



Financial highlights – continuing operations

	Turnover R'billion	EBITDA R'million	Headline earnings cents per share	Interim dividend cents per share
2010:	25.2	1 074.0	90.17	37.00
2009:	23.8	1 023.9	97.20	39.75

Result overview – continuing operations

Over the past 6 months we have seen some of the toughest trading conditions in our Group's history, in an economic climate slow to recover from the global recession, a very competitive environment and low inflation.

Despite these challenges, there are a number of highlights as we maintain focus on our strategy and continue to transform the business:

- The consolidation of our 3 northern regions into one team is now complete and will start to bring operating efficiencies and cost reductions;
- Our SAP implementation has been concluded, resulting in a fully integrated system across the business, with improved in-store disciplines, more efficient business processes and timely information for performance management;
- The extension of the groceries section at our Longmeadow distribution centre is complete. Longmeadow processes 30% of our inland grocery volume and 40% of value, with 550 000 cases handled every week and 32 major suppliers delivering directly to the facility. By the end of this financial year, Longmeadow will distribute 40% of grocery volume. In line with our supply chain strategy we will be rolling out another 4 distribution centres country wide over the next 3 years;
- The implementation of extensive cost control measures has resulted in meaningful cost savings, with more to come;
- The decision to sell Franklins following our strategic review;
- Increased participation in the LSM 4 – 7 market with both Boxer and our Pick n Play stores converted from Score;
- Specific strategic initiatives resulting in strong growth in Private Label, Clothing and Liquor sales; and
- The opening of our first store in Zambia, which has been positively received and is trading well, as part of our expansion into southern Africa.

Group turnover at R25.2 billion for the period is 6.0% above last year. Turnover growth has been modest with customers exercising caution despite the dramatic fall in food inflation and many price decreases. Group like for like turnover is up 2.1% for the period.

Gross profit margin has fallen from 18.0% last year to 17.8% this year, due to our aggressive pricing of basic commodities and increased franchise participation.

Trading profit is down 0.4% to R720.3 million, due to the lower gross profit margin and cost inflation exceeding internal food inflation. The overall decrease in trading profit has been mitigated by enhanced operating efficiencies and improved cost management.

EBITDA (earnings before interest, tax and depreciation) at R1 074.0 million is up 4.9%.

Headline earnings per share at 90.17 cents is 7.2% down on last year.

The **interim dividend per share** at 37.00 cents for Pick n Play Stores Limited and 17.94 cents for Pick n Play Holdings Limited is a decrease of 6.9% and 7.1% respectively.

Operational highlights

Pick n Play and Boxer combined, increased turnover by 6.0% for the period. Pick n Play's corporate internal food inflation fell from 9.8% in August 2009 to 0.1% in August 2010. On average Pick n Play food inflation was 1.0% for the past 6 months, against an average of 12.5% for the equivalent period last year.

Notwithstanding that consumer spending remains subdued, we have seen strong growth in certain areas due to specific strategic initiatives, including Private Label, Clothing and Liquor. We have also experienced encouraging growth and an increase in customers in the LSM 4 – 7 market, with a strong performance from Boxer and a profit turnaround in the Pick n Play stores converted from Score.

During the period we opened 1 new Pick n Play corporate supermarket, 5 Pick n Play franchise stores, 3 liquor stores, 6 clothing stores and 1 Boxer Build.

We are on track to open a further 40 stores across all formats, including 15 supermarkets and our new flagship store in Hurlingham Johannesburg, by the end of the financial year.

We continue to move forward with our expansion into **Africa** and are pleased with the progress made to date. We opened our first Pick n Play store in Zambia in July 2010. The support from our new Zambian customers is encouraging and the store continues to perform well. We have confirmed openings for 4 more stores in Zambia over the next 12 months. We currently have 17 stores in Namibia, 12 in Botswana, 7 in Swaziland and 1 each in

Lesotho and Zambia. In addition to Zambia we plan to open stores in Mauritius, Malawi and Mozambique.

