

financial summary



		Year to 31 August 2007	Year to 31 August 2006	% change	
Income Statement					
Turnover	R'000	11 204 880	10 000 621	12.0%	
Gross profit	R'000	2 222 958	1 953 576	13.8%	
Headline earnings	R'000	356 922	251 612	41.9%	
Net interest charge	R'000	38 827	57 219	(32.1%)	
Balance Sheet					
Ordinary shareholders' interest	R'000	1 296 188	1 593 949	(18.7%)	
Interest-bearing loans and borrowings	R'000	281 131	213 706	31.6%	
Total assets	R'000	4 010 379	3 684 407	8.9%	
Cash Flow					
Net cash inflow from operating activities before distributions	R'000	1 144 297	219 960	420.2%	
Capital expenditure	R'000	154 622	162 315	(4.7%)	
Depreciation and amortisation	R'000	104 401	108 602	(3.9%)	
Performance					
Turnover growth	%	12.0	14.8		
Comparable stores turnover growth	%	13.2	9.9		
Gross profit growth	%	13.8	9.8		
Gross profit margin	%	19.8	19.5		
Operating profit margin	%	4.8	3.9		
Inventory days		57	66		
Return on total assets	%	9.3	7.2		
Return on shareholders' interest	%	24.7	16.7		
Interest-bearing debt to shareholders' interest at year end	%	21.7	16.4		
Interest-bearing debt, including cash, to shareholders' interest at year end	%	(10.2)	13.8		
Statistics					
Number of permanent employees		9 067	9 058	0.1%	
Number of stores		665	664	0.2%	
	– company-owned	17	15		
	– franchised				
Weighted retail trading area	– company-owned	m ²	245 679	237 575	3.4%
Share Statistics					
Headline earnings per share	– undiluted	cents	106.1	73.1	45.1%
	– diluted	cents	103.0	71.0	45.1%
Distribution per share	– interim	cents	15.0	11.2	33.9%
	– final	cents	33.2	22.0	50.9%
Distribution cover		times	2.2	2.2	
Net asset value per share		cents	410	459	(10.7%)
Net tangible asset value per share		cents	260	320	(18.8%)
Share price	– closing	cents	1 525	1 035	47.3%
	– high	cents	1 689	1 121	
	– low	cents	984	780	
Number of shares in issue (gross)	'000	335 957	355 488	(5.5%)	
Number of shares in issue (net of treasury shares)	'000	316 115	347 613	(9.1%)	
Weighted average number of shares in issue (net of treasury shares)	'000	336 266	344 337	(2.3%)	
Weighted average diluted number of shares in issue (net of treasury shares)	'000	346 372	354 365	(2.3%)	
Market capitalisation (gross) at 31 August	R'000	5 123 344	3 679 301	39.2%	
Market capitalisation (net of treasury shares) at 31 August	R'000	4 820 754	3 597 795	34.0%	
Price earnings ratio at 31 August	times	14.4	14.2		
Volume of shares traded	'000	316 074	226 921		
Percentage of shares traded	%	94.1	65.9		
Free float (including treasury shares)	%	96.7	97.1		

commentary

Overview

New Clicks has delivered a strong trading, operational and financial performance as the group continues to make encouraging progress towards achieving its medium-term performance targets.

The focus on working capital management saw the group generate cash of R420 million after repurchasing shares of R558 million and continuing to invest for long-term growth across its businesses.

Shareholder value has been enhanced with a 45.2% increase in total distributions for the year to 48.2 cents per share. The group's return on equity (ROE) continued its strong growth trend, improving from 16.7% to 24.7%.

The senior management teams in Clicks, UPD and Musica have all been strengthened to increase the depth of management talent in the group.

Following the sale of Discom, the ethnic beauty and hair care retailer, with effect from the beginning of September 2007, the group's retail brands are all now focused on middle and upper income customers.

Financial performance

Group turnover increased by 12.0% to R11.2 billion (2006: R10.0 billion), with selling price inflation ("inflation") for the period measured at 2.3%. Retail turnover increased by 13.1% and by 13.2% on a comparable store basis, with inflation of 2.5%. UPD increased turnover by 11.2% and experienced inflation of 2.0% for the year.

Retail gross margin improved to 27.3% (2006: 27.1%), resulting in retail gross profit increasing by 13.8% to R2.1 billion. UPD's total income (gross profit and other income) improved to 8.5% of turnover (2006: 8.3%).

The growth in operating expenditure of 9.0% was held below turnover growth.

Costs were impacted by higher employee incentive scheme expenses relating to improved performance, the introduction of the blueprint store renewal programme in Clicks and volume-related costs.

Operating profit increased 35.8%, reflecting the improved turnover, margin and operating efficiencies.

Headline earnings increased by 41.9% to R356.9 million (2006: R251.6 million). Diluted headline earnings per share grew 45.1% to 103.0 cents per share, in line with the earnings forecast range communicated in the group's trading statement on 3 October 2007. During the year the group sold properties at a capital profit of R28.4 million (after tax), which resulted in basic earnings per share growing by 58.5% to 113.2 cents per share.

Working capital management continued to be a priority for the group. Inventory levels were reduced by 2.8% over the previous

year, despite the 12.0% growth in turnover, while inventory measured by days in stock improved from 66 to 57 days.

The improved cash generation is also reflected in the 32.1% reduction in net interest paid.

The group repurchased 14% of its issued share capital during the year, including R558 million in the open market and R125 million by forward agreement, at an average price of R13.68 per share. The group plans to continue the share repurchase programme in the new financial year and will utilise the net proceeds of the Discom sale towards this purpose.

Trading performance

Retail

Clicks has continued to realise the benefits of its focused merchandise strategy, increasing turnover by 14.3%. The performance was driven mainly by growth of 19.0% in health and 15.6% in beauty, with these two categories now accounting for 70.4% of total turnover. Comparable store sales grew by 14.3% with inflation of 2.8% for the year. Further operating efficiencies led to a 43.2% increase in operating profit to R296 million. Clicks expanded its store base to 320 and opened a further 21 dispensaries to bring the national pharmacy network to 125.

