

# Pledge to our Partners

Our **Customers** will select from a variety of products offering an optimal mix of quality, price and service, supported by ethical and informative marketing practices.

Our **Employees** will work for the most sought-after employer in retail, with access to recognition, opportunities, working conditions, competitive pay and benefits.

Our **Suppliers** can rely on a continual drive toward ever more efficient and mutually beneficial business relationships, while we continue to pursue new products that fulfil evolving customer needs.

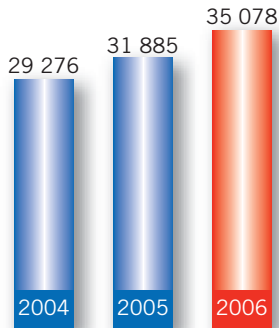
Our **Shareholders** can expect us to continue generating consistent profits in a long-term, sustainable manner that is the mark of a well-established business, operating according to tried and tested principles.

Our **Communities** will keep on benefitting from our year-after-year investment in social upliftment programmes such as housing, education and literacy, self-help, feeding schemes and child welfare. Pick 'n Pay is also a keen patron of environmental, cultural, arts and sports initiatives.

# Strength in our Financial Performance

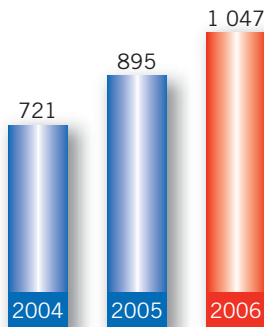
+10.0%

Turnover  
*R million*



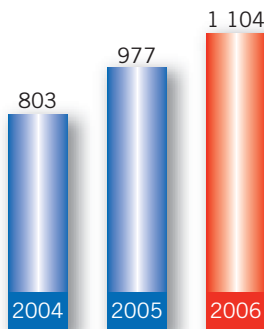
+1.9%

Trading profit  
*R million*



+13.0%

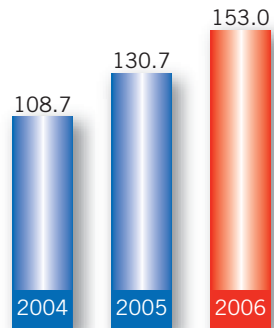
Operating profit  
*R million*



# +17.1%

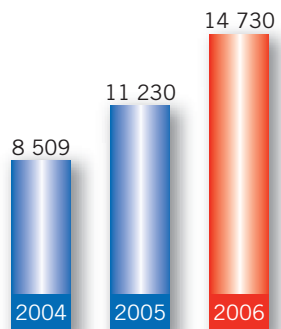
Headline earnings  
per share

*cents*



## Market capitalisation

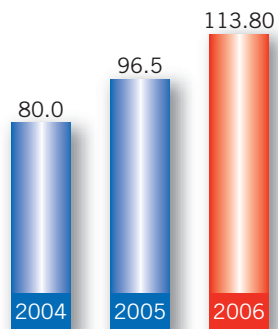
*R million*



# +17.9%

Dividend  
per share

*cents*



The dividend per share presented above is the interim dividend paid in the current year and the final dividend declared after year end, but in respect of the current year profit.

# Store locations in South Africa and beyond



## South Africa

Stores	Western Cape	Eastern Cape	Northern Cape	kwazulu-Natal	Free State	Gauteng	Mpumalanga	North West	Limpopo	Total stores
<b>RETAIL DIVISION</b>										
<b>Pick n Pay</b> <b>hypermarket</b>	2	1	—	1	1	8	—	1	—	14
<b>Pick n Pay</b> <b>Discount Supermarket</b>	40	7	1	23	7	50	5	4	5	142
<b>Pick n Pay</b> <b>Clothing Store</b>	6	1	—	4	—	7	—	—	—	18
<b>Pick n Pay</b> <b>Liquor Store</b>	4	1	—	8	1	8	—	—	—	22
<b>Pick n Pay</b> <b>FAMILY Supermarket</b>	26	10	3	16	6	50	9	4	3	127
<b>Pick n Pay</b> <b>Mini market</b>	—	—	—	5	4	21	3	2	—	35
<b>Pick n Pay</b> <b>GARAGES</b>	—	—	—	1	1	3	—	—	—	5