We have decided to sell our Australian operations, **Franklins** and have accepted an offer of AUD215.0 million from Metcash. The sale is subject to approval from the Australian Competition and Consumer Commission (ACCC), whose decision is expected in November 2010. We are committed to the sale of Franklins, and should the ACCC not give the go ahead we will sell the Franklins' stores, either individually or in groups. 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 period of AUD417.5 million was down 3.5%, with operating losses incurred of AUD11.3 million against a profit of AUD1.8 million in the corresponding period last year.

General comments

We expect trading conditions in the second half of the year to remain difficult, as the after effects of the recession continue to be felt. The focus on our strategy will ensure that Pick n Play continues to be a strong and formidable player in the retail industry. We have already made great strides in transforming Pick n Play, and with our strong and energetic management team, we remain optimistic for the future.

For and on behalf of the board

Gareth Ackerman
Chairman

Nick Badminton
Chief Executive Officer

19 October 2010



Statement of comprehensive income

	Unaudited Six months ended		Audited Year to	
	Aug 2010 Rm	Growth %	Aug 2009* Rm	Feb 2010* Rm
Continuing operations				
Revenue (note 3)	25 347.9		23 919.7	49 323.8
Turnover	25 208.4	6.0	23 779.6	49 068.6
Cost of merchandise sold	(20 716.5)		(19 501.2)	(40 245.0)
Gross profit	4 491.9		4 278.4	8 823.6
Other trading income	117.6		97.1	186.5
Trading expenses	(3 889.2)		(3 652.2)	(7 371.4)
Trading profit	720.3		723.3	1 638.7
Interest received	21.9		42.9	68.7
Interest paid	(60.1)		(41.0)	(86.3)
Profit on sale of property	–		190.9	190.9
Profit before tax	682.1		916.1	1 812.0
Tax	(253.8)		(272.7)	(531.9)
Profit for the period from continuing operations	428.3		643.4	1 280.1
Loss from discontinued operations (note 5)	(74.0)		(56.9)	(91.2)
Profit for the period	354.3		586.5	1 188.9
Other comprehensive income				
Exchange rate differences on translating foreign operations	(58.5)		27.2	73.8
Retirement benefit actuarial loss	(4.8)		–	(34.3)
Total comprehensive income for the period	291.0		613.7	1 228.4
EBITDA, excluding capital profit on sale of property	1 074.0	4.9	1 023.9	2 271.3
Gross profit margin	17.8%		18.0%	18.0%
Trading profit margin	2.9%		3.0%	3.3%
Earnings per share – cents				
Basic	74.58		124.00	251.25
Continuing operations	90.17		136.04	270.53
Discontinued operations	(15.59)		(12.04)	(19.28)
Diluted	73.04		122.22	247.40
Continuing operations	88.30		134.09	266.38
Discontinued operations	(15.26)		(11.87)	(18.98)
Headline earnings reconciliation				
Profit for the period	354.3		586.5	1 188.9
Headline adjustments (net of tax):				
Loss on sale of equipment and vehicles – discontinued operations	3.4		3.4	6.9
Profit on sale of property	–		(183.7)	(183.7)
Headline earnings	357.7		406.2	1 012.1
Continuing operations	428.3	(6.9)	459.8	1 096.4
Discontinued operations	(70.6)		(53.6)	(84.3)
Headline earnings per share – cents				
Headline	75.31		85.88	213.90
Continuing operations	90.17	(7.2)	97.20	231.71
Discontinued operations	(14.86)		(11.32)	(17.81)
Diluted	73.74		84.63	210.62
Continuing operations	88.30	(7.8)	95.79	228.16
Discontinued operations	(14.56)		(11.16)	(17.54)
Interim dividend – No. 85 payable	37.00	(6.9)	39.75	

