

# Financial Summary

## – after IFRS and other adjustments

|   |                | Six months to<br>28 February 2006 | Six months to<br>28 February 2005<br>restated | Year to<br>31 August 2005 |
|---|----------------|-----------------------------------|---|---------------------------|
| <b>Income Statement</b>   |                |                                   |   |                           |
| Turnover  | R'000          | 4 997 631                         | 4 378 101                                     | 8 714 338                 |
| Gross profit  | R'000          | 1 033 283                         | 955 396                                       | 1 778 578                 |
| Headline earnings   | R'000          | 139 530                           | 129 122                                       | 200 530                   |
| <b>Balance Sheet</b>  |                |                                   |   |                           |
| Ordinary shareholders' interest   | R'000          | 1 533 988                         | 1 387 281                                     | 1 416 939                 |
| Long-term liabilities   | R'000          | 138 864                           | 222 703                                       | 167 683                   |
| Total assets  | R'000          | 3 507 911                         | 3 203 205                                     | 3 331 679                 |
| <b>Cash Flow</b>  |                |                                   |   |                           |
| Net cash utilised by operating activities                                       | R'000          | (406 817)                         | (271 183)                                     | (13 144)                  |
| Net interest paid   | R'000          | (29 956)                          | (26 512)                                      | (49 086)                  |
| Capital expenditure   | R'000          | 63 743                            | 72 376  | 170 106                   |
| Depreciation and amortisation   | R'000          | 51 074                            | 49 722  | 99 321                    |
| <b>Performance</b>  |                |                                   |   |                           |
| Turnover growth   | %              | 14.2                              | 5.2   | 8.6                       |
| Comparable stores turnover growth   | %              | 9.5                               | 9.2   | 8.9                       |
| Gross profit growth   | %              | 8.2                               |   |                           |
| Gross profit margin   | %              | 20.7                              | 21.8  | 20.4                      |
| Inventory turn  | times          | 6.7                               | 6.5   | 6.1                       |
| Return on total assets  | %              | 7.6                               | 7.4   | 6.0                       |
| Return on shareholders' interest  | %              | 17.7                              | 17.2  | 14.2                      |
| Net interest-bearing debt to shareholders' funds at period-end                  | %              | 43.9                              | 31.6  | 19.4                      |
| Net interest-bearing debt, including cash, to shareholders' funds at period-end |                | 42.1                              | 26.4  | 15.1                      |
| <b>Statistics</b>   |                |                                   |   |                           |
| Number of permanent employees   |                | 9 087                             | 8 817   | 8 947                     |
| Number of stores – company owned  |                | 663                               | 680   | 663                       |
| – franchised  |                | 15                                | 15  | 15                        |
| Weighted trading area – company owned   | m <sup>2</sup> | 244 945                           | 234 897                                       | 249 417                   |
| <b>Share statistics</b>   |                |                                   |   |                           |
| Number of shares in issue (gross)   | '000           | 376 738                           | 368 554                                       | 370 260                   |
| Number of shares in issue (net of treasury shares)                              | '000           | 346 997                           | 338 813                                       | 340 519                   |
| Weighted average number of shares in issue                                      | '000           | 341 662                           | 340 627                                       | 339 914                   |
| Weighted average diluted number of shares in issue                              | '000           | 346 723                           | 346 344                                       | 349 358                   |
| Headline earnings per share – undiluted   | cents          | 40.8                              | 37.9  | 59.0                      |
| – diluted   | cents          | 40.2                              | 37.3  | 57.4                      |
| Distribution per share – Declared/paid – June/July                              | cents          | 11.2                              | 11.2  | 11.2                      |
| – Paid – December   | cents          |                                   |   | 18.5                      |
| Distribution cover  | times          | 3.6                               | 3.3   | 1.9                       |
| Share price – closing   | cents          | 1 065                             | 830   | 810                       |
| – high  | cents          | 1 075                             | 990   | 990                       |
| – low   | cents          | 795                               | 725   | 690                       |
| Net asset value per share   | cents          | 407                               | 376   | 383                       |
| Market capitalisation (gross)   | R'000          | 4 012 260                         | 3 058 998                                     | 2 999 106                 |
| Market capitalisation (net of treasury shares)                                  | R'000          | 3 695 522                         | 2 812 148                                     | 2 758 204                 |

# Commentary

## Overview

The transition of New Clicks has continued over the period, with financial performance improving and turnover growing at satisfactory levels.

The decisive management action taken in Clicks over the past year is starting to reflect in an improved operating performance, evidence that the business is stabilising. Discom, the Entertainment division (Musica and CD Wherehouse) and wholesale distributor, UPD, continued to deliver strong performances.

Following the appointment of David Kneale as chief executive officer in January 2006, a new executive team was formed to lead the group, comprising Kneale, Keith Warburton as chief financial officer and Michael Harvey as managing director of Clicks. In addition, Peter Eagles and Martin Rosen were appointed as non-executive directors with effect from 10 April 2006.

During the reporting period the following resigned as directors: Raymond Godfrey as an executive director on 31 December 2005; Trevor Honneysett as an executive director on 23 January 2006; and Peter Swartz and Allen Zimble as non-executive directors on 10 April 2006.

Management has focused on embedding the new information systems platform implemented during 2005, with business processes being adapted accordingly and the quality of management information starting to improve.

## Financial performance

Group turnover increased by 14.2%. UPD maintained its strong performance with growth of 28.9%. Retail turnover increased by 9.0% (9.5% on a comparable store basis) despite a benign inflationary environment.

Total income (gross profit and other revenue) grew by 9.8%, with gross profit up 8.2% and other revenue up by 18.9%. Gross margin declined by 1.1% to 20.7% as a result of the increased proportion of UPD within the mix. Retail operations maintained a stable margin despite the inclusion of a group surplus shrinkage provision of R28 million. Management has taken the prudent view that this amount should not be released to income until the year-end inventory count has been concluded.

Operating expenses grew by 10.1%.

Profit before interest and taxation, despite the inclusion of the group surplus shrinkage provision, grew by 11.6%.

Interest paid increased by R3.4 million on the previous year, reflecting the higher levels of borrowings to support additional working capital requirements.

Headline earnings grew by 8.1% with diluted headline earnings per share up by 7.8% to 40.2 cents.

Capital expenditure in the group decreased to R63.7 million from R72.4 million in the last six months, while working capital needs increased by R582 million in the period. This

increased requirement is primarily attributable to additional funding of accounts receivable in UPD following the acquisition of hospital supply contracts and timing differences in the levels of funding provided by suppliers.

Inventories increased by 4.2% despite the 14.2% increase in turnover, reflecting the greater focus on stock management. Consequently inventory turn increased to 6.7 times from 6.5 times in 2005.

## Trading performance

Clicks increased turnover by 7.3%, with comparable stores increasing by 10%. This reflects the impact of the closure or conversion of most of the remaining non-integrated pharmacies, with only 12 left at the end of February and this has since been further reduced to six.