Musica has further entrenched its position as an entertainment brand and strong growth in DVD and gaming sales contributed to a 12.1% increase in turnover. Same store sales growth was 10.0% while the business experienced deflation of 1.3%. Non-music merchandise accounted for 41% of turnover (2006: 35%). Musica's operating profit increased 67.7% to R43 million.

The Body Shop increased turnover by 26.3%, boosted by the opening of four new stores and customer response to its loyalty



turnover up
12.0%

operating profit up
35.8%

diluted headline
EPS up
45.1%

distribution per
share up
45.2%

return on equity
increases to
24.7%

programme. Comparable store sales grew 19.3% with inflation of 5.3%. Operating profit increased 24.7% to R14 million.

Discom lifted turnover by 7.0%, with operating profit up 17.9% to R40 million. During the year 25 stores were closed, including six which were converted to Clicks and one to Musica.

Wholesale distribution

UPD increased turnover by 11.2% and continued to diversify its client base. An automated pharmaceutical distribution facility was taken into operation late in the financial year at an investment of R43 million to further enhance efficiencies. UPD’s expenses were well managed and the operating margin increased from 3.0% to 3.2%, resulting in a 21.0% increase in operating profit to R139 million.

Prospects

Management is confident that the group’s strategy will provide sustainable competitive advantage. Plans have been developed to deliver the strategy, including implementing the Clicks blueprint programme, diversifying UPD’s revenue base and expanding the entertainment offering of Musica. Retail space will be expanded by 5% with the planned opening of 38 to 40 new stores.

The trading environment is expected to become more challenging in 2008 and uncertainty continues to prevail over healthcare regulations.

Nevertheless, the group remains confident of delivering improvements in operating margin and continued cash generation, and anticipates achieving the ROE target of 30% in 2008. Earnings are expected to grow at a more normalised level off the higher base set in 2007.

Shareholder distribution

The board of directors has approved a final distribution of 33.2 cents per share (2006: 22.0 cents per share) comprising a final cash dividend of 3.6 cents per share and a distribution out of share premium of 29.6 cents per share in lieu of a dividend (collectively “the distribution”).

Shareholders are advised of the following salient dates relating to the distribution:

Last day to trade “cum” the distribution	Friday, 7 December 2007
Shares trade “ex” the distribution	Monday, 10 December 2007
Record date	Friday, 14 December 2007
Payment to shareholders	Tuesday, 18 December 2007

Share certificates may not be dematerialised or rematerialised between Monday, 10 December 2007 and Friday, 14 December 2007, both days inclusive.

By order of the Board

ALLAN SCOTT
Company Secretary

25 October 2007

consolidated balance sheet

R'000	Note	Operations excluding Discom As at 31 August 2007	Discom As at 31 August 2007	Total group As at 31 August 2007	As at 31 August 2006
Assets					
Non-current assets		1 188 408	146 250	1 334 658	1 284 722
Property, plant and equipment		698 964	46 250	745 214	696 736
Investment property		-	-	-	6 900
Intangible assets		291 339	100 000	391 339	397 450
Goodwill		83 950	-	83 950	83 950
Deferred tax assets		45 404	-	45 404	24 363
Loans receivable		68 751	-	68 751	75 323
Current assets		2 821 971	(146 250)	2 675 721	2 399 685
Inventories		1 191 847	211 267	1 403 114	1 443 161
Trade and other receivables		792 126	753	792 879	792 557
Income tax receivable		2 446	-	2 446	86 474
Loans receivable		4 616	-	4 616	1 481
Cash and cash equivalents		413 275	-	413 275	40 111
Derivative financial assets		59 391	-	59 391	35 901
Non-current assets held for sale	2	358 270	(358 270)	-	-
Total assets		4 010 379	-	4 010 379	3 684 407
Equity and liabilities					
Equity		1 296 188	-	1 296 188	1 593 949
Share capital		3 360	-	3 360	3 555
Share premium		435 991	-	435 991	815 791
Share option reserve		23 786	-	23 786	20 037
Treasury shares		(258 548)	-	(258 548)	(69 624)
Non-distributable reserve		(11)	-	(11)	618
Distributable reserve		1 091 610	-	1 091 610	823 572
Non-current liabilities		331 676	6 307	337 983	325 785
Interest-bearing loans and borrowings		77 681	-	77 681	150 855
Employee benefits		64 943	-	64 943	28 116
Deferred tax liabilities		91 692	-	91 692	45 669
Operating lease liability		97 360	6 307	103 667	101 145
Current liabilities		2 382 515	(6 307)	2 376 208	1 764 673
Bank overdraft		-	-	-	47 000
Trade and other payables		1 902 313	-	1 902 313	1 490 386
Employee benefits		127 383	8 697	136 080	105 475
Provisions		47 610	-	47 610	41 416
Interest-bearing loans and borrowings		203 450	-	203 450	62 851
Income tax payable		86 755	-	86 755	17 545
Liabilities classified as held for sale	2	15 004	(15 004)	-	-
Total equity and liabilities		4 010 379	-	4 010 379	3 684 407

