investment in keeping prices down; electricity costs soared and look set to escalate further; and a prudent provision against certain franchise debt arising from franchisee working capital constraints caused by the financial crisis.

General comments

The Competition Commission investigation into food pricing is ongoing and we continue to give the process our full co-operation. Notwithstanding the worst recession in decades, we have still delivered headline earnings growth and have not been distracted from introducing the strategic imperatives and changes to the business that were required. We have seen substantive change and investment in the business over the last three years and the period ahead will see even more. While many of these improvements have already begun to reap benefits (e.g. Score conversions, private label, fresh foods, SAP) others such as supply chain will deliver their full potential in the longer term. We have a young and energised team that is firmly focused on the future.

Our Chairman, Raymond Ackerman, has indicated his wish to retire at the end of the financial year, to be replaced by non-executive Chairman Gareth Ackerman. Mr Ackerman will stay on in an advisory role as ambassador for the company and will continue to work out of the Cape Town office as he has before. While it is still some months before his official retirement, it is entirely appropriate to acknowledge his contribution to the success of Pick n Pay, his role in changing the retail landscape in South Africa, his contribution to South African society and the legacy he has entrenched at the company. All of us at Pick n Pay wish him extremely well.

For and on behalf of the board

Nick Badminton
Chief Executive Officer

Raymond Ackerman
Chairman

20 October 2009



PICK N PAY STORES LIMITED – SHARE CODE: PIK ISIN CODE: ZAE00005443

Statement of comprehensive income

	Unaudited Six months ended		Audited Year to	
	Aug 2009	Aug 2008*	Aug 2009*	Feb 2009
	Rm	Rm	Rm	Rm
Continuing operations				
Revenue (note 4)	26 701.7	23 772.8	50 135.8	
Turnover	26 558.1	23 651.9	49 862.1	
Cost of merchandise sold	(21 617.8)	(19 200.5)	(40 404.7)	
Gross profit	4 940.3	4 451.4	9 457.4	
Other trading income	97.1	89.1	201.8	
Trading expenses	(4 299.9)	(3 843.3)	(7 958.9)	
Loss on sale of equipment and vehicles	(3.0)	(6.4)	(13.7)	
Trading profit	734.5	690.8	1 686.6	
Interest received	46.5	31.8	71.9	
Interest paid	(44.1)	(55.2)	(107.5)	
Profit on sale of property	190.9	—	68.7	
Profit on sale of stores	—	15.1	15.1	
Profit before tax	927.8	682.5	1 734.8	
Tax	(272.7)	(248.0)	(568.0)	
Profit for the period from continuing operations	655.1	434.5	1 166.8	
Loss from discontinued operation (note 7)	(68.6)	(48.7)	(118.5)	
Profit for the period	586.5	385.8	1 048.3	
Other comprehensive income				
Exchange rate differences on translating foreign operations	27.2	(67.2)	(98.8)	
Total comprehensive income for the period	613.7	318.6	949.5	
Gross profit margin	18.6%	18.8%	19.0%	
Trading profit margin	2.8%	2.9%	3.4%	
Earnings per share – cents				
Basic	124.01	81.83	222.23	
Continuing operations	138.51	92.16	247.35	
Discontinued operation	(14.50)	(10.33)	(25.12)	
Diluted	122.22	81.33	220.45	
Continuing operations	136.52	91.59	245.37	
Discontinued operation	(14.30)	(10.26)	(24.92)	
Headline earnings reconciliation				
Profit for the period	586.5	385.8	1 048.3	
Headline adjustments (net of tax):				
Loss on sale of equipment and vehicles	3.0	6.4	13.7	
Loss on sale of equipment and vehicles – discontinued operation	0.4	4.9	3.9	
Profit on sale of property	(183.7)	—	(68.7)	
Profit on sale of stores	—	(15.1)	(15.1)	
Headline earnings	406.2	382.0	982.1	
Continuing operations	474.4	425.8	1 096.7	
Discontinued operation	(68.2)	(43.8)	(114.6)	
Headline earnings per share – cents				
Headline	85.88	81.03	208.19	
Continuing operations	100.30	90.31	232.48	
Discontinued operation	(14.42)	(9.28)	(24.29)	
Diluted	84.64	80.53	206.53	
Continuing operations	98.85	89.76	230.62	
Discontinued operation	(14.21)	(9.23)	(24.09)	
Interim dividend – No. 83 payable	39.75	35.75		

*Restated – refer note 1

Pick n Pay Holdings Limited ("PIKWIK")

Share Code: PWK ISIN code: ZAE00005724

Pikwik's only asset is its 54.41% (2008: 54.58%) 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 period amount to R221.0 million (2008: R208.5 million).