<b>GROUP ENTERPRISES DIVISION</b>										
<b>SCORE</b> <b>SUPERMARKETS</b>	10*	3	5	5	5	34	15	19	19	115
<b>BOXER</b> <b>SUPERSTORES</b>	—	25	—	20	—	2	5	3	2	57

\*Managed by the Pick 'n Pay Western Cape region

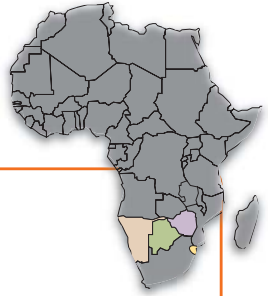


# Australia

Stores

New South Wales

79



# Rest of Africa

Stores

Botswana

Swaziland

Namibia

Zimbabwe

Total stores

## RETAIL DIVISION



3

1

13

—

17

## GROUP ENTERPRISES DIVISION



16

5

—

—

21



—

—

—

54

54

# Highlights at a glance



- Proudly awarded
- Corporate Governance Award for Ethics and Integrity\*
  - One of the world's 50 fastest growing retailers†

## 49

New stores were opened during the year with 59 confirmed for next year.



The establishment of a BEE fund to support emergent or existing BEE enterprises in communities throughout the country.





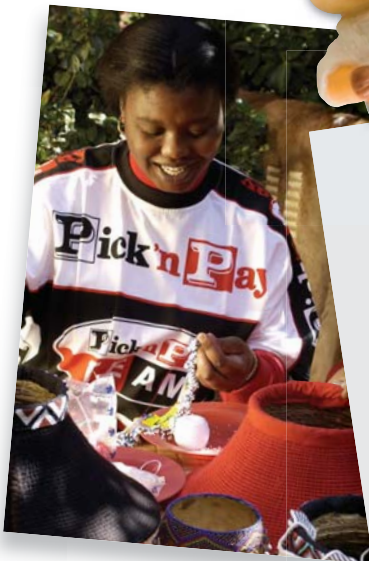
6

Trainees completed our BEE Franchise Academy Programme.

**south africa**  
2011   
Growing the Game

**2011**

Proud sponsor of  
SA 2011 Rugby World  
Cup Bid.



Recognising Pick 'n Pay people for facing the daily challenges and committing themselves to our communities to deliver the dreams of tomorrow.

## Our mission

We serve

With our hearts we create a great place to be

With our minds we create an excellent place to shop

## Our values

We nurture leadership and vision, and reward innovation

We are passionate about our customers and will fight for their rights

We care for, and respect each other

We take individual responsibility

We foster personal growth and opportunity

We support and participate in our communities

We are all accountable

We live by honesty and integrity

## Partners in Entrepreneurship

Pick 'n Pay's success can be attributed to entrepreneurial flair and time invested to thoroughly understand retail – then to pioneer it. Our partnership with young entrepreneurs, through the Raymond Ackerman Academy of Entrepreneurial Development will allow us to pass our experience on to future business leaders.



## Chairman's Report

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We have achieved so much in our new South African democracy, yet so much still needs to be done. Ultimately economic performance is the engine that will drive greater levels of wealth creation for all South Africa.

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### Opening comment

It is a testament to the underlying strength of the Pick 'n Pay Group that it can deliver a 17.1% increase in Headline Earnings per share, whilst absorbing the effects of a strike in our core Retail Division as well as the once-off costs of the implementation of a new business system (SAP) and new warehousing costs at Franklins (Australia) in the first half of the year.



## Chairman's Report *continued*

Sean will cover the result in detail in his CEO's report. However, below are a few observations on the result.