consolidated income statement



R'000	Note	Year to 31 August 2007	Year to 31 August 2006	% change
Revenue from continuing operations		10 529 632	9 338 713	
Continuing operations				
Turnover		10 051 373	8 922 939	12.6%
Cost of merchandise sold		8 153 049	7 267 010	12.2%
Gross profit		1 898 324	1 655 929	14.6%
Other income		462 393	404 404	14.3%
Expenses		1 866 889	1 701 269	9.7%
Depreciation and amortisation		81 587	83 612	(2.4%)
Occupancy costs		284 605	261 924	8.7%
Employment costs		891 262	805 603	10.6%
Other operating costs		609 435	550 130	10.8%
Impairment of property, plant and equipment		–	(3 159)	
Profit on disposal of property, plant and equipment		29 402	483	
Goodwill impairment		(250)	(1 254)	
Operating profit before financing costs		522 980	355 134	47.3%
Net financing costs		(38 827)	(57 219)	(32.1%)
Financial income		15 866	11 370	39.5%
Financial expense		(54 693)	(68 589)	(20.3%)
Profit before tax		484 153	297 915	62.5%
Income tax expense		129 965	74 796	73.8%
Profit for the year from continuing operations		354 188	223 119	58.7%
Discontinued operations				
Profit for the year from discontinued operations	1	26 320	22 871	15.1%
Total profit for the year		380 508	245 990	54.7%
Adjustment for:				
Impairment of property, plant and equipment		–	3 159	
(Profit)/Loss on disposal of property, plant and equipment		(23 836)	1 209	
Goodwill impaired		250	1 254	
Headline earnings		356 922	251 612	41.9%
Headline earnings per share (cents)				
– undiluted		106.1	73.1	45.1%
– diluted		103.0	71.0	45.1%
Earnings per share (cents)				
– undiluted		113.2	71.4	58.5%
– diluted		109.9	69.4	58.4%
Weighted average number of shares (net of treasury shares) ('000)		336 266	344 337	(2.3%)
Weighted average diluted number of shares (net of treasury shares) ('000)		346 372	354 365	(2.3%)



notes on discontinued operations

R'000	Year to 31 August 2007	Year to 31 August 2006	% change
1. Discontinued operations			
Revenue from discontinued operations	1 192 255	1 122 999	
Turnover	1 153 507	1 077 682	7.0%
Cost of merchandise sold	828 873	780 035	6.3%
Gross profit	324 634	297 647	9.1%
Other income	38 748	45 317	(14.5%)
Expenses	323 421	309 059	4.6%
Depreciation and amortisation	16 758	19 770	(15.2%)
Occupancy costs	51 322	55 000	(6.7%)
Employment costs	148 939	136 761	8.9%
Other operating costs	106 402	97 528	9.1%
Loss on disposal of property, plant and equipment	(2 890)	(1 692)	
Profit from discontinued operations	37 071	32 213	15.1%
Income tax expense on discontinued operations	10 751	9 342	15.1%
Profit for the year from discontinued operations	26 320	22 871	15.1%

During the year agreement was reached to sell the Discom business to Edcon Consolidated Stores Limited ("Edcon").

Set out above are the results of the Discom business unit which, as a result of meeting the definition of a discontinued operation, are required to be separately disclosed from the results of the continuing operations.



R'000	Year to 31 August 2007	Year to 31 August 2006
2. Analysis of non-current assets and related liabilities held for sale		
Non-current assets held for sale		
Property, plant and equipment	46 250	–
Trademark	100 000	–
Inventory	211 267	–
Trade and other receivables	753	–
	358 270	–
Liabilities classified as held for sale		
Operating lease liabilities	6 307	–
Employee benefits	8 697	–
	15 004	–

The non-current assets and liabilities held for sale pertain to the Discom business, which has been transferred to Edcon subsequent to year end.



consolidated changes in equity statement

R'000	Number of shares ('000)	Share capital	Share premium	Share option reserve
Balance at 31 August 2005	340 519	3 703	964 077	14 414
Shares issued in respect of options	12 160	122	74 461	–
Share issue expenses written off	–	–	(189)	–
Treasury shares cancelled	–	(270)	(182 990)	–
Treasury shares purchased	(5 066)	–	–	–
Total recognised income and expenses for the year	–	–	–	5 623
Foreign currency translation reserve	–	–	–	–
Share option reserve	–	–	–	5 623
Profit for the year	–	–	–	–
Distributions to shareholders	–	–	(39 568)	–
Balance at 31 August 2006	347 613	3 555	815 791	20 037
Shares issued in respect of options	469	5	3 123	–
Share issue expenses written off	–	–	(726)	–
Treasury shares cancelled	–	(200)	(286 800)	–
Net cost of own shares purchased	(31 967)	–	–	–
Treasury shares purchased	(49 948)	–	–	–
Loss on disposal of treasury shares	17 981	–	–	–
Total recognised income and expenses for the year	–	–	–	3 749
Foreign currency translation reserve	–	–	–	–
Share option reserve	–	–	–	3 749
Profit for the year	–	–	380 508	–
Distributions to shareholders	–	–	(25 889)	(95 397)
Balance at 31 August 2007	316 115	3 360	1 091 610	435 991



Treasury shares	Non-distributable reserve	Distributable reserve	Total
(249 678)	508	683 915	1 416 939
-	-	-	74 583
-	-	-	(189)
226 838	-	(43 578)	-
(46 784)	-	-	(46 784)
-	110	245 990	251 723
-	110	-	110
-	-	-	5 623
-	-	245 990	245 990
-	-	(62 755)	(102 323)
(69 624)	618	823 572	1 593 949
-	-	-	3 128
-	-	-	(726)
287 000	-	-	-
(475 924)	-	(86 581)	(562 505)
(683 435)	-	-	(683 435)
207 511	-	(86 581)	120 930
-	(629)	380 508	383 628
-	(629)	-	(629)
-	-	-	3 749
-	-	380 508	380 508
-	-	(25 889)	(121 286)
(258 548)	(11)	1 091 610	1 296 188



consolidated cash flow statement

R'000	Year to 31 August 2007	Year to 31 August 2006
Cash effects of operating activities		
Cash generated by operations (refer note 1)	622 366	505 930
Working capital changes (refer note 2)	520 811	(154 666)
Cash generated by operations	1 143 177	351 264
Interest received	15 187	11 370
Interest paid	(51 570)	(71 373)
Tax received/(paid)	37 503	(71 301)
Cash inflow from operating activities before distributions	1 144 297	219 960
Distributions paid to shareholders	(121 286)	(102 323)
Net cash effects of operating activities	1 023 011	117 637
Cash effects of investing activities		
Investment in property, plant and equipment to maintain and expand operations	(154 622)	(156 336)
Investment in intangible assets	–	(5 979)
Acquisition of additional goodwill	(250)	(1 254)
Proceeds on disposal of property, plant and equipment	47 453	20 688
Decrease in loan receivables	3 437	41 338
Net cash effects of investing activities	(103 982)	(101 543)
Cash effects of financing activities		
Proceeds from the issue of share capital	3 128	74 583
Share issue expenses	(726)	(189)
Purchase of treasury shares	(557 576)	(46 784)
Proceeds from disposal of treasury shares	120 930	–
Interest-bearing loans and borrowings repaid	(64 621)	(97 001)
Net cash effects of financing activities	(498 865)	(69 391)
Net increase/(decrease) in cash and cash equivalents	420 164	(53 297)
Cash and cash equivalents at the beginning of the year	(6 889)	46 408
Cash and cash equivalents at the end of the year	413 275	(6 889)