13 new Clicks stores opened in the period, bringing the total store base to 308, including 92 dispensaries. Clicks opened its 100th dispensary in late April.

Despite current pharmacy pricing, healthcare sales grew by 9.1% with pharmacy sales building to plan. Operating profit of R186.4 million is an improvement of 10.6% on last year.

Discom increased turnover by 10.1%, with comparable stores growing by 5.7%. The total number of stores at end-February 2006 was 183, a net increase of three over the six months. Operating profit grew by 51.2% to R30.1 million, with operating margin improving from 4.1% to 5.6%.



The Entertainment division enjoyed another successful trading period and increased turnover by 18.5%, with comparable stores growing by 12.2%. The contribution of DVD, gaming and lifestyle merchandise continues to increase with these categories now accounting for 33% of total sales. A net two stores were opened, with stores totalling 141 at period-end. Operating profit of R46.4 million was up 52.2% on last year.

The Body Shop turnover increased by 5.4%, with comparable stores up 1.6%. Operating profit was up by 3.2%.

UPD's turnover growth of 28.9% was driven mainly by the new hospital supply contracts and 35% growth in sales to Clicks stores. Gross margins are lower on the hospital business, although this was offset by improved efficiencies. Operating profit grew by 29.1%.

### Prospects

- Trading in March and April has been in line with management's expectations and is anticipated to continue at current levels for the remaining four months of the financial year.
- 21 new stores are planned to be opened by the financial year-end.
- The pharmacy rollout in Clicks will continue, but at a more measured pace as the business focuses on building volume and improving operating efficiencies.
- Management will continue to focus on embedding the new systems

into the business to provide the foundations for future operations.

- Improvements in working capital will be generated from the ongoing focus on inventory management.
- The directors and management are confident that the continued improvement in the operating performance will result in increased profitability for the full year.

### Distribution

The directors have proposed a cash distribution by way of a reduction of share premium of 11.2 cents per ordinary share for the six months ended 28 February 2006 ("the distribution"), subject to the approval of shareholders at a General Meeting to be held on Friday, 9 June 2006.

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

- Last day to trade "cum" the distribution  
**Friday, 23 June 2006**
- Shares trade "ex" the distribution  
**Monday, 26 June 2006**
- Record date  
**Friday, 30 June 2006**
- Payment to shareholders  
**Monday, 3 July 2006**

Share certificates may not be dematerialised or rematerialised between Monday, 26 June 2006 and Friday, 30 June 2006, both days inclusive.

By order of the Board

ALLAN SCOTT  
Company Secretary  
4 May 2006

### Accounting policies

The group is reporting for the first time in accordance with International Financial Reporting Standards (IFRS) for the year ending 31 August 2006 and accordingly, comparative figures have been restated. The unaudited results for the half-year ended 28 February 2006 have been prepared in accordance with the group's accounting policies, which comply with IFRS. These standards are subject to ongoing review and possible amendment by interpretive guidance from the International Financial Reporting Interpretations Committee. The results may therefore be subject to change at future reporting dates. A full set of the group's accounting policies are available on request from the company's registered office. The disclosures required in terms of IFRS1 – First time adoption of IFRS concerning the transition from South African Statements of Generally Accepted Accounting Practice and the requisite changes in accounting policies are set out under the heading of Adjustments as part of the Statement of Changes in Equity.

# Operational Segmental Balance Sheet

## – before IFRS and other adjustments

| R'000                               | Retail                    |                           | Distribution              |                           |
|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                     | As at<br>28 February 2006 | As at<br>28 February 2005 | As at<br>28 February 2006 | As at<br>28 February 2005 |
| <b>Assets</b>                       |                           |                           |                           |                           |
| Non-current assets                  | <b>1 055 125</b>          | 850 268                   | <b>(102 935)</b>          | 19 661                    |
| Property, plant and equipment       | <b>629 732</b>            | 603 944                   | <b>74 648</b>             | 70 686                    |
| Trademarks                          | <b>2 955</b>              | 3 605                     | –                         | –                         |
| Goodwill                            | –                         | 14 440                    | <b>83 950</b>             | 83 950                    |
| Deferred taxation assets            | <b>104 319</b>            | 68 860                    | <b>962</b>                | 1 152                     |
| Intragroup loans                    | <b>262 495</b>            | 136 127                   | <b>(262 495)</b>          | (136 127)                 |
| Financial assets                    | <b>55 624</b>             | 23 292                    | –                         | –                         |
| Current assets                      | <b>1 590 710</b>          | 1 572 344                 | <b>805 908</b>            | 589 924                   |
| Inventories                         | <b>1 293 929</b>          | 1 270 284                 | <b>278 405</b>            | 234 588                   |
| Trade and other receivables         | <b>273 659</b>            | 227 611                   | <b>499 890</b>            | 348 269                   |
| Taxation prepaid                    | –                         | –                         | –                         | –                         |
| Cash on hand                        | <b>10 650</b>             | 74 449                    | <b>27 613</b>             | 7 067                     |
| Derivative financial assets         | <b>12 472</b>             | –                         | –                         | –                         |
| <b>Total assets</b>                 | <b>2 645 835</b>          | 2 422 612                 | <b>702 973</b>            | 609 585                   |
| <b>Equity and liabilities</b>       |                           |                           |                           |                           |
| Capital and reserves                | <b>1 384 688</b>          | 1 331 459                 | <b>64 274</b>             | 14 735                    |
| Ordinary share capital              | <b>3 765</b>              | 3 685                     | –                         | –                         |
| Share premium                       | <b>1 003 012</b>          | 954 097                   | –                         | –                         |
| Treasury shares                     | <b>(249 678)</b>          | (249 787)                 | –                         | –                         |
| Non-distributable reserves          | <b>18 451</b>             | 28 341                    | –                         | –                         |
| Distributable reserve               | <b>609 138</b>            | 595 123                   | <b>64 274</b>             | 14 735                    |
| Non-current liabilities             | <b>230 306</b>            | 212 259                   | <b>21 361</b>             | 24 726                    |
| Financial liabilities               | <b>119 344</b>            | 200 954                   | <b>19 520</b>             | 21 749                    |
| Deferred taxation liabilities       | <b>25 456</b>             | 11 305                    | <b>1 841</b>              | 2 977                     |
| Lease accrual                       | <b>85 506</b>             | –                         | –                         | –                         |
| Current liabilities                 | <b>1 030 841</b>          | 878 894                   | <b>617 338</b>            | 570 124                   |
| Short-term borrowings               | <b>458 968</b>            | 117 818                   | –                         | 13 887                    |
| Trade and other payables            | <b>504 020</b>            | 681 169                   | <b>600 839</b>            | 546 314                   |
| Financial liabilities               | <b>72 172</b>             | 81 149                    | <b>3 947</b>              | 2 873                     |
| Taxation payable                    | <b>(4 319)</b>            | (1 242)                   | <b>12 552</b>             | 7 050                     |
| <b>Total equity and liabilities</b> | <b>2 645 835</b>          | 2 422 612                 | <b>702 973</b>            | 609 585                   |