It is important to note that the entire Group is very focused on the future. Whether through the continued investment in Franklins, the capital expenditure programme undertaken this year, our capital commitments for new stores across all brands

successfully restructure the business into the 2 operating divisions, Retail and Group Enterprises. So much has changed in the world, South Africa and Pick 'n Pay in the past eleven years and it is against this background that we felt it prudent to test whether our strategic imperatives matched our vision for the future. In essence we have embarked on a strategic



The entire Group is very focused on the future. Growing the business to meet the needs of our customers.

over the next few years, or our investment in a new Fresh Distribution facility in Gauteng, we are actively focused on building future capacity.

This forward focus also extends to our investment in future operating efficiency and increased analytical capability through our investment in a new business system (SAP). After the successful installation in Franklins, this system will also be systematically rolled out in South Africa over the next 2 years.

### **Strategic health check**

It is with this same probing to the future that we have again retained the services of Bain (Management Consultants). Eleven years ago Bain helped us

“health check”, the results of which we will report to you next year.

### **Observations**

One of the primary goals of our investment in Franklins was around the opportunity that we saw for franchising in Australia. Our first franchise store started operating in April 2006. We are quietly confident that our franchise model will work and look forward to an improved performance at Franklins in the coming year.

The strike at Pick 'n Pay stores mid-year impacted predominantly on turnover. Whilst we have mostly recovered our top line sales, some divisions and select regions have fought hard to recover turnover.

Nick Badminton (MD of Retail Division) and his team are very focused on these issues and I am confident and hopeful that both the Union and the Company will continue to assiduously work towards resolution. The inescapable reality of our relationship with our people is that there is strong co-dependency.

Achieving both higher wage rates and increased corporate financial performance requires a strong

economically challenging. Whilst we continue to witness the benefits of Government grants at Boxer and Score, which manifest in higher levels of disposable income, and have in parallel seen greater prosperity amongst a broader spectrum of all South African customers at our core Pick 'n Pay stores, the harsh reality is that the rate of socio-economic change has been too slow for too many.

Achieving both higher wage rates and increased corporate financial performance requires a strong relationship and shared vision.



relationship and shared vision. Indeed, the stronger the relationship and unity of effort, the greater will be the rewards for us all.

The notion of giving back to society is not new at Pick 'n Pay. It is one of the principles on which I founded and grew the business. The various foundations that exist in and around the business, as well as the social caring that takes place each and every day throughout the Company is testimony to this. Our donation to Red Cross Children's Hospital to fund a new operating theatre earlier this year, is a further example of our commitment to society.

I believe that the high incidence of industrial action in the country at present is symptomatic of the fact that the everyday lives of too many South Africans remain

Corporate South Africa, including ourselves, need to extend and focus Corporate Social Investment towards public private partnerships that tackle not only transformation, but broader issues such as education, health care and entrepreneurial capacity. We have already undertaken significant projects in these vital arenas that help build society.

### Acknowledgement

Our core retail division has again produced strong earnings growth under Nick Badminton's stewardship. Nick and his management team have concentrated on simultaneously evolving Pick 'n Pay and increasing its footprint. Work on the basic range and look of stores has gone well. New concept stores in the Cape and Gauteng have been positively accepted by customers.

## Chairman's Report continued

Additionally, greater numbers of both corporate and franchise stores have given us greater exposure to the market in some key areas, and franchising has again delivered a strong performance. I thank Nick and his team for underpinning the Group with such strength.

Aubrey Zelinsky and his team have done a fine job at Franklins. The stores look great, the systems work well (SAP was installed last year), the warehouse

in which this business is being run gives me comfort that we have a strong player in this important part of the market. Congratulations to Hugh and his team for another strong performance.

We continue to support TM Supermarkets in Zimbabwe and applaud Mike Oakley and his team for their good result under very difficult trading conditions.



Corporate South Africa, including ourselves, need to support partnerships that tackle important social issues.

consistently delivers an efficient service, costs have been reduced, and management is motivated. Franchising growth is all that it will take to turn Franklins into the opportunity we always saw. We are confident of Franklins' performance in the coming year. I thank Aubrey and his team for all they have done.

Score achieved a strong recovery in the second half. This business has redefined itself in terms of its basic proposition and market relevance. I commend Chris Reed and his team for the renaissance they have created for the business. We are certainly looking forward to profit generation in the coming year.