notes to the cash flow statement



R'000	Year to 31 August 2007	Year to 31 August 2006
1. Cash generated by operations		
Operating profit before financing costs	560 051	387 347
Adjustment for:		
Depreciation and amortisation	104 401	108 602
Equity-settled share option costs	3 749	5 623
Fair value adjustment – derivative	(26 826)	(8 323)
Goodwill impairment	250	1 254
Impairment of property, plant and equipment	–	3 159
(Profit)/Loss on disposal of property, plant and equipment	(26 512)	1 209
Operating lease accrual	2 522	15 639
Unrealised foreign exchange gain	(1 349)	(6 080)
Reversal of previous unrealised foreign exchange gain/(loss)	6 080	(2 500)
	622 366	505 930
2. Working capital changes		
Decrease/(Increase) in inventories	40 047	(3 071)
Increase in trade and other receivables	(272)	(312 202)
Acquisition of derivative financial instruments	–	(3 965)
Increase in trade and other payables	411 614	120 397
Increase in employee benefits	63 228	44 849
Increase/(Decrease) in provisions	6 194	(674)
	520 811	(154 666)



operational segmental balance sheet

R'000	Retail		Distribution	
	As at 31 August 2007	As at 31 August 2006	As at 31 August 2007	As at 31 August 2006
Segment assets				
Non-current assets	1 056 915	1 339 234	131 493	(54 512)
Property, plant and equipment	577 848	615 361	121 116	81 375
Investment property	–	–	–	6 900
Intangibles	289 359	394 820	1 980	2 630
Goodwill	–	–	83 950	83 950
Deferred tax assets	44 369	23 292	1 035	1 071
Intragroup loans	76 588	230 438	(76 588)	(230 438)
Loans receivable	68 751	75 323	–	–
Current assets	1 903 718	1 578 521	1 006 335	911 829
Inventories	939 108	1 149 274	254 596	297 238
Trade and other receivables	153 226	268 545	725 125	611 326
Income tax receivable	2 446	86 474	–	–
Loans receivable	4 616	1 481	–	–
Cash and cash equivalents	386 661	36 846	26 614	3 265
Derivative financial assets	59 391	35 901	–	–
Non-current assets held for sale	358 270	–	–	–
Total segment assets	2 960 633	2 917 755	1 137 828	857 317
Segment equity and liabilities				
Equity	1 137 040	1 502 818	161 005	94 482
Share capital	3 360	3 555	–	–
Share premium	435 991	815 791	–	–
Share option reserve	23 786	20 037	–	–
Treasury shares	(258 548)	(69 624)	–	–
Non-distributable reserve	(11)	618	–	–
Distributable reserve	932 462	732 441	161 005	94 482
Segment non-current liabilities	323 416	305 525	8 260	20 260
Interest-bearing loans and borrowings	76 635	136 968	1 046	13 887
Employee benefits	61 105	28 116	3 838	–
Deferred tax liabilities	88 316	39 296	3 376	6 373
Operating lease liability	97 360	101 145	–	–
Segment current liabilities	1 500 177	1 109 412	968 563	742 575
Bank overdraft	–	47 000	–	–
Trade and other payables	1 050 234	850 547	938 304	727 153
Employee benefits	116 764	96 861	10 619	8 614
Provisions	47 610	41 416	–	–
Interest-bearing loans and borrowings	201 895	58 841	1 555	4 010
Income tax payable	68 670	14 747	18 085	2 798
Liabilities classified as held for sale	15 004	–	–	–
Total segment equity and liabilities	2 960 633	2 917 755	1 137 828	857 317



Intragroup elimination		Group	
As at 31 August 2007	As at 31 August 2006	As at 31 August 2007	As at 31 August 2006
-	-	1 188 408	1 284 722
-	-	698 964	696 736
-	-	-	6 900
-	-	291 339	397 450
-	-	83 950	83 950
-	-	45 404	24 363
-	-	-	-
-	-	68 751	75 323
(88 082)	(90 665)	2 821 971	2 399 685
(1 857)	(3 351)	1 191 847	1 443 161
(86 225)	(87 314)	792 126	792 557
-	-	2 446	86 474
-	-	4 616	1 481
-	-	413 275	40 111
-	-	59 391	35 901
-	-	358 270	-
(88 082)	(90 665)	4 010 379	3 684 407
(1 857)	(3 351)	1 296 188	1 593 949
-	-	3 360	3 555
-	-	435 991	815 791
-	-	23 786	20 037
-	-	(258 548)	(69 624)
-	-	(11)	618
(1 857)	(3 351)	1 091 610	823 572
-	-	331 676	325 785
-	-	77 681	150 855
-	-	64 943	28 116
-	-	91 692	45 669
-	-	97 360	101 145
(86 225)	(87 314)	2 382 515	1 764 673
-	-	-	47 000
(86 225)	(87 314)	1 902 313	1 490 386
-	-	127 383	105 475
-	-	47 610	41 416
-	-	203 450	62 851
-	-	86 755	17 545
-	-	15 004	-
(88 082)	(90 665)	4 010 379	3 684 407