| R'000                         | Total                     |                           | Total                   |
|-------------------------------|---------------------------|---------------------------|-------------------------|
|                               | As at<br>28 February 2006 | As at<br>28 February 2005 | As at<br>31 August 2005 |
| <b>Assets</b>                 |                           |                           |                         |
| Non-current assets            | <b>952 190</b>            | 869 929                   | 951 117                 |
| Property, plant and equipment | <b>704 380</b>            | 674 630                   | 708 895                 |
| Trademarks                    | <b>2 955</b>              | 3 605                     | 3 280                   |
| Goodwill                      | <b>83 950</b>             | 98 390                    | 83 950                  |
| Deferred taxation assets      | <b>105 281</b>            | 70 012                    | 102 264                 |
| Intragroup loans              | –                         | –                         | –                       |
| Financial assets              | <b>55 624</b>             | 23 292                    | 52 728                  |
| Current assets                | <b>2 396 618</b>          | 2 162 268                 | 2 239 058               |
| Inventories                   | <b>1 572 334</b>          | 1 504 872                 | 1 621 880               |
| Trade and other receivables   | <b>773 549</b>            | 575 880                   | 494 515                 |
| Taxation prepaid              | –                         | –                         | 37 903                  |
| Cash on hand                  | <b>38 263</b>             | 81 516                    | 70 315                  |
| Derivative financial assets   | <b>12 472</b>             | –                         | 14 445                  |
| Total assets                  | <b>3 348 808</b>          | 3 032 197                 | 3 190 175               |
| <b>Equity and liabilities</b> |                           |                           |                         |
| Capital and reserves          | <b>1 448 962</b>          | 1 346 194                 | 1 340 223               |
| Ordinary share capital        | <b>3 765</b>              | 3 685                     | 3 703                   |
| Share premium                 | <b>1 003 012</b>          | 954 097                   | 964 077                 |
| Treasury shares               | <b>(249 678)</b>          | (249 787)                 | (249 678)               |
| Non-distributable reserves    | <b>18 451</b>             | 28 341                    | 18 488                  |
| Distributable reserve         | <b>673 412</b>            | 609 858                   | 603 633                 |
| Non-current liabilities       | <b>251 667</b>            | 236 985                   | 277 939                 |
| Financial liabilities         | <b>138 864</b>            | 222 703                   | 167 683                 |
| Deferred taxation liabilities | <b>27 297</b>             | 14 282                    | 24 750                  |
| Lease accrual                 | <b>85 506</b>             | –                         | 85 506                  |
| Current liabilities           | <b>1 648 179</b>          | 1 449 018                 | 1 572 013               |
| Short-term borrowings         | <b>458 968</b>            | 131 705                   | 13 903                  |
| Trade and other payables      | <b>1 104 859</b>          | 1 227 483                 | 1 451 713               |
| Financial liabilities         | <b>76 119</b>             | 84 022                    | 93 024                  |
| Taxation payable              | <b>8 233</b>              | 5 808                     | 13 373                  |
| Total equity and liabilities  | <b>3 348 808</b>          | 3 032 197                 | 3 190 175               |

# Operational Segmental Balance Sheet

## – after IFRS and other adjustments

| R'000                         | Retail                    |                           | Distribution              |                           |
|-------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                               | As at<br>28 February 2006 | As at<br>28 February 2005 | As at<br>28 February 2006 | As at<br>28 February 2005 |
| <b>Assets</b>                 |                           |                           |                           |                           |
| Non-current assets            | <b>1 400 797</b>          | 1 195 604                 | <b>(102 643)</b>          | 19 661                    |
| Property, plant and equipment | <b>628 383</b>            | 593 670                   | <b>74 940</b>             | 70 686                    |
| Trademarks                    | <b>374 955</b>            | 375 605                   | –                         | –                         |
| Goodwill                      | –                         | 14 440                    | <b>83 950</b>             | 83 950                    |
| Deferred taxation assets      | <b>79 340</b>             | 52 470                    | <b>962</b>                | 1 152                     |
| Intragroup loans              | <b>262 495</b>            | 136 127                   | <b>(262 495)</b>          | (136 127)                 |
| Financial assets              | <b>55 624</b>             | 23 292                    | –                         | –                         |
| Current assets                | <b>1 405 594</b>          | 1 400 336                 | <b>804 163</b>            | 587 604                   |
| Inventories                   | <b>1 117 259</b>          | 1 106 076                 | <b>276 660</b>            | 232 268                   |
| Trade and other receivables   | <b>275 217</b>            | 229 815                   | <b>499 890</b>            | 348 269                   |
| Taxation prepaid              | –                         | –                         | –                         | –                         |
| Cash on hand                  | <b>646</b>                | 64 445                    | <b>27 613</b>             | 7 067                     |
| Derivative financial assets   | <b>12 472</b>             | –                         | –                         | –                         |
| Total assets                  | <b>2 806 391</b>          | 2 595 940                 | <b>701 520</b>            | 607 265                   |
| <b>Equity and liabilities</b> |                           |                           |                           |                           |
| Capital and reserves          | <b>1 470 661</b>          | 1 374 170                 | <b>63 327</b>             | 13 111                    |
| Ordinary share capital        | <b>3 765</b>              | 3 685                     | –                         | –                         |
| Share premium                 | <b>1 003 012</b>          | 954 097                   | –                         | –                         |
| Share option reserve          | <b>17 327</b>             | 11 501                    | –                         | –                         |
| Treasury shares               | <b>(249 678)</b>          | (249 787)                 | –                         | –                         |
| Non-distributable reserves    | <b>471</b>                | 441                       | –                         | –                         |
| Distributable reserve         | <b>695 764</b>            | 654 233                   | <b>63 327</b>             | 13 111                    |
| Non-current liabilities       | <b>255 038</b>            | 304 438                   | <b>20 855</b>             | 24 030                    |
| Financial liabilities         | <b>119 344</b>            | 200 954                   | <b>19 520</b>             | 21 749                    |
| Deferred taxation liabilities | <b>45 296</b>             | 22 640                    | <b>1 335</b>              | 2 281                     |
| Lease accrual                 | <b>90 398</b>             | 80 844                    | –                         | –                         |
| Current liabilities           | <b>1 080 692</b>          | 917 332                   | <b>617 338</b>            | 570 124                   |
| Short-term borrowings         | <b>458 968</b>            | 117 818                   | –                         | 13 887                    |
| Trade and other payables      | <b>553 871</b>            | 719 607                   | <b>600 839</b>            | 546 314                   |
| Financial liabilities         | <b>72 172</b>             | 81 149                    | <b>3 947</b>              | 2 873                     |
| Taxation payable              | <b>(4 319)</b>            | (1 242)                   | <b>12 552</b>             | 7 050                     |
| Total equity and liabilities  | <b>2 806 391</b>          | 2 595 940                 | <b>701 520</b>            | 607 265                   |