Hugh Bland and his team have, once again, outperformed our expectations and continue to build Boxer into a very solid part of the Group. The manner

### Looking back

I have outlined numerous ways in which Pick 'n Pay is currently focusing on the future. This year is, however, a significant year for me personally. It is my 75th birthday and my Golden Wedding Anniversary.

As with all significant milestones, I find myself looking back over the nearly forty years of Pick 'n Pay's history: at the fights for rights of our customers and our people, the fights with our competitors, reviewing all the important milestones that the business has been through, and the course through which Pick 'n Pay has evolved.

There are a great many memories that I enjoy, and there is tremendous pride that I feel in reviewing nearly forty great years. What is often overlooked, however, is the fact that my wife, Wendy, has

constantly been at my side, guiding, advising and counselling me through a myriad of decisions and issues. In this, our Golden Wedding Anniversary year, I wish to thank Wendy for her contribution to the business, for her contribution to my life and for helping me raise a family that gives us both so much joy.

We have achieved so much in our new South African democracy, yet so much still needs to be done. Ultimately, economic performance is the engine that will drive greater levels of participation and wealth creation for all South Africa. Economic performance flows from setting the correct macro economic policy framework (which our government has done) and, above all, from a strong working relationship at every level and in every enterprise.

We are proud to be family controlled and proud to be value driven and focused on our “founding principles”.



### Closing Remarks

I have often spoken about the fact that we are a business that is primarily governed by its values and principles. This seems to be common practice amongst family controlled businesses internationally. We are proud to be family controlled and proud to be value driven and focused on our “founding principles”. It is this value system that forms the cornerstone of our sustainability.

I am again humbled and proud of the recognition afforded to Pick 'n Pay. This year we were recognised as the most Ethical Company at the Deloitte & Touche Corporate Governance awards. Conducting ourselves with honesty and integrity is central to the manner with which we hold ourselves accountable, and central to how we see ourselves in society.

It is always this same strong performance, or work ethic, that builds economic growth globally. My hope for South Africa is that we shift from the protest of frustration that we have witnessed in various industrial actions in the country towards working together to improve performance. This “high road” must surely be the way that we continue with the miracle that we have seen in South Africa.

I thank Sean for his leadership, and every person working at Pick 'n Pay for helping us to produce these results that will ultimately allow us to continue to make a difference to the lives of all South Africans.

**Raymond Ackerman**  
Chairman

# Boards of Directors

## Pick 'n Pay Stores Limited

### *Executive Directors*

1. **Raymond Ackerman** (75)  
*Chairman*  
Appointed 1968. Years of Service 39
2. **Dennis Cope** (55)  
*Group Finance Director*  
Appointed 1997. Years of Service 28
3. **Sean Summers** (52)  
*CEO*  
Appointed 1988. Years of Service 32

4. **David Robins\*\*** (52)  
*Deputy Chairman*  
Appointed 2002. Years of Service 11
5. **Wendy Ackerman**  
*Employee Liaison & Benefits*  
Appointed 1981. Years of Service 39

### *Non-Executive Director*

6. **Gareth Ackerman\*†** (48)  
Appointed 1990



## Pick 'n Pay Holdings Limited

### Independent Non-Executive Directors

7. **Hugh Herman**\*† (65)  
Appointed 1976

8. **Colin Hultzer**\*† (70)  
Audit, Risk and Compliance  
Committee Chairman. Appointed 1991

9. **David Nurek**\*† (56)  
Remuneration Committee Chairman  
Lead Non-Executive Director  
Appointed 1999