operational segmental income statement

R'000	Retail*			Distribution		
	Year to 31 August 2007	Year to 31 August 2006	% change	Year to 31 August 2007	Year to 31 August 2006	% change
Segment revenue	6 747 274	5 910 665		4 546 164	4 072 949	
Turnover	6 526 896	5 716 067	14.2%	4 295 013	3 863 143	11.2%
Cost of merchandise sold	4 753 053	4 169 852	14.0%	4 181 162	3 752 972	11.4%
Gross profit	1 773 843	1 546 215	14.7%	113 851	110 171	3.3%
Other income	220 378	194 598	13.2%	251 151	209 806	19.7%
Segment expenses	1 640 855	1 496 130	9.7%	226 034	205 139	10.2%
Depreciation and amortisation	75 113	79 508	(5.5%)	6 474	4 104	57.7%
Occupancy costs	271 706	251 043	8.2%	12 899	10 881	18.5%
Employment costs	776 796	704 431	10.3%	114 466	101 172	13.1%
Other operating costs	517 240	461 148	12.2%	92 195	88 982	3.6%
Impairment of property, plant and equipment	–	(3 159)		–	–	
Profit/(Loss) on disposal of property, plant and equipment	29 402	568		–	(85)	
Goodwill impairment	(250)	(1 254)		–	–	
Segment result	382 518	240 838	58.8%	138 968	114 753	21.1%

* Excluding the results of the Discom business unit



Intragroup elimination		Group*			% change
Year to 31 August 2007	Year to 31 August 2006	Year to 31 August 2007	Year to 31 August 2006		
(779 672)	(656 271)	10 529 632	9 338 713		
(770 536)	(656 271)	10 051 373	8 922 939		12.6%
(781 166)	(655 814)	8 153 049	7 267 010		12.2%
10 630	(457)	1 898 324	1 655 929		14.6%
(9 136)	–	462 393	404 404		14.3%
–	–	1 866 889	1 701 269		9.7%
–	–	81 587	83 612		(2.4%)
–	–	284 605	261 924		8.7%
–	–	891 262	805 603		10.6%
–	–	609 435	550 130		10.8%
–	–	–	(3 159)		
–	–	29 402	483		
–	–	(250)	(1 254)		
1 494	(457)	522 980	355 134		47.3%



business unit segmental analysis

For the year ended 31 August 2007
R'000

	Group		Clicks		UPD		Musica		
	2007	2006	2007	2006	2007	2006	2007	2006	
Balance sheet									
Property, plant and equipment *	745 214	703 636	196 729	210 452	121 116	88 275	37 473	36 400	
Intangibles	475 289	481 400	272 000	272 000	85 930	86 580	–	–	
Inventories	1 403 114	1 443 161	801 710	816 885	254 596	297 238	127 963	130 696	
Other assets	1 386 762	1 056 210	–	–	752 774	615 662	–	–	
Total assets	4 010 379	3 684 407	1 270 439	1 299 337	1 214 416	1 087 755	165 436	167 096	
Income statement									
Turnover	11 204 880	10 000 621	5 562 340	4 864 521	4 295 013	3 863 143	873 411	778 798	
Operating profit	533 789	392 969	296 204	206 906	138 968	114 838	43 001	25 635	
*Property, plant and equipment includes investment property									
Ratios									
Increase in turnover	%	12.0	14.8	14.3	8.8	11.2	26.8	12.1	17.6
Selling price inflation	%	2.3	(0.1)	2.8	(0.8)	2.0	0.1	(1.3)	4.6
Increase in operating profit	%	35.8	19.6	43.2	13.3	21.0	28.0	67.7	11.0
Operating profit margin	%	4.8	3.9	5.3	4.3	3.2	3.0	4.9	3.3
Inventory days		57	66	71	83	22	29	77	88
Number of stores									
– company-owned		665	664	320	308			147	145
– franchised		17	15	16	14			–	–
Total leased area	m ²	320 477	317 069	223 505	216 659			26 051	22 849
Weighted retail trading area	m ²	245 679	237 575	169 130	164 180			21 700	18 603
Weighted annual sales per m ²	R	31 262	28 595	32 888	29 629			40 249	41 864
Number of permanent employees		9 076	9 058	5 435	5 230	494	507	755	699



	The Body Shop		Discom		Style Studio		Group Services		Intragroup elimination	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	12 316	13 179	46 250	57 703	963	1 129	330 367	296 498	-	-
	-	-	100 000	100 000	-	-	17 359	22 820	-	-
	8 193	8 780	211 267	191 354	1 242	1 559	-	-	(1 857)	(3 351)
	-	-	-	-	-	-	720 213	527 862	(86 225)	(87 314)
	20 509	21 959	357 517	349 057	2 205	2 688	1 067 939	847 180	(88 082)	(90 665)
	82 513	65 342	1 153 507	1 077 682	8 632	7 120	-	286	(770 536)	(656 271)
	13 803	11 067	39 961	33 905	358	1 075	-	-	1 494	(457)
	26.3	11.8	7.0	10.5	21.2	33.4			17.4	29.9
	5.3	5.2	4.1	(1.0)						
	24.7	19.3	17.9	37.8	(66.7)	315.2				
	16.7	16.9	3.5	3.1	4.1	15.1				
	88	122	93	90	97	181				
	33	29	162	179	3	3				
	-	-	1	1	-	-				
	2 381	1 778	68 238	75 518	302	265				
	1 604	1 596	52 980	52 931	265	265				
	51 442	40 941	21 772	20 360	32 574	26 868				
	98	80	1 629	1 820	7	10	658	712		

definitions

Comparable stores turnover growth – Sales growth expressed as a percentage of growth for stores that have been operating for the full period during the current and previous financial periods.

Continuing operations – The operations of the group excluding the discontinued operations.

Diluted headline earnings per share – Headline earnings divided by the weighted average diluted number of shares in issue for the year.

Discontinued operations – A component of the group that either has been disposed of or is classified as held for sale and represents a separate major line of business. In the current year, this comprises the Discom business unit, which will be disposed of during the 2008 financial year.

Distribution cover – Undiluted headline earnings for the year divided by the distribution per share for the year.

Distribution per share – Distribution per share is the actual interim cash dividend and capital distribution paid and the final cash dividend and capital distribution declared, expressed as cents per share.

Gross profit margin – Gross profit expressed as a percentage of turnover.

Headline earnings – Profit for the year adjusted for the after tax effect of goodwill impairment and certain other capital items.