| R'000                         | Total                     |                           | Total                   |
|-------------------------------|---------------------------|---------------------------|-------------------------|
|                               | As at<br>28 February 2006 | As at<br>28 February 2005 | As at<br>31 August 2005 |
| <b>Assets</b>                 |                           |                           |                         |
| Non-current assets            | <b>1 298 154</b>          | 1 215 265                 | 1 282 857               |
| Property, plant and equipment | <b>703 323</b>            | 664 356                   | 697 149                 |
| Trademarks                    | <b>374 955</b>            | 375 605                   | 375 280                 |
| Goodwill                      | <b>83 950</b>             | 98 390                    | 83 950                  |
| Deferred taxation assets      | <b>80 302</b>             | 53 622                    | 73 750                  |
| Intragroup loans              | –                         | –                         | –                       |
| Financial assets              | <b>55 624</b>             | 23 292                    | 52 728                  |
| Current assets                | <b>2 209 757</b>          | 1 987 940                 | 2 048 822               |
| Inventories                   | <b>1 393 919</b>          | 1 338 344                 | 1 440 090               |
| Trade and other receivables   | <b>775 107</b>            | 578 084                   | 496 073                 |
| Taxation prepaid              | –                         | –                         | 37 903                  |
| Cash on hand                  | <b>28 259</b>             | 71 512                    | 60 311                  |
| Derivative financial assets   | <b>12 472</b>             | –                         | 14 445                  |
| Total assets                  | <b>3 507 911</b>          | 3 203 205                 | 3 331 679               |
| <b>Equity and liabilities</b> |                           |                           |                         |
| Capital and reserves          | <b>1 533 988</b>          | 1 387 281                 | 1 416 939               |
| Ordinary share capital        | <b>3 765</b>              | 3 685                     | 3 703                   |
| Share premium                 | <b>1 003 012</b>          | 954 097                   | 964 077                 |
| Share option reserve          | <b>17 327</b>             | 11 501                    | 14 414                  |
| Treasury shares               | <b>(249 678)</b>          | (249 787)                 | (249 678)               |
| Non-distributable reserves    | <b>471</b>                | 441                       | 508                     |
| Distributable reserve         | <b>759 091</b>            | 667 344                   | 683 915                 |
| Non-current liabilities       | <b>275 893</b>            | 328 468                   | 291 009                 |
| Financial liabilities         | <b>138 864</b>            | 222 703                   | 167 683                 |
| Deferred taxation liabilities | <b>46 631</b>             | 24 921                    | 37 820                  |
| Lease accrual                 | <b>90 398</b>             | 80 844                    | 85 506                  |
| Current liabilities           | <b>1 698 030</b>          | 1 487 456                 | 1 623 731               |
| Short-term borrowings         | <b>458 968</b>            | 131 705                   | 13 903                  |
| Trade and other payables      | <b>1 154 710</b>          | 1 265 921                 | 1 503 431               |
| Financial liabilities         | <b>76 119</b>             | 84 022                    | 93 024                  |
| Taxation payable              | <b>8 233</b>              | 5 808                     | 13 373                  |
| Total equity and liabilities  | <b>3 507 911</b>          | 3 203 205                 | 3 331 679               |

# Operational Segmental Income Statement

## – before IFRS and other adjustments

| R'000  | Retail                               |                                      |             | Distribution                         |                                      |             |
|--|--------------------------------------|--------------------------------------|-------------|--------------------------------------|--------------------------------------|-------------|
|  | Six months to<br>28 February<br>2006 | Six months to<br>28 February<br>2005 | %<br>change | Six months to<br>28 February<br>2006 | Six months to<br>28 February<br>2005 | %<br>change |
| Turnover   | <b>3 460 801</b>                     | 3 175 160                            | 9.0         | <b>1 837 521</b>                     | 1 425 882                            | 28.9        |
| Cost of merchandise  | <b>2 611 688</b>                     | 2 382 894                            | 9.6         | <b>1 703 807</b>                     | 1 310 155                            | 30.0        |
| Gross profit   | <b>849 113</b>                       | 792 266                              | 7.2         | <b>133 714</b>                       | 115 727                              | 15.5        |
| Other revenue  | <b>274 857</b>                       | 241 316                              | 13.9        | <b>24 278</b>                        | 24 797                               | (2.1)       |
| Other expenditure  | <b>959 488</b>                       | 864 902                              | 10.9        | <b>105 019</b>                       | 99 814                               | 5.2         |
| Depreciation and amortisation                              | <b>54 330</b>                        | 50 015                               | 8.6         | <b>1 737</b>                         | 2 434                                | (28.6)      |
| Occupancy costs  | <b>146 086</b>                       | 134 055                              | 9.0         | <b>5 437</b>                         | 5 161                                | 5.3         |
| Employment costs   | <b>436 602</b>                       | 391 034                              | 11.7        | <b>49 352</b>                        | 46 645                               | 5.8         |
| Other operating costs                                      | <b>313 097</b>                       | 287 606                              | 8.9         | <b>48 416</b>                        | 45 606                               | 6.2         |
| Impairment of property, plant and equipment                | <b>8 475</b>                         | –                                    |             | <b>–</b>                             | –                                    |             |
| Loss/(profit) on disposal of property, plant and equipment | <b>898</b>                           | 2 192                                |             | <b>77</b>                            | (32)                                 |             |
| Goodwill impairment  | <b>–</b>                             | –                                    |             | <b>–</b>                             | –                                    |             |
| Profit/(loss) before interest and taxation                 | <b>164 482</b>                       | 168 680                              | (2.5)       | <b>52 973</b>                        | 40 710                               | 30.1        |
| Net interest paid  |                                      |                                      |             |                                      |                                      |             |
| Interest paid  |                                      |                                      |             |                                      |                                      |             |
| Interest received  |                                      |                                      |             |                                      |                                      |             |
| Profit before taxation                                     |                                      |                                      |             |                                      |                                      |             |
| Taxation   |                                      |                                      |             |                                      |                                      |             |
| Profit attributable to ordinary shareholders               |                                      |                                      |             |                                      |                                      |             |
| Adjustment for:  |                                      |                                      |             |                                      |                                      |             |
| Impairment of property, plant and equipment                |                                      |                                      |             |                                      |                                      |             |
| Loss on disposal of property, plant and equipment          |                                      |                                      |             |                                      |                                      |             |
| Goodwill impairment  |                                      |                                      |             |                                      |                                      |             |
| Headline earnings  |                                      |                                      |             |                                      |                                      |             |
| HEPS (cents)   |                                      |                                      |             |                                      |                                      |             |
| – undiluted  |                                      |                                      |             |                                      |                                      |             |
| – diluted  |                                      |                                      |             |                                      |                                      |             |
| EPS (cents)  |                                      |                                      |             |                                      |                                      |             |
| – undiluted  |                                      |                                      |             |                                      |                                      |             |
| – diluted  |                                      |                                      |             |                                      |                                      |             |
| Shares in issue ('000)                                     |                                      |                                      |             |                                      |                                      |             |
| Weighted average number of shares ('000)                   |                                      |                                      |             |                                      |                                      |             |
| Weighted average diluted number of shares ('000)           |                                      |                                      |             |                                      |                                      |             |