10. **Ben van der Ross**\* (59)  
Appointed 2000

11. **René de Wet**† (63)  
Appointed 1975

12. **Connie Nkosi**  
Appointed 1996

### Group Secretary

13. **Gary Lea** (40)  
Appointed 2002.  
Years of Service 9

**Gareth Ackerman** (48)  
Chairman  
Appointed 1987

**Raymond Ackerman** (75)  
Appointed 1981

**Wendy Ackerman**  
Appointed 1981

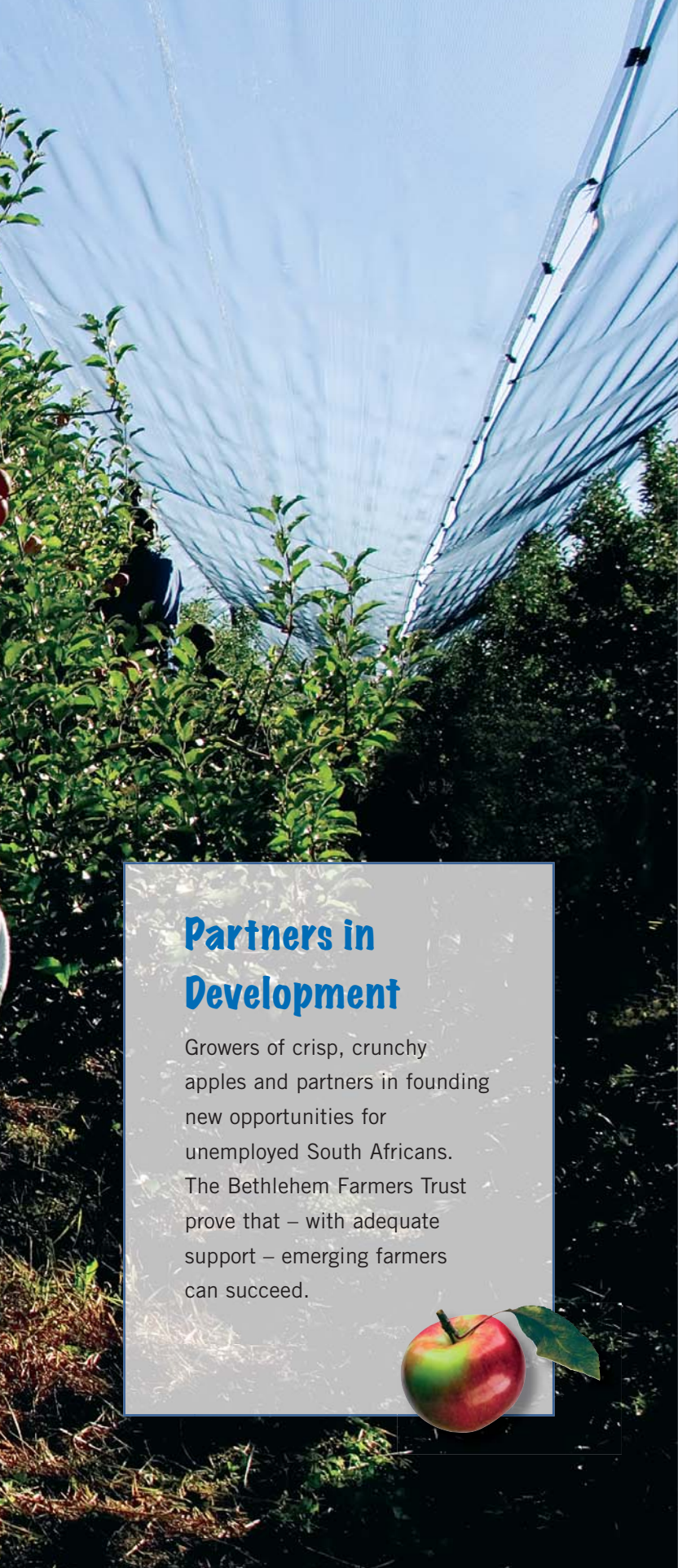
**René de Wet** (63)  
Appointed 1981

**Hugh Herman** (65)  
Appointed 1981

**Colin Hultzer** (70)  
Appointed 1993



\* Member of Audit, Risk & Compliance Committee † Member of Remuneration Committee \*\* German



## Partners in Development

Growers of crisp, crunchy apples and partners in founding new opportunities for unemployed South Africans. The Bethlehem Farmers Trust prove that – with adequate support – emerging farmers can succeed.