*Restated - refer note 5

Statement of changes in equity

	Unaudited Six months ended		Audited Year to	
	Aug 2010 Rm	Aug 2009 Rm	Aug 2009 Rm	Feb 2010 Rm
At 1 March	2 144.6	1 695.5	1 695.5	1 695.5
Total comprehensive income for the period	291.0	613.7	613.7	1 228.4
Dividends paid	(633.5)	(628.7)	(628.7)	(814.6)
Share repurchases	(68.3)	(31.9)	(31.9)	(80.1)
Net effect of settlement of employee share options	72.0	22.9	22.9	52.1
Net effect of cancelling treasury shares	–	–	–	(2.7)
Share options expense	31.3	30.3	30.3	66.0
At 31 August / 28 February	1 837.1	1 701.8	1 701.8	2 144.6

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 are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 28 February 2010.
- 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 2010. For further information, please refer to note 28 of the 2010 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.
- Discontinued operations:
Franklins – the Group has decided to exit Australia and is selling its operation to the Metcash Group. The sale is subject to approval by the Australian Competition and Consumer Commission. Franklins has therefore been presented as a discontinued operation at 31 August 2010 and the comparative information has been restated accordingly.
Score – the Group has completed the closure of the store operations of its subsidiary Score Supermarkets Operating Limited, which is disclosed as a discontinued operation.

Statement of financial position

	Unaudited		Audited	
	Aug 2010 Rm	Aug 2009 Rm	Aug 2009 Rm	Feb 2010 Rm
Assets				
Non-current assets				
Intangible assets	406.9	1 099.9	1 099.9	1 126.7
Property, equipment and vehicles	3 129.4	3 034.2	3 034.2	3 415.5
Operating lease asset	31.5	16.8	16.8	33.5
Participation in export partnerships	49.7	57.3	57.3	50.6
Deferred tax	75.3	104.1	104.1	98.1
Loans	109.8	131.9	131.9	124.7
Investments	0.2	0.2	0.2	0.2
Current assets				
Assets held for sale – discontinued operations (note 5)	1 993.7	21.7	21.7	–
Inventory	2 944.6	2 965.9	2 965.9	3 326.2
Trade and other receivables	1 734.2	1 564.3	1 564.3	1 968.0
Cash and other equivalents	344.6	1 592.3	1 592.3	1 055.3
Total assets	10 819.9	10 588.6	10 588.6	11 198.8
Equity and liabilities				
Total shareholders' equity	1 837.1	1 701.8	1 701.8	2 144.6
Non-current liabilities				
Long-term debt	660.0	678.1	678.1	670.7
Retirement scheme obligations	36.4	14.3	14.3	24.7
Operating lease liability	707.9	673.5	673.5	695.9
Current liabilities				
Liabilities held for sale – discontinued operation (note 5)	762.9	–	–	–
Short-term debt	36.7	45.6	45.6	38.8
Tax	212.4	295.0	295.0	230.7
Trade and other payables	6 566.5	7 180.3	7 180.3	7 393.4
Total equity and liabilities	10 819.9	10 588.6	10 588.6	11 198.8
Shares in issue – millions	480.4	506.1	506.1	480.4
Weighted average shares in issue – millions (note 4)	475.1	472.9	472.9	473.2
Net asset value – cents per share (property value based on directors' valuation)	447.6	404.7	404.7	512.5