| R'000  | Intragroup Elimination               |                                      | Total                                |                                      |             | Total                        |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------|------------------------------|
|  | Six months to<br>28 February<br>2006 | Six months to<br>28 February<br>2005 | Six months to<br>28 February<br>2006 | Six months to<br>28 February<br>2005 | %<br>change | Year to<br>31 August<br>2005 |
| Turnover   | <b>(300 691)</b>                     | (222 941)                            | <b>4 997 631</b>                     | 4 378 101                            | 14.2        | 8 714 338                    |
| Cost of merchandise  | <b>(300 691)</b>                     | (222 548)                            | <b>4 014 804</b>                     | 3 470 501                            | 15.7        | 7 004 862                    |
| Gross profit   | –                                    | (393)                                | <b>982 827</b>                       | 907 600                              | 8.3         | 1 709 476                    |
| Other revenue  | –                                    | –                                    | <b>299 135</b>                       | 266 113                              | 12.4        | 542 778                      |
| Other expenditure  | –                                    | –                                    | <b>1 064 507</b>                     | 964 716                              | 10.3        | 1 910 781                    |
| Depreciation and amortisation                              | –                                    | –                                    | <b>56 067</b>                        | 52 449                               | 6.9         | 104 734                      |
| Occupancy costs  | –                                    | –                                    | <b>151 523</b>                       | 139 216                              | 8.8         | 291 409                      |
| Employment costs   | –                                    | –                                    | <b>485 954</b>                       | 437 679                              | 11.0        | 846 782                      |
| Other operating costs                                      | –                                    | –                                    | <b>361 513</b>                       | 333 212                              | 8.5         | 650 772                      |
| Impairment of property, plant and equipment                | –                                    | –                                    | <b>8 475</b>                         | –                                    |             | –                            |
| Loss/(profit) on disposal of property, plant and equipment | –                                    | –                                    | <b>975</b>                           | 2 160                                |             | 270                          |
| Goodwill impairment  | –                                    | –                                    | –                                    | –                                    |             | 16 814                       |
| Profit/(loss) before interest and taxation                 | –                                    | (393)                                | <b>217 455</b>                       | 208 997                              | 4.0         | 341 473                      |
| Net interest paid  |                                      |                                      | <b>29 956</b>                        | 26 512                               | 13.0        | 49 086                       |
| Interest paid  |                                      |                                      | <b>33 724</b>                        | 27 692                               | 21.8        | 56 964                       |
| Interest received  |                                      |                                      | <b>(3 768)</b>                       | (1 180)                              |             | (7 878)                      |
| Profit before taxation                                     |                                      |                                      | <b>187 499</b>                       | 182 485                              | 2.8         | 292 387                      |
| Taxation   |                                      |                                      | <b>54 187</b>                        | 53 547                               | 1.2         | 87 754                       |
| Profit attributable to ordinary shareholders               |                                      |                                      | <b>133 312</b>                       | 128 938                              | 3.4         | 204 633                      |
| Adjustment for:  |                                      |                                      |                                      |                                      |             |                              |
| Impairment of property, plant and equipment                |                                      |                                      | <b>6 017</b>                         | –                                    |             | –                            |
| Loss on disposal of property, plant and equipment          |                                      |                                      | <b>692</b>                           | 1 512                                |             | 191                          |
| Goodwill impairment  |                                      |                                      | –                                    | –                                    |             | 16 814                       |
| Headline earnings  |                                      |                                      | <b>140 021</b>                       | 130 450                              | 7.3         | 221 638                      |
| HEPS (cents)   |                                      |                                      |                                      |                                      |             |                              |
| – undiluted  |                                      |                                      | <b>41.0</b>                          | 38.3                                 | 7.1         | 65.2                         |
| – diluted  |                                      |                                      | <b>40.3</b>                          | 37.6                                 | 7.2         | 63.2                         |
| EPS (cents)  |                                      |                                      |                                      |                                      |             |                              |
| – undiluted  |                                      |                                      | <b>39.0</b>                          | 37.9                                 | 2.9         | 60.2                         |
| – diluted  |                                      |                                      | <b>38.4</b>                          | 37.2                                 | 3.2         | 58.4                         |
| Shares in issue ('000)                                     |                                      |                                      | <b>376 738</b>                       | 368 554                              | 2.2         | 370 260                      |
| Weighted average number of shares ('000)                   |                                      |                                      | <b>341 662</b>                       | 340 627                              | 0.3         | 339 914                      |
| Weighted average diluted number of shares ('000)           |                                      |                                      | <b>347 196</b>                       | 346 993                              | 0.1         | 350 433                      |

# Operational Segmental Income Statement

## – after IFRS and other adjustments

| R'000  | Retail                               |   |             | Distribution                         |   |             |
|--|--------------------------------------|---|-------------|--------------------------------------|---|-------------|
|  | Six months to<br>28 February<br>2006 | Six months to<br>28 February<br>2005 restated | %<br>change | Six months to<br>28 February<br>2006 | Six months to<br>28 February<br>2005 restated | %<br>change |
| Turnover   | 3 460 801                            | 3 175 160                                     | 9.0         | 1 837 521                            | 1 425 882                                     | 28.9        |
| Cost of merchandise  | 2 487 270                            | 2 279 552                                     | 9.1         | 1 777 769                            | 1 365 701                                     | 30.2        |
| Gross profit   | 973 531                              | 895 608                                       | 8.7         | 59 752                               | 60 181  | (0.7)       |
| Other revenue  | 114 325                              | 98 505  | 16.1        | 98 240                               | 80 343  | 22.3        |
| Other expenditure  | 915 540                              | 832 341                                       | 10.0        | 104 727                              | 99 814  | 4.9         |
| Depreciation and amortisation                              | 49 629                               | 47 288  | 5.0         | 1 445                                | 2 434   | (40.6)      |
| Occupancy costs  | 149 390                              | 142 949                                       | 4.5         | 5 437                                | 5 161   | 5.3         |
| Employment costs   | 415 301                              | 359 880                                       | 15.4        | 49 352                               | 46 645  | 5.8         |
| Other operating costs                                      | 300 140                              | 275 361                                       | 9.0         | 48 416                               | 45 606  | 6.2         |
| Impairment of property, plant and equipment                | 182                                  | 4 671   |             | –                                    | –   |             |
| Loss/(profit) on disposal of property, plant and equipment | 898                                  | 2 192   |             | 77                                   | (32)  |             |
| Goodwill impairment  | –                                    | –   |             | –                                    | –   |             |
| Profit/(loss) before interest and taxation                 | 172 316                              | 161 772                                       | 6.5         | 53 265                               | 40 710  | 30.8        |
| Net interest paid  |                                      |   |             |                                      |   |             |
| Interest paid  |                                      |   |             |                                      |   |             |
| Interest received  |                                      |   |             |                                      |   |             |
| Profit before taxation                                     |                                      |   |             |                                      |   |             |
| Taxation   |                                      |   |             |                                      |   |             |
| Profit attributable to ordinary shareholders               |                                      |   |             |                                      |   |             |
| Adjustment for:  |                                      |   |             |                                      |   |             |
| Impairment of property, plant and equipment                |                                      |   |             |                                      |   |             |
| Loss on disposal of property, plant and equipment          |                                      |   |             |                                      |   |             |
| Goodwill impairment  |                                      |   |             |                                      |   |             |
| Headline earnings  |                                      |   |             |                                      |   |             |
| HEPS (cents)   |                                      |   |             |                                      |   |             |
| – undiluted  |                                      |   |             |                                      |   |             |
| – diluted  |                                      |   |             |                                      |   |             |
| EPS (cents)  |                                      |   |             |                                      |   |             |
| – undiluted  |                                      |   |             |                                      |   |             |
| – diluted  |                                      |   |             |                                      |   |             |
| Shares in issue ('000)                                     |                                      |   |             |                                      |   |             |
| Weighted average number of shares ('000)                   |                                      |   |             |                                      |   |             |
| Weighted average diluted number of shares ('000)           |                                      |   |             |                                      |   |             |