# Chief Executive Officer's Report

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We have had an exceptionally busy trading year and are pleased that the Group has again produced a strong performance.

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## Group overview

The result is against a background of various challenges we have had to overcome during the financial year including a very competitive trading environment, with continued low inflation and the industrial action at Pick 'n Pay in the middle of the year.

The Group has adopted International Financial Reporting Standards ("IFRS") and we draw your attention to the annual financial statements which outline the changes we have made in this regard.

## Chief Executive Officer's Report continued

During the year the Group commissioned the installation of the SAP Retail, Finance and HR operating systems as an enterprise wide computer software system in our core Pick 'n Pay Retail operations. As you are aware, SAP has been successfully installed in Franklins, and over the next two years will be installed in all South African operations. The SAP development programme in South Africa started in May 2005 and to date the project is on track and within budget with the first installation at store level due for June 2006.

### Turnover

Group turnover at R35.1 billion is an increase of 10.0% which shows good real growth, above the very low levels of inflation, with the Southern Africa segment achieving a growth of 11.3%. Our internal inflation for the year within the Pick 'n Pay branded business averaged 3.5%, while Boxer and Score still experienced deflation in many categories for the majority of the financial year.



The increase in trading profit of 16.9% for the Group is a good performance, with trading margin increasing from 2.8% to 3.0%.

### Salient features of the result

	Rm	% increase
Turnover	35 078.4	10.0
Trading profit	1 047.4	16.9
Operating profit	1 104.1	13.0
Headline earnings	705.6	15.2
Headline earnings per share (cents)	153.02	17.1
Dividends for the year – Pick 'n Pay Stores Ltd (cents)	113.80	17.9
Dividends for the year – Pick 'n Pay Holdings Ltd. (cents)	55.55	17.9

### Trading profit

The increase in trading profit of 16.9% for the Group is a good performance, with trading margin increasing from 2.8% to 3.0%.

### Operating profit

Our operating profit increase of 13.0% (below that of trading profit) over last year has been impacted by the lower interest received during the year as a direct result of the significant investments we have made in both property and equipment, which reduced our average cash balances.



## Headline earnings

Headline earnings at R705.6 million increased by 15.2% for the year. As a result of the concentration effect of share repurchases mainly towards the end of the prior year, our headline earnings per share at 153.02 cents is up 17.1%.

## Sustainable development

We believe that while “sustainable development” may be relatively new as a specific concept within the corporate context, the thinking that underpins it has informed our business practices since our inception. Our experience of nearly 40 years of

The Group continues to generate significant cash from its operations, generating R1.6 billion in the current year.



## Cash balances

The Group continues to generate significant cash from its operations, generating R1.6 billion in the current year versus R1.4 billion last year. Cash balances at year end are lower than that of last year due to the significant investments made in property (R248.2 million), equipment and vehicles (R538.6 million), SAP developments (R90.0 million) and share repurchases (R132.0 million). This is in addition to increased dividend and tax payments made during the year.

## Dividends

As a consequence of continued good results, the Group was able to show strong growth in annual dividends, increasing them by 17.9% during the year.

running the business has consistently demonstrated to us that a proactive focus on addressing the needs and interests of our consumers, and of the communities within which we operate, results in valuable business benefits.

This is the third year that we have included a review of our sustainable development performance in the annual report. This section provides an overview of the policies, practices and performance relating to our economic, social and environmental activities. The review highlights a number of positive achievements during the year, and identifies some areas for improvement in the next year.

## Chief Executive Officer's Report continued

Principal developments during the year include:

- The introduction of Pick 'n Pay's Sustainable Development Management Framework (SDMF) – a co-ordinated and systematic approach towards the planning, implementation, monitoring and reporting of our sustainable development strategy and performance.

During the next financial year we will finalise the Company's strategic vision for sustainability and agree priority action areas and timeframes. The implementation of this vision will include rolling out our sustainability information management system, undertaking training and awareness initiatives, and implementing specific projects in our stores and



An ongoing focus is our work in promoting Black Economic Empowerment and we are particularly active in supporting the development of small entrepreneurial BEE suppliers and Family Store Franchisees.