Cash flow statement

	Unaudited Six months ended		Audited Year to	
	Aug 2010 Rm	Aug 2009* Rm	Aug 2009* Rm	Feb 2010* Rm
Cash flows from operating activities				
Trading profit	720.3	723.3	723.3	1 638.7
Depreciation and amortisation	353.7	300.6	300.6	632.6
Share options expense	31.3	30.3	30.3	65.2
Net operating lease obligations	14.0	16.8	16.8	36.5
Cash generated before movements in working capital	1 119.3	1 071.0	1 071.0	2 373.0
Movements in working capital:				
(Decrease) / increase in trade and other payables	(155.0)	9.4	9.4	283.9
(Increase) / decrease in inventory	(109.5)	182.2	182.2	(163.8)
Decrease / (increase) in trade and other receivables	188.4	230.2	230.2	(176.8)
Cash generated by trading activities	1 043.2	1 492.8	1 492.8	2 316.3
Interest received	21.9	42.9	42.9	68.7
Interest paid	(60.1)	(41.0)	(41.0)	(86.3)
Cash generated by operations	1 005.0	1 494.7	1 494.7	2 298.7
Dividends paid	(633.5)	(628.7)	(628.7)	(814.6)
Tax paid	(230.9)	(162.4)	(162.4)	(457.5)
Net cash from operating activities – continuing operations	140.6	703.6	703.6	1 026.6
Net cash from / (utilised in) operating activities – discontinued operations	45.3	21.7	21.7	(78.4)
Total net cash from operating activities	185.9	725.3	725.3	948.2
Cash flows from investing activities				
Intangible asset additions	(52.5)	(22.2)	(22.2)	(49.9)
Property, equipment and vehicle additions	(521.2)	(360.7)	(360.7)	(969.6)
Proceeds on sale of property, equipment and vehicles	–	214.9	214.9	209.4
Loans repaid / (advanced)	14.9	(3.2)	(3.2)	3.9
Net cash utilised in investing activities – continuing operations	(558.8)	(171.2)	(171.2)	(806.2)
Net cash utilised in investing activities – discontinued operations	(78.0)	(37.2)	(37.2)	(117.2)
Total net cash utilised in investing activities	(636.8)	(208.4)	(208.4)	(923.4)
Cash flows from financing activities				
Debt (repaid) / raised	(13.0)	6.3	6.3	1.2
Share repurchases	(68.3)	(31.9)	(31.9)	(80.1)
Proceeds from employees on settlement of share options	36.4	22.9	22.9	36.4
Total net cash utilised in financing activities – continuing operations	(44.9)	(2.7)	(2.7)	(42.5)
Net cash from / (utilised in) financing activities – discontinued operations	10.0	1.0	1.0	(8.1)
Total net cash utilised in financing activities	(34.9)	(1.7)	(1.7)	(50.6)
Net (decrease)/increase in cash and cash equivalents	(485.8)	515.2	515.2	(25.8)
Cash and cash equivalents at 1 March	1 055.3	1 072.8	1 072.8	1 072.8
Effect of exchange rate fluctuations on cash and cash equivalents	(10.4)	4.3	4.3	8.3
Cash and cash equivalents at 31 August / 28 February	559.1	1 592.3	1 592.3	1 055.3
Continuing operations	344.6			
Discontinued operation	214.5			

*Restated - refer note 5

Unaudited operating segment report

	Pick n Pay and Boxer		Insurance		Unallocated Head Office costs and revenues		TOTAL CONTINUING OPERATIONS		DISCONTINUED OPERATIONS		TOTAL OPERATIONS			
	Aug 2010	Aug 2009	Aug 2010	Aug 2009	Aug 2010	Aug 2009	Aug 2010	Aug 2009	Aug 2010	Aug 2009	Aug 2010	Aug 2009		
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm		
External revenue	25 346.5	23 918.0	1.4	1.7	–	–	25 347.9	23 919.7	2 790.3	2 782.0	–	537.2	28 138.2	27 238.9
Inter-segment revenue	(9.3)	(10.3)	9.3	10.3	–	–	–	–	–	–	–	–	–	–
External turnover	25 208.4	23 779.6	–	–	–	–	25 208.4	23 779.6	2 787.5	2 778.5	–	536.4	27 995.9	27 094.5
– Australian dollars (millions)									417.5	432.8				
Profit before tax	673.2	720.3	8.9	4.9	–	190.9	682.1	916.1	(74.0)	11.7	–	(67.9)	608.1	859.9
– Australian dollars (millions)									(11.3)	1.8				
Total assets	8 796.8	8 543.4	29.4	50.1	–	–	8 826.2	8 593.5	1 993.7	1 892.1	–	103.0	10 819.9	10 588.6