Headline earnings per share – Headline earnings divided by the weighted average number of shares in issue for the year.

Interest-bearing debt to shareholders' interest at year end – Interest-bearing debt (including bank overdraft) at the end of the year divided by the ordinary shareholders' interest at the end of the year.

Inventory days – Cost of sales for the year divided by the closing inventory at year end.

Market capitalisation – The market price per share at year end multiplied by the number of shares in issue at year end.

Net asset value per share – Net assets at year end divided by the number of shares in issue at year end.

Net tangible asset value per share – Net assets at year end, less intangible assets such as goodwill and trademarks, divided by the number of shares in issue at year end.

Operating profit – Operating profit before financing costs, as reported in the consolidated income statement, adjusted to exclude goodwill impairment, impairment of property, plant and equipment and profit/loss on disposal of property, plant and equipment.

Operating profit margin – Operating profit expressed as a percentage of turnover.

Ordinary shareholders' interest – Ordinary share capital and share premium (reduced by the cost of treasury shares) and other reserves comprising equity.

Return on shareholders' interest (ROE) – Headline earnings expressed as a percentage of the average ordinary shareholders' interest for the year.

Return on total assets (ROA) – Headline earnings expressed as a percentage of the average total assets for the year.

Treasury shares – Ordinary shares in New Clicks Holdings Limited held by a group company in terms of an approved share repurchase programme or by the New Clicks Holdings Share Trust.

Weighted average number of shares – The number of shares in issue, increased by shares issued during the year and reduced by treasury shares purchased or shares cancelled during the year, weighted on a time basis for the period during which they have participated in the income of the group.

Weighted average diluted number of shares – The weighted average number of shares adjusted for the effects of all dilutive potential ordinary shares.

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NEW
CLICKS HOLDINGS
LIMITED

annual results

for the year ended 31 August 2007



presentation outline

- review of the year David Kneale
- financial results Keith Warburton
- trading performance Michael Harvey & David Kneale
- prospects David Kneale
- questions

review of the year

David Kneale



review of the year

- good organic growth
- cash generation
- enhanced value for shareholders

review of the year *(continued)*

- turnover growth of **12.0%**
- operating profit up **35.8%**; margin **4.8%**
- inventory days improve from 66 to **57**
- **R1.3bn** cash from operations; **R558m** buybacks
- diluted headline EPS up **45.1%** to **103.0** cps
- final distribution of **33.2** cps, up **50.9%**
- ROE increases from 16.7% to **24.7%**

review of the year *(continued)*

- introduction of **Clicks** store blueprint programme
- more diversified **UPD** revenue base
- sale of **Discom** effective September 2007
- entrenching **Musica** as an entertainment brand
- driving customer loyalty in **The Body Shop**
- increasing **management depth** in business units

... enhanced trading, operational & financial performance

financial results

Keith Warburton



turnover

R'm	2007	2006	% change	same store % growth	% inflation
Clicks	5 562	4 865	14.3	14.3	2.8
Musica	873	779	12.1	10.0	(1.3)
The Body Shop	83	65	26.3	19.3	5.3
continuing retail ops	6 518	5 709	14.2	13.8	2.3
UPD	4 295	3 863	11.2		2.0
intragroup turnover	(770)	(656)	17.4		
total continuing ops	10 043	8 916	12.6		2.1
Discom & Style Studio	1 162	1 085	7.1	10.1	4.1
total group	11 205	10 001	12.0	13.2	2.3

retail gross profit margin

	2007	2006	% change
retail gross profit (R'm)			
continuing retail operations	1 770	1 542	14.8
total retail	2 098	1 843	13.8
% of turnover			
continuing retail operations	27.2%	27.0%	
total retail	27.3%	27.1%	

... trading margins stable

distribution income

R'm	2007	2006	% change
UPD			
gross profit	114	110	3.3
other income *	251	210	19.7
total income	365	320	14.1
% of turnover	8.5%	8.3%	

- benefit from increase in SEP & Musica distribution
- pressure from higher proportion of ethical products

* logistics fees in other income per IFRS

operating expenditure

R'm	2007	2006	% change
Clicks	1 358	1 241	9.4
Musica	244	224	9.0
The Body Shop	35	28	24.2
UPD	226	205	10.2
total continuing ops	1 863	1 698	9.7
Discom & Style Studio	327	312	4.8
total group	2 190	2 010	9.0

... expense growth below turnover growth

operating profit

R'm	2007	2006	% change
Clicks	296	207	43.2
Musica	43	26	67.7
The Body Shop	14	11	24.7
UPD	139	114	21.0
intragroup	2	-	
total continuing operations	494	358	37.8
Discom & Style Studio	40	35	15.3
total group	534	393	35.8

taxation

R'm	2007	2006	% change
taxation charge	141	84	67.2
effective taxation rate	27.0%	25.5%	

... effective rate to trend towards full rate of 29%

inventory

	<u>days in stock*</u>		<u>inventory (R'm)</u>		
	2007	2006	2007	2006	% change
Clicks	71	83	802	817	(1.9)
Musica	77	88	128	131	(2.1)
The Body Shop	88	122	8	9	(6.7)
total retail	72	84	938	957	(1.9)
UPD	22	29	255	297	(14.3)
intragroup inventory			(2)	(3)	
total continuing ops	53	63	1 191	1 251	(4.8)
Discom & Style Studio	93	90	212	192	10.2
total group	57	66	1 403	1 443	(2.8)

* at cost price

cash generation & utilisation

R'm	2007	2006	
cash equivalents at beginning of year	(7)	46	
cash generated / (utilised)	420	(53)	
cash generated / (utilised) before capex, distributions & buybacks	1 254	252	
capital expenditure	(155)	(156)	
distributions paid	(121)	(102)	
treasury buybacks	(558)	(47)	
cash equivalents at end of year	413	(7)	
net interest paid	39	57	<u>% change</u> (32.1)

capital management

- buyback programme commenced May 2006
 - R879m repurchased - average price R13.62
- 14% of shares repurchased during the year
 - R558m in the open market
 - R125m by forward agreement
- exercise of 18m share options
- cancellation of 20m treasury shares in August 2007