- A set of sustainable development key performance indicators (KPIs) has been agreed for use in the implementation of the SDMF and annual reporting activities.
- We commissioned independent facilitators to undertake a stakeholder engagement process relating specifically to our social and environmental performance.
- An intranet-based sustainability performance reporting system has been developed and is being introduced throughout the Company.

An ongoing focus is our work in promoting Black Economic Empowerment and we are particularly active in supporting the development of small entrepreneurial BEE suppliers and Family Store Franchisees.

offices and through our supply chain. We also aim to identify and implement energy, water and waste minimisation initiatives in our stores and offices. I look forward to reporting on our performance with more quantitative data next year.

# PICK 'n PAY RETAIL DIVISION



**Nick Badminton** – Retail Managing Director

The Retail division had a commendable increase in both turnover and profitability, despite the negative impact that the industrial action had on the business. The continued low inflation rate, which averaged 3.5% for the year, has been great for consumers and continues to focus our attention on cost control.

**Supermarkets** – during the year 8 new corporate supermarkets were opened with a further 10 stores planned in the year ahead. The high number of new corporate supermarkets opened in the last three years is as a result of the unprecedented growth in the retail property sector. We remain cautious and selective on assessing new store opportunities.

**Family** and **Mini Market** franchise stores continue to make a significant contribution to the Group. Franchise stores now total 179 with 12 new Family stores being opened in the current year. In the year ahead we will open a further 24 Family stores.

**Franchise Academy** – as reported last year we have opened a Franchise Academy to train historically disadvantaged individuals with a view to them opening their own franchise stores. The first six graduates from the Academy graduated during the year and in the coming financial year will open their own franchise stores in partnership with more experienced traders. In June 2005 a second group of eight new students were enrolled into the Academy for their training. We are proud of the way this Academy is producing opportunities for individuals who ordinarily would have found it difficult to open their own franchise outlets.

Store format	Corporate		Franchise	
	2006	2005	2006	2005
Pick 'n Pay Hypermarkets	14	14		
Pick 'n Pay Supermarkets	142	135		
Pick 'n Pay Clothing Stores	18	7		
Pick 'n Pay Liquor Stores	22	13		
Score – Western Cape	10	9		
Pick 'n Pay Family Stores			144	132
Pick 'n Pay Mini Markets			35	38
Total stores	206	178	179	170
Pick 'n Pay Pharmacies	6	4		
Pick 'n Pay Garages	5	5		



## Chief Executive Officer's Report continued

**Hypermarkets** were affected by the industrial action, but as a brand still continue to be the cheapest food retail outlet in the country. The next financial year will be exciting with two new Hypermarkets in Zambezi Road, Pretoria and Old Pretoria Road, Centurion. These will be the first new Hypermarket openings in many years and shows our commitment to this large retail format. A further 2 stores are currently being constructed for opening in the year ending February 2008.

includes two weekend events, a cycle tour and a road running marathon.

When we introduced the Green Bag in 2003, we promised that R1.00 from the sale of every bag would go to an environmental initiative. We were pleased to fulfil that promise when we embarked on the "Kids in Parks" programme. With the Green Bag funds we have to date sent 2 500 children and 250 teachers to South African Game Parks to experience the



The next financial year will be exciting with two new Hypermarkets in Zambezi Road, Pretoria and Old Pretoria Road, Centurion.

**Liquor outlets** – the Retail division has developed the concept of liquor outlets adjacent to Hypermarkets and Supermarkets, which outlets now number 22. The idea of placing liquor outlets right next door to our stores has proven to be very popular with our customers who can combine their shopping trips, with the confidence that they will also receive good value on their liquor purchases.

**Clothing stores** – during the year we opened a further 11 Clothing stores bringing the total number as at February 2006 to 18. These outlets continue to receive good customer support and next year we plan to open a further 5 stores.

**Marketing** – the marketing year started off on a sad note with the Tsunami disaster which saw Pick 'n Pay joining forces with Netcare 911 in a fund-raising effort to help the victims of this disaster.