Headline earnings per share from continuing operations is 50.09 cents (2008: 45.17 cents).

Diluted headline earnings per share from continuing operations is 48.91 cents (2008: 44.40 cents).

Headline earnings per share is 42.89 cents (2008: 40.52 cents). Diluted headline earnings per share is 41.79 cents (2008: 39.81 cents).

The total number of shares in issue is 527.2 million (2008: 527.2 million) and the weighted average number of shares in issue during the period is 515.2 million (2008: 514.6 million). Pikwik's interim dividend per share is 19.31 cents (2008: 17.45 cents), an increase of 10.6%.

Dividend declarations

The directors have declared the following cash dividends:

Pick n Pay Stores Ltd (No. 83) 39.75 cents per share
Pick n Pay Holdings Ltd (No. 56) 19.31 cents per share

For both Companies, the last day of trade in order to participate in the dividend (CUM dividend) will be Friday, 4 December 2009. The shares will trade EX dividend from the commencement of business on Monday, 7 December 2009 and the record date will be Friday, 11 December 2009.

The dividends will be paid on Monday, 14 December 2009.

Share certificates may not be dematerialised or rematerialised between Monday, 7 December 2009 and Friday, 11 December 2009, both dates inclusive.

On behalf of the boards of directors

GF Lea – Company Secretary

20 October 2009

Directors of Pick n Pay Holdings Limited:

Non-executive: GM Ackerman (Chairman), RD Ackerman, W Ackerman
Independent non-executive: RP de Wet, HS Herman

Balance sheet

	Unaudited		Audited	
	Aug 2009	Aug 2008*	Aug 2009*	Feb 2009
	Rm	Rm	Rm	Rm
Assets				
Non-current assets				
Intangible assets	1 099.9	1 124.7	1 093.6	
Property, equipment and vehicles	3 034.2	2 685.4	2 937.0	
Investments	0.2	0.2	0.2	
Loans	131.9	124.5	128.6	
Operating lease asset	16.8	12.5	19.3	
Participation in export partnerships	57.3	60.2	57.9	
Deferred tax	104.1	98.1	99.8	
	4 444.4	4 105.6	4 336.4	
Current assets				
Inventory	2 965.9	3 013.6	3 334.5	
Trade and other receivables	1 564.3	1 473.2	1 769.5	
Cash and cash equivalents	1 592.3	1 176.1	1 072.8	
Assets held for sale – discontinued operation	21.7	98.7	62.6	
	6 144.2	5 761.6	6 239.4	
Total assets	10 588.6	9 867.2	10 575.8	
Equity and liabilities				
Total shareholders' equity	1 701.8	1 155.0	1 695.5	
Non-current liabilities				
Long-term debt	678.1	683.2	678.1	
Retirement scheme obligations	14.3	29.0	8.2	
Operating lease liability	673.5	640.3	658.5	
	1 365.9	1 352.5	1 344.8	
Current liabilities				
Short-term debt	45.6	39.4	38.3	
Trade and other payables	7 180.3	7 104.1	7 315.8	
Tax	295.0	216.2	181.4	
	7 520.9	7 359.7	7 535.5	
Total equity and liabilities	10 588.6	9 867.2	10 575.8	
Shares in issue – millions	506.1	506.1	506.1	
Weighted average shares in issue – millions (note 5)	472.9	471.5	471.7	
Net asset value – cents per share (property value based on directors' valuation)	404.7	338.2	441.7	

*Restated – refer note 1

Statement of changes in equity

	Unaudited Six months ended		Audited Year to	
	Aug 2009	Aug 2008*	Aug 2009*	Feb 2009
	Rm	Rm	Rm	Rm
At 1 March – as restated	1 695.5	1 340.9	1 340.9	
Total comprehensive income for the period	613.7	318.6	949.5	
Dividends paid	(628.7)	(550.9)	(717.8)	
Share repurchases	(31.9)	—	(21.6)	
Net effect of settlement of employee share options	22.9	19.1	85.4	
Share options expense	30.3	27.3	59.1	
At 31 August / 28 February	1 701.8	1 155.0	1 695.5	