| R'000  | Intragroup Elimination               |   | Total                                |   |             | Total                                 |
|--|--------------------------------------|---|--------------------------------------|---|-------------|---------------------------------------|
|  | Six months to<br>28 February<br>2006 | Six months to<br>28 February<br>2005 restated | Six months to<br>28 February<br>2006 | Six months to<br>28 February<br>2005 restated | %<br>change | Year to<br>31 August<br>2005 restated |
| Turnover   | <b>(300 691)</b>                     | (222 941)                                     | <b>4 997 631</b>                     | 4 378 101                                     | 14.2        | 8 714 338                             |
| Cost of merchandise  | <b>(300 691)</b>                     | (222 548)                                     | <b>3 964 348</b>                     | 3 422 705                                     | 15.8        | 6 935 760                             |
| Gross profit   | –                                    | (393)   | <b>1 033 283</b>                     | 955 396                                       | 8.2         | 1 778 578                             |
| Other revenue  | –                                    | –   | <b>212 565</b>                       | 178 848                                       | 18.9        | 385 925                               |
| Other expenditure  | –                                    | –   | <b>1 020 267</b>                     | 932 155                                       | 9.5         | 1 859 156                             |
| Depreciation and amortisation                              | –                                    | –   | <b>51 074</b>                        | 49 722  | 2.7         | 99 321                                |
| Occupancy costs  | –                                    | –   | <b>154 827</b>                       | 148 110                                       | 4.5         | 295 426                               |
| Employment costs   | –                                    | –   | <b>464 653</b>                       | 406 525                                       | 14.3        | 814 824                               |
| Other operating costs                                      | –                                    | –   | <b>348 556</b>                       | 320 967                                       | 8.6         | 626 358                               |
| Impairment of property, plant and equipment                | –                                    | –   | <b>182</b>                           | 4 671   |             | 6 143                                 |
| Loss/(profit) on disposal of property, plant and equipment | –                                    | –   | <b>975</b>                           | 2 160   |             | 270                                   |
| Goodwill impairment  | –                                    | –   | –                                    | –   |             | 16 814                                |
| Profit/(loss) before interest and taxation                 | –                                    | (393)   | <b>225 581</b>                       | 202 089                                       | 11.6        | 305 347                               |
| Net interest paid  |                                      |   | <b>29 956</b>                        | 26 512  | 13.0        | 49 086                                |
| Interest paid  |                                      |   | <b>33 724</b>                        | 27 692  | 21.8        | 56 964                                |
| Interest received  |                                      |   | <b>(3 768)</b>                       | (1 180)                                       |             | (7 878)                               |
| Profit before taxation                                     |                                      |   | <b>195 625</b>                       | 175 577                                       | 11.4        | 256 261                               |
| Taxation   |                                      |   | <b>56 916</b>                        | 51 283  | 11.0        | 77 098                                |
| Profit attributable to ordinary shareholders               |                                      |   | <b>138 709</b>                       | 124 294                                       | 11.6        | 179 163                               |
| Adjustment for:  |                                      |   |                                      |   |             |                                       |
| Impairment of property, plant and equipment                |                                      |   | <b>129</b>                           | 3 316   |             | 4 362                                 |
| Loss on disposal of property, plant and equipment          |                                      |   | <b>692</b>                           | 1 512   |             | 191                                   |
| Goodwill impairment  |                                      |   | –                                    | –   |             | 16 814                                |
| Headline earnings  |                                      |   | <b>139 530</b>                       | 129 122                                       | 8.1         | 200 530                               |
| HEPS (cents)   |                                      |   |                                      |   |             |                                       |
| – undiluted  |                                      |   | <b>40.8</b>                          | 37.9  | 7.7         | 59.0                                  |
| – diluted  |                                      |   | <b>40.2</b>                          | 37.3  | 7.8         | 57.4                                  |
| EPS (cents)  |                                      |   |                                      |   |             |                                       |
| – undiluted  |                                      |   | <b>40.6</b>                          | 36.5  | 11.2        | 52.7                                  |
| – diluted  |                                      |   | <b>40.0</b>                          | 35.9  | 11.4        | 51.3                                  |
| Shares in issue ('000)                                     |                                      |   | <b>376 738</b>                       | 368 554                                       | 2.2         | 370 260                               |
| Weighted average number of shares ('000)                   |                                      |   | <b>341 662</b>                       | 340 627                                       | 0.3         | 339 914                               |
| Weighted average diluted number of shares ('000)           |                                      |   | <b>346 723</b>                       | 346 344                                       | 0.1         | 349 358                               |