... average shareholders' funds to total assets 36.0%

return on equity

%	2007	2006	2005
ROA	9.3	7.2	6.0
gearing	X 2.66	X 2.32	X 2.37
ROE	= 24.7	= 16.7	= 14.2

... ROE improving

sale of Discom

- group's core expertise is serving needs of middle & upper income customers in health, beauty, home & entertainment
- sale of Discom to bring increased focus & simplicity, and provide additional DC capacity for Clicks
- cash proceeds of circa R330m
- net proceeds to be applied to reducing level of shareholder funding
- effective September 2007

outlook

- cash generation
 - continued focus on working capital
- investing in the business
 - capex of R176m planned for 2008
- capital management
 - continuing share buybacks
 - utilisation of share premium for distributions

medium-term financial targets

ROE	30% - 35%
shareholders' funding to total assets	32% - 37%
ROA	9.0% - 13.0%
inventory days	55 – 60 days
operating margin	5.0% - 6.0%
distribution cover	2.2 – 2.0 times

trading performance



Michael Harvey
& David Kneale



CLICKS



category performance



R'm	2007	2006	% change
health	1 927	1 620	19.0
beauty	1 984	1 716	15.6
general merchandise	1 651	1 529	8.0
total turnover	5 562	4 865	14.3



- 125 dispensaries at year end
 - 21 opened this year
- drugstore model continuing to prove effective
 - existing stores with dispensaries +19.7%
 - existing stores without dispensaries +8.1%
 - 98% of dispensary customers also buy from front shop
- categories:
 - prescription +21.3%
 - OTC +25.1%
 - front shop health +19.5%



- front shop health market share up from 35% to 37%*
- 9%** of retail pharmaceutical market
- national awareness of pharmacies inside Clicks stores up from 34% to 40%
- 58.7% of prescription sales from ClubCard holders
- 366 700 customers on centralised patient database
- establishing private label

* per AC Nielsen

** size of retail pharmaceutical market supplied by IMS

- skin & bath +20.0%
 - launch of private label dermo skincare range
- cosmetics +21.9%
 - fine fragrance extended to over 100 stores
- ethnic hair +28%
 - now in all stores
- private label & exclusive brands now 16% of sales
- market share maintained at 25%*



* per AC Nielsen

general merchandise



- confectionery +15.1%
- electrical & hi-tech +15.6%
- homewares +14.8%
- private label & exclusive brands now 30% of sales



store performance



- 5.1% increase in till transactions to 66.8 million
- 2.2m active ClubCard customers
 - till transactions +9.0%
- other customers
 - till transactions +1.3%
- front shop availability at 93%
 - target of 94% by August 2008
- dispensary availability over 95%
- 79% of goods from central distribution



strategic focus



- building pharmacy profitability & authority
- increasing differentiation & gross margins
- broadening customer base
- new store blueprint



... enhancing health & beauty specialisation



- new store blueprint
 - operational excellence
 - management of supply chain
 - consistent store processes
 - performance measurement
 - customer service
 - new store look & layout being rolled out
 - in 20 stores by August 2007

new store blueprint



targets for 2008



- 15 new stores with dispensaries
- 15 – 25 additional dispensaries in existing stores
- 80 – 100 blueprint stores by year end
- private label to 17% of sales
- centralised distribution to be complete by April 2008

... driving growth through operational excellence



turnover

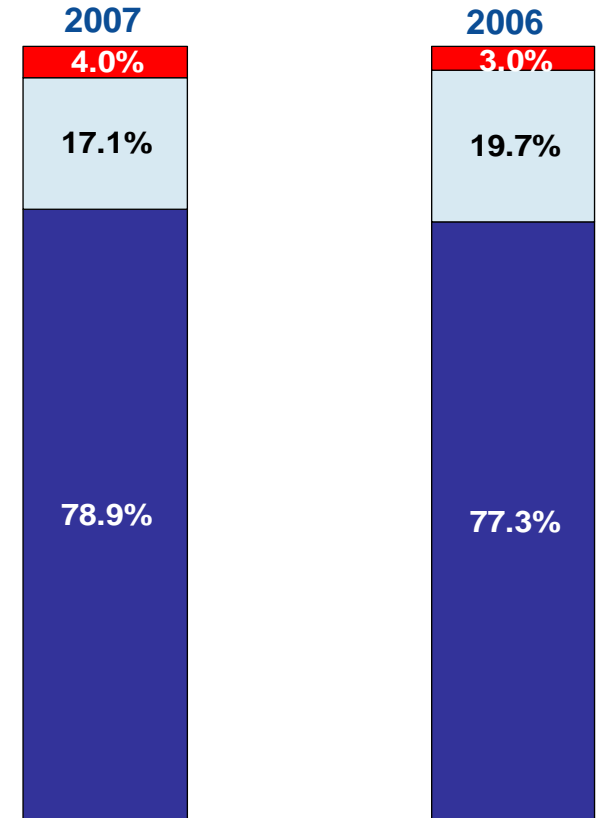


	% change	% contrib
indep pharm	(3.2)	46.6
hospitals	40.3	26.2
Clicks	17.4	17.9
distribution	37.6	3.7
doctors	6.0	4.6
other	9.8	1.0
total	11.2	100.0

- market share up from 24.9% to **25.6%***

* per IMS

% contribution



■ ethicals ■ patents ■ distribution

- like-for-like expenses well-managed at **4.4% growth**
- operating margin up from 3.0% to **3.2%**
- inventory days reduced from 29 to **22**
- RONA increased from 28.8% to **31.5%**

... focus on volume & efficiency

strategic focus



- more diversified revenue base
 - targeting dispensing doctors
 - third party distribution – Pharmaplan contract
- continue to improve operating efficiencies
 - launch of Lea Glen pharma DC in June 2007
 - review use of facilities

... driving return on assets



strategic focus - Link



- differentiated offering for independent community pharmacy
 - instill loyalty to UPD by adding value, additional revenues & good retail practices
- signed up 250 independent pharmacies to date