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

	Franklins Pty Limited			Score Supermarkets Operating Limited			Total Discontinued Operations		
	Unaudited Aug 2010 Rm	Aug 2009 Rm	Audited Feb 2010 Rm	Unaudited Aug 2010 Rm	Aug 2009 Rm	Audited Feb 2010 Rm	Unaudited Aug 2010 Rm	Aug 2009 Rm	Audited Feb 2010 Rm
Statement of comprehensive income									
Revenue	2 790.3	2 782.0	5 673.3	–	537.2	580.9	2 790.3	3 319.2	6 254.2
Turnover	2 787.5	2 778.5	5 666.0	–	536.4	579.8	2 787.5	3 314.9	6 245.8
Trading expenses	665.1	651.3	1 319.8	–	165.4	238.1	665.1	816.7	1 557.9
Loss on sale of equipment and vehicles	(3.4)	(3.0)	(5.6)	–	(0.4)	(1.3)	(3.4)	(3.4)	(6.9)
Trading (loss) / profit for the period	(75.0)	11.2	14.4	–	(68.7)	(107.1)	(75.0)	(57.5)	(92.7)
(Loss) / profit for the period (after tax)	(74.0)	11.7	16.3	–	(68.6)	(107.5)	(74.0)	(56.9)	(91.2)
Statement of financial position									
Total assets	1 993.7	1 892.1	2 055.5	–	103.0	86.1	1 993.7	1 995.1	2 141.6
Total liabilities	762.9	969.8	975.2	–	177.2	174.4	762.9	1 147.0	1 149.6
Cash flow statement									
Net cash from / (utilised in) operating activities	45.3	139.7	134.3	–	(118.0)	(212.7)	45.3	21.7	(78.4)
Net cash (utilised in) / from investing activities	(78.0)	(74.4)	(174.0)	–	37.2	56.8	(78.0)	(37.2)	(117.2)
Net cash from / (utilised in) financing activities	10.0	1.0	(8.1)	–	–	–	10.0	1.0	(8.1)

Pick n Pay Holdings Limited (“PIKWIK”)

Reg. No. 1981/009610/06

Share Code: **PWK** ISIN code: **ZAE000005724**

Pikwik’s only asset is its 53.97% (2009: 54.41%) 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 R193.2 million (2009: R221.0 million).

Headline earnings per share is 37.45 cents (2009: 42.89 cents).

Headline earnings per share from continuing operations is 44.87 cents (2009: 48.55 cents).

Diluted headline earnings per share is 36.21 cents (2009: 41.79 cents).

Diluted headline earnings per share from continuing operations is 43.56 cents (2009: 47.38 cents).

The total number of shares in issue is 527.2 million (2009: 527.2 million) and the weighted average number of shares in issue during the period is 515.9 million (2009: 515.2 million).

Pikwik’s interim dividend per share is 17.94 cents (2009: 19.31 cents), a decrease of 7.1%.

Dividend declarations

The directors have declared the following cash dividends:

Pick n Pay Stores Ltd (No. 85) 37.00 cents per share

Pick n Pay Holdings Ltd (No. 58) 17.94 cents per share

For both Companies, the last day of trade in order to participate in the dividend (CUM dividend) will be Friday, 3 December 2010. The shares will trade EX dividend from the commencement of business on Monday, 6 December 2010 and the record date will be Friday, 10 December 2010.

The dividends will be paid on Monday, 13 December 2010.

Share certificates may not be dematerialised or rematerialised between Monday, 6 December 2010 and Friday, 10 December 2010, both dates inclusive.

On behalf of the boards of directors

DE Muller – *Company Secretary*

19 October 2010

Directors of Pick n Pay Stores Limited:

Executive: NP Badminton (*CEO*), DG Cope (*CFO*), JG Ackerman, SD Ackerman-Berman

Non-executive: GM Ackerman (*Chairman*), D Robins (*German*)

Independent non-executive: HS Herman, C Nkosi, BJ van der Ross, RSJ van Rensburg, J van Rooyen

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: SD Ackerman-Berman, JG Ackerman, D Robins (*German*)

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