# Consolidated Changes in Equity Statement

## – after IFRS and other adjustments

| R'000  | Number of shares ('000) | Share capital | Share premium    | Share option reserve | Treasury shares  | Non-distributable reserves | Distributable reserve | Total            |
|--|-------------------------|---------------|------------------|----------------------|------------------|----------------------------|-----------------------|------------------|
| <b>Balance at 31 August 2004 restated</b>                                | <b>345 391</b>          | <b>3 612</b>  | <b>907 107</b>   | <b>9 035</b>         | <b>(122 981)</b> | <b>1 042</b>               | <b>618 147</b>        | <b>1 415 962</b> |
| Balance at 31 August 2004 as previously stated                           | 345 391                 | 3 612         | 907 107          | –                    | (122 981)        | 28 942                     | 556 017               | <b>1 372 697</b> |
| Lease adjustment   | –                       | –             | –                | –                    | –                | –                          | (53 542)              | <b>(53 542)</b>  |
| Adjustments  | –                       | –             | –                | 9 035                | –                | (27 900)                   | 115 672               | <b>96 807</b>    |
| Shares issued in respect of options                                      | 7 349                   | 73            | 47 201           | –                    | –                | –                          | –                     | <b>47 274</b>    |
| Share issue expenses written off   | –                       | –             | (211)            | –                    | –                | –                          | –                     | <b>(211)</b>     |
| Treasury shares purchased  | (13 927)                | –             | –                | –                    | (126 806)        | –                          | –                     | <b>(126 806)</b> |
| Foreign currency translation reserve                                     | –                       | –             | –                | –                    | –                | (601)                      | –                     | <b>(601)</b>     |
| <b>Profit for the period restated</b>                                    | <b>–</b>                | <b>–</b>      | <b>–</b>         | <b>2 466</b>         | <b>–</b>         | <b>–</b>                   | <b>124 294</b>        | <b>126 760</b>   |
| Profit for the period as previously stated                               | –                       | –             | –                | –                    | –                | –                          | 128 938               | <b>128 938</b>   |
| Lease adjustment   | –                       | –             | –                | –                    | –                | –                          | (3 093)               | <b>(3 093)</b>   |
| Adjustments  | –                       | –             | –                | 2 466                | –                | –                          | (1 551)               | <b>915</b>       |
| Distributions  | –                       | –             | –                | –                    | –                | –                          | (75 097)              | <b>(75 097)</b>  |
| <b>Balance at 28 February 2005 restated</b>                              | <b>338 813</b>          | <b>3 685</b>  | <b>954 097</b>   | <b>11 501</b>        | <b>(249 787)</b> | <b>441</b>                 | <b>667 344</b>        | <b>1 387 281</b> |
| Balance at 28 February 2005 as previously stated                         | 338 813                 | 3 685         | 954 097          | –                    | (249 787)        | 28 341                     | 609 858               | <b>1 346 194</b> |
| Lease adjustment   | –                       | –             | –                | –                    | –                | –                          | (56 635)              | <b>(56 635)</b>  |
| Adjustments  | –                       | –             | –                | 11 501               | –                | (27 900)                   | 114 121               | <b>97 722</b>    |
| Shares issued in respect of options                                      | 1 706                   | 18            | 10 042           | –                    | –                | –                          | –                     | <b>10 060</b>    |
| Share issue expenses written off   | –                       | –             | (62)             | –                    | –                | –                          | –                     | <b>(62)</b>      |
| Treasury shares purchased  | –                       | –             | –                | –                    | 109              | –                          | –                     | <b>109</b>       |
| <b>Deferred taxation on write-off of intangible assets restated</b>      | <b>–</b>                | <b>–</b>      | <b>–</b>         | <b>–</b>             | <b>–</b>         | <b>–</b>                   | <b>(930)</b>          | <b>(930)</b>     |
| Deferred taxation on write-off of intangible assets as previously stated | –                       | –             | –                | –                    | –                | (9 920)                    | 8 990                 | <b>(930)</b>     |
| Adjustments  | –                       | –             | –                | –                    | –                | 9 920                      | (9 920)               | <b>–</b>         |
| Foreign currency translation reserve                                     | –                       | –             | –                | –                    | –                | 67                         | –                     | <b>67</b>        |
| <b>Profit for the period restated</b>                                    | <b>–</b>                | <b>–</b>      | <b>–</b>         | <b>2 913</b>         | <b>–</b>         | <b>–</b>                   | <b>54 869</b>         | <b>57 782</b>    |
| Profit for the period as previously stated                               | –                       | –             | –                | –                    | –                | –                          | 78 788                | <b>78 788</b>    |
| Adjustments  | –                       | –             | –                | 2 913                | –                | –                          | (23 919)              | <b>(21 006)</b>  |
| Distributions  | –                       | –             | –                | –                    | –                | –                          | (37 368)              | <b>(37 368)</b>  |
| <b>Balance at 31 August 2005 restated</b>                                | <b>340 519</b>          | <b>3 703</b>  | <b>964 077</b>   | <b>14 414</b>        | <b>(249 678)</b> | <b>508</b>                 | <b>683 915</b>        | <b>1 416 939</b> |
| Balance at 31 August 2005 as previously stated                           | 340 519                 | 3 703         | 964 077          | –                    | (249 678)        | 18 488                     | 603 633               | <b>1 340 223</b> |
| Adjustments  | –                       | –             | –                | 14 414               | –                | (17 980)                   | 80 282                | <b>76 716</b>    |
| Shares issued in respect of options                                      | 6 478                   | 62            | 39 060           | –                    | –                | –                          | –                     | <b>39 122</b>    |
| Share issue expenses written off   | –                       | –             | (125)            | –                    | –                | –                          | –                     | <b>(125)</b>     |
| Foreign currency translation reserve                                     | –                       | –             | –                | –                    | –                | (37)                       | –                     | <b>(37)</b>      |
| Share option reserve   | –                       | –             | –                | 2 913                | –                | –                          | –                     | <b>2 913</b>     |
| Profit for the period  | –                       | –             | –                | –                    | –                | –                          | 138 709               | <b>138 709</b>   |
| Distributions  | –                       | –             | –                | –                    | –                | –                          | (63 533)              | <b>(63 533)</b>  |
| <b>Balance at 28 February 2006</b>                                       | <b>346 997</b>          | <b>3 765</b>  | <b>1 003 012</b> | <b>17 327</b>        | <b>(249 678)</b> | <b>471</b>                 | <b>759 091</b>        | <b>1 533 988</b> |

| Adjustments<br>R'000                                   | Impact on profit for the period |                     |                   | Impact on reserves              |                   |                                 |
|--|---------------------------------|---------------------|-------------------|---------------------------------|-------------------|---------------------------------|
|  | 28 February<br>2006             | 28 February<br>2005 | 31 August<br>2005 | Cumulative<br>31 August<br>2005 | 31 August<br>2005 | Cumulative<br>31 August<br>2004 |
| Share options  | (2 913)                         | (2 466)             | (5 379)           | –                               | –                 | –                               |
| Re-recognition of trademarks previously<br>written off | –                               | –                   | –                 | 264 120                         | 3 720             | 260 400                         |
| Inventory adjustments                                  | 2 396                           | (3 210)             | (14 046)          | (129 075)                       | (15 668)          | (113 407)                       |
| Irrecoverable debtors' balances written off            | –                               | –                   | –                 | (25 080)                        | –                 | (25 080)                        |
| Leave pay and bonus accruals                           | 6 836                           | 9 687               | (110)             | (13 301)                        | (295)             | (13 006)                        |
| Onerous leases   | 984                             | (3 222)             | (2 854)           | (13 704)                        | (3 007)           | (10 697)                        |
| Other  | 4 588                           | (5 433)             | (3 081)           | (6 244)                         | (4 841)           | (1 403)                         |
| Termination settlement provision                       | (6 494)                         | –                   | –                 | –                               | –                 | –                               |
| <b>Total Adjustments</b>                               | <b>5 397</b>                    | <b>(4 644)</b>      | <b>(25 470)</b>   | <b>76 716</b>                   | <b>(20 091)</b>   | <b>96 807</b>                   |

The effects disclosed are net of deferred taxation at the rates prevailing during the relevant period.