MUSICA
LISTEN WITH YOUR SOUL



performance



- turnover growth of 12.1% (same stores 10.0%) driven by
 - DVD +33%
 - gaming +38% - PlayStation 3 & Xbox 360 launched
- 41% of sales now non-music (2006: 35%)
- slower H2 sales growth
- operating margin up from 3.3% to 4.9%
- entertainment market share up from 20.5% to 21.6%*

... entertainment strategy successful

* based on supplier data

strategic focus



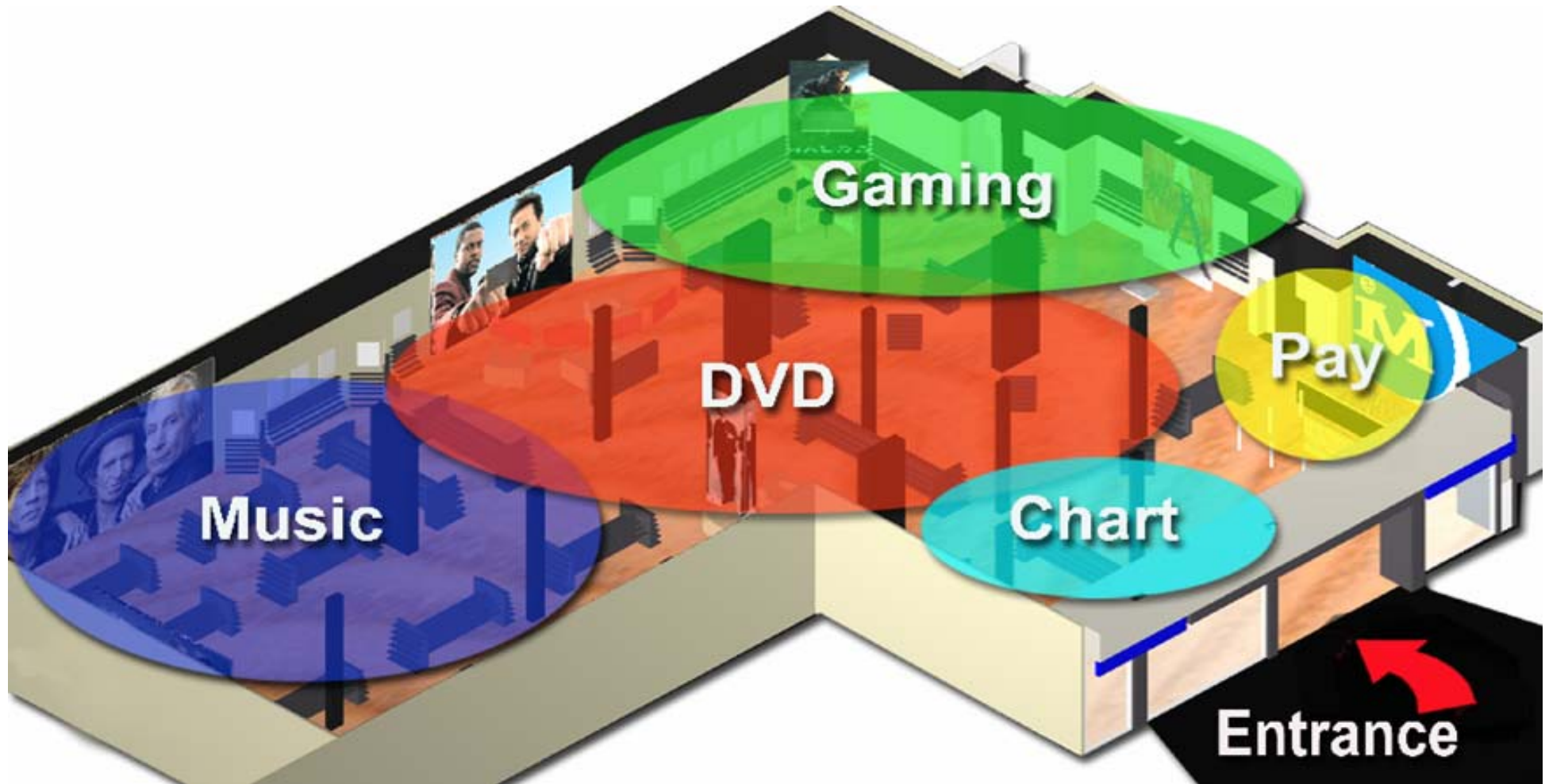
- enhancing the brand's proposition
 - airtime on sale in all stores
 - launched gift cards in August 2007
 - expanding DVD & gaming space in 40 more stores
- widening access to the brand
 - 7 stores opened during the year
 - 20 new stores planned for 2008



new store layout



new store layout (continued)



THE BODY SHOP™



- 2007 highlights
 - turnover up 26.3%; comparable stores up 19.3%
 - make-up +60%
 - ‘Love Your Body’ loyalty programme
 - > 52 000 members; 30% of sales
 - 4 new stores, including 1st in Namibia
- strategic focus for 2008
 - in-store experience
 - 3 - 5 new stores + 3 refurbishments

prospects

David Kneale



trading environment

- trading environment tougher than last year
 - driven by consumer sentiment
- modest inflation
 - competitive pressure
 - healthcare regulation

strategic priorities

- continue transition of **Clicks** to health & beauty specialist
- build **UPD & Clicks** pre-eminence in healthcare & pharmacy management
- widening access to **Musica** brand
- build **organisational capability** to deliver sustained performance
- efficient **capital & cash** management

... strategy ensures sustainable competitive advantage

prospects

- clear plans to deliver on strategy
 - roll out of Clicks blueprint
 - diversifying UPD revenue base
 - expanding footprint & non-music offering in Musica
 - 38 - 40 new stores; 5% trading space growth
- trading environment makes delivery more challenging
- regulatory environment remains uncertain
- maintain focus on operational execution

prospects *(continued)*

- earnings growth at a more normalised level, off a higher base
- confident of achieving:
 - improvement in operating margin
 - continued cash generation

... 30% ROE in 2008 – ahead of schedule

thank you