Pick 'n Pay continued its extensive support of major cycle events which expanded during the year with Pick 'n Pay now also being the sponsor of the Knysna Oyster Festival which

bush and learn about our eco systems. This initiative comprises three buses which on a full-time basis transport kids to and from parks. We are also pleased to report that the Green Bag is now 100% South African produced as against originally sourced from China.

I wish to thank Nick Badminton and his Retail team for a great year and wish them all the best with the significant scopes of work in the year ahead.



# GROUP ENTERPRISES



Store Formats	2006	2005
Score Supermarkets	126*	128
Boxer Superstores	57	54
TM Supermarkets (Zimbabwe)	54	54

\*Excluding the stores in the Western Cape which are managed by the Retail Division



## Score Supermarkets

Score had a very strong trading year showing real growth in turnover and significantly reduced losses as a result of lower expenses.

Another factor helping the turnaround at Score has been the development and customer acceptance of a completely new retail format under the Nambawane banner. In the year ahead, the rollout of this new format will include 7 new stores with 28 conversions, bringing the total number of outlets to 133 by the end of next year, of which 40 will be trading in the Nambawane format. In the year ahead Score will also complete its rollout of scanning in all stores.

I wish to thank Chris Reed and his team for a tough but successful year.



# Chief Executive Officer's Report continued

## Boxer Superstores

Boxer had another excellent trading year showing real increases in both turnover and profit contribution. In the current year 3 new stores were opened. Next year will see Boxer open 8 new supermarkets and the completion of its rollout of scanning in all stores.

## TM Supermarkets

We continue to give TM our full support as they continue to trade under very trying circumstances with inflation reaching levels of over 900%. During the year there was a significant weakening of the Zimbabwean dollar which is currently over \$16 500 to the Rand. Although we were able to show a profit share of R23.4 million from our associate in the current year,



Boxer and Score both had good financial performances, the latter significantly reducing its losses.

Boxer will be opening 6 new hardware stores adjacent to Supermarkets bringing the total at the end of next year to 9. Over the last year, Boxer has been experimenting with these stores providing very basic building materials to its customers. Like the liquor stores, placing these outlets next to the Supermarkets provide a very cost effective means, with little additional infrastructure, of providing these services to our customers.

I wish to thank Hugh Bland and his Board for another successful year trading in a very tough deflationary environment.

due to this dramatic fall in the exchange rate, we do not anticipate being able to show such levels of contribution in the coming year.



I would like to thank Mike Oakley and his team for the exemplary work they are doing under extremely difficult circumstances.



**Aubrey Zelinsky** – Franklins Managing Director

Stores	2006	2005
Franklins	79	78



## FRANKLINS AUSTRALIA

Turnover for the year at R3.9 billion, which was on a par with last year, suffered from the change-over to our own distribution channels at the beginning of the year.

Following this change-over the business is far more efficient, as is evident from the trading loss in the second half of the year being reduced to R29.2 million from the R63.5 million incurred in the first half. The year ahead will see further significant reductions in the losses.

The transition to the SAP software system has been very successful and has assisted us in planning for the implementation of this system in our South African operations.

An important milestone in the last few months has been the development of our franchise model which is currently being piloted.

Our main focus at Franklins in the year ahead will be the refinement and rollout of our franchise format as well as the opening of three new corporate stores.

I wish to thank Aubrey Zelinsky and his team for delivering on the challenges this past year.

## GROUP PROSPECTS

We have had an exceptionally busy trading year and are pleased that we have again produced a strong performance, despite the tough trading environment and other issues we have had to contend with during the year.

We are excited by the prospect of a significant number of new stores being opened in the 2007 financial year.

Each division within the Group is highly focused on their respective goals in the next year and we are confident that we will be able to achieve an acceptable increase in headline earnings.

We are confident of achieving another strong performance next year.

We would like to express our appreciation for the loyal support shown by all our employees, customers and suppliers.

**Sean Summers**

*Chief Executive Officer*