*Restated – refer note 1

Unaudited operating segment report

	Pick n Pay and Boxer		Franklins		Insurance		Unallocated Head Office costs and revenues		TOTAL CONTINUING OPERATIONS		TOTAL OPERATIONS		
	Aug 2009	Aug 2008	Aug 2009	Aug 2008	Aug 2009	Aug 2008	Aug 2009	Aug 2008	Aug 2009	Aug 2008	Aug 2009	Aug 2008	
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	
External revenue	23 918.0	20 736.4	2 782.0	3 033.6	1.7	2.8	—	—	26 701.7	23 772.8	537.2	1 187.5	2 238.9
Inter-segment revenue	(10.3)	(9.7)	—	—	10.3	9.7	—	—	—	—	—	—	—
External turnover	23 779.6	20 622.7	2 778.5	3 029.2	—	—	—	—	26 558.1	23 651.9	536.4	1 180.6	2 094.5
– Australian dollars (millions)	—	—	432.8	419.1	—	—	—	—	—	—	—	—	—
Profit before tax (note 6)	720.3	664.5	11.7	12.2	4.9	5.8	190.9	—	927.8	682.5	(67.9)	(48.7)	859.9
– Australian dollars (millions)	—	—	1.8	1.7	—	—	—	—	—	—	—	—	—
Total assets	8 543.4	7 591.3	1 892.1	1 807.9	50.1	49.6	—	—	10 485.6	9 448.8	103.0	418.4	10 588.6

The basis for reporting segmental financial information has been changed to accord with IFRS 8: Operating Segments. Previously, segmental information was provided on a geographic basis, reflecting only the southern African operations and the Australian operation. With the implementation of IFRS 8, operating segments were identified based on financial information regularly reviewed by the Pick n Pay Stores Limited Board (identified as the Chief Operating Decision Maker of the Group for IFRS 8 reporting purposes) for performance assessments and resource allocations. As the Pick n Pay and Boxer operating segments have demonstrated similar economic characteristics they have been aggregated in terms of IFRS 8.

Notes to the financial information

- The Group's interim condensed consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies and methods of computation applied in the preparation of these financial statements are in accordance with IFRS and, except as presented below in note 2, are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 28 February 2009. The financial information reported for the 6 months to August 2008 has been restated to accord with the changes effected for the year ended 28 February 2009. For further information on the nature of these changes, please refer to note 31 of the 2009 annual report.
- The Group adopted the revised IAS 1, IFRS 8 and Circular 3/2009 (the revised Headline Earnings per Share circular) during the period under review. The presentation of the financial statements (IAS 1) and operating segment disclosures (IFRS 8) have been changed accordingly, with no adjustment necessary on the adoption of Circular 3/2009.
- During the period, certain companies within the Group entered into transactions with each other. These intra-group transactions have been eliminated on consolidation. Related party information is unchanged from that reported at 28 February 2009. For further information, please refer to note 28 of the 2009 annual report.
- Revenue comprises turnover, other trading 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.
- Profit before tax in Australia includes a net R3.0 million loss on sale of assets (2008: R8.7 million profit).
- As previously reported, the Group has committed to the closure of the operations of its subsidiary, Score Supermarkets Operating Limited, which results have been disclosed as a discontinued operation. The closure of the Score operation will be completed by 28 February 2010.

The salient financial information of Score is as follows:

	Unaudited Six months ended		Audited Year to	
	Aug 2009	Aug 2008*	Aug 2009*	Feb 2009
	Rm	Rm	Rm	Rm
Statement of comprehensive income				
Revenue	537.2	1 187.5	2 073.0	
Turnover	536.4	1 180.6	2 070.8	
Trading expenses	165.4	266.3	512.4	
Loss on sale of equipment and vehicles	0.4	4.9	3.9	
Trading loss for the period	68.7	50.5	123.0	
Loss for the period (after tax)	68.6	48.7	118.5	
Balance sheet				
Total assets	103.0	418.4	316.0	