The group is reporting for the first time in accordance with International Financial Reporting Standards (IFRS) for the year ending 31 August 2006 and accordingly, comparative figures have been restated. The unaudited results for the half-year ended 28 February 2006 have been prepared in accordance with the group's accounting policies, which comply with IFRS. These standards are subject to ongoing review and possible amendment by interpretive guidance from the International Financial Reporting Interpretations Committee. The results may therefore be subject to change at future reporting dates. A full set of the group's accounting policies are available on request from the company's registered office. The disclosures required in terms of IFRS1 – First time adoption of IFRS concerning the transition from South African Statements of Generally Accepted Accounting Practice and the requisite changes in accounting policies are set out below and as part of the Statement of Changes in Equity above.

The group has applied IFRS2 – Share-based payments to all options granted after 7 November 2002 which had not vested at 31 August 2004. The fair value of these options were determined at the grant date using the Binomial option pricing model. The fair value of the options that are expected to vest have been amortised over the vesting period. The cumulative value amortised at 28 February 2006 amounts to R17.3 million.

The provisions of IFRS1 have required the group to re-recognise trademarks to the value of R372 million which were written off against share premium in 1996. These trademarks are treated as intangibles with indefinite useful lives in accordance with IAS 38 – Intangible assets. Accordingly these trademarks are not amortised, but are subject to an annual impairment test.

Rebates, settlement discounts and distribution costs have been included as part of the cost of merchandise which has had the effect of reducing the value of inventories. In addition, the group has historically used the Retail Inventory Method to estimate the FIFO cost of inventory. The assumptions and methodology applied by the group in using the Retail Inventory Method were reviewed and refined during the period, in the context of more reliable information becoming available, to more accurately reflect the FIFO cost of inventory.

Irrecoverable debtors' balances represent amounts that should have been written off in previous years.

Leave pay and bonus accruals relate to known over and underprovisions in the periods indicated.

Onerous leases relate to onerous contract costs which had previously not been recognised.

As reported in the annual report for the year ended 31 August 2005, the group changed its accounting treatment in respect of operating leases subject to a fixed escalation. The group now recognises the total value of lease payments over the term of the lease on a straight-line basis. This change was effected after the results for the six-month period ended 28 February 2005 were published and the comparatives have accordingly been restated.

In addition to the reallocation of rebates and settlement discounts from other revenue to gross profit and the reallocation of distribution costs from operating expenditure to gross profit as described above, the group has also reallocated distribution and logistic fee income in its distribution business from gross profit to other revenue.

# Consolidated Cash Flow Statement

## – after IFRS and other adjustments

| R'000   | <b>Six months to<br/>28 February 2006</b> | Six months to<br>28 February 2005<br>restated | Year to<br>31 August 2005<br>restated |
|---|---|---|---------------------------------------|
| <b>Cash effects of operating activities</b>                                   |   |   |                                       |
| Operating profit before working capital changes (refer note 1)                | <b>290 518</b>                            | 268 191                                       | 454 812                               |
| Working capital changes (refer note 2)  | <b>(581 952)</b>                          | (392 822)                                     | (197 147)                             |
| Cash (utilised)/generated by operations                                       | <b>(291 434)</b>                          | (124 631)                                     | 257 665                               |
| Net interest paid   | <b>(29 956)</b>                           | (26 512)                                      | (49 086)                              |
| Taxation paid   | <b>(21 894)</b>                           | (44 943)                                      | (109 258)                             |
| Cash (outflow)/inflow from operating activities                               | <b>(343 284)</b>                          | (196 086)                                     | 99 321                                |
| Distributions to ordinary shareholders  | <b>(63 533)</b>                           | (75 097)                                      | (112 465)                             |
| Net cash effects of operating activities                                      | <b>(406 817)</b>                          | (271 183)                                     | (13 144)                              |
| <b>Cash effects of investing activities</b>                                   |   |   |                                       |
| Investment in property, plant and equipment to maintain and expand operations | <b>(63 743)</b>                           | (72 376)                                      | (170 106)                             |
| Acquisition of additional goodwill  | –   | (110)   | (2 484)                               |
| Proceeds on disposal of property, plant and equipment                         | <b>3 066</b>                              | 2 808   | 16 204                                |
| (Increase)/decrease in loan receivables                                       | <b>(2 896)</b>                            | 3 162   | (26 274)                              |
| Net cash effects of investing activities                                      | <b>(63 573)</b>                           | (66 516)                                      | (182 660)                             |
| <b>Cash effects of financing activities</b>                                   |   |   |                                       |
| Shareholders' funds raised  | <b>39 122</b>                             | 47 274  | 57 334                                |
| Share issue expenses  | <b>(125)</b>                              | (211)   | (273)                                 |
| Purchase of treasury shares   | –   | (127 423)                                     | (126 697)                             |
| Long-term borrowings repaid   | <b>(45 724)</b>                           | (33 824)                                      | (79 842)                              |
| Net cash effects of financing activities                                      | <b>(6 727)</b>                            | (114 184)                                     | (149 478)                             |
| Net decrease in cash and cash equivalents                                     | <b>(477 117)</b>                          | (451 883)                                     | (345 282)                             |
| Cash and cash equivalents at beginning of period                              | <b>46 408</b>                             | 391 690                                       | 391 690                               |
| Cash and cash equivalents at end of period                                    | <b>(430 709)</b>                          | (60 193)                                      | 46 408                                |

| R'000   | Six months to<br>28 February 2006 | Six months to<br>28 February 2005 | Year to<br>31 August 2005 |
|---|-----------------------------------|-----------------------------------|---------------------------|
| <b>Notes to the cash flow statement</b>                     |                                   |                                   |                           |
| <b>1. Operating profit before working capital changes</b>   |                                   |                                   |                           |
| Profit before interest and taxation                         | <b>225 581</b>                    | 202 089                           | 305 347                   |
| Non-cash items:   |                                   |                                   |                           |
| Depreciation and amortisation                               | <b>53 671</b>                     | 52 449                            | 104 734                   |
| Impairment of property, plant and equipment                 | <b>182</b>                        | 4 671                             | 6 143                     |
| Impairment of goodwill                                      | –                                 | –                                 | 16 814                    |
| Foreign exchange loss                                       | –                                 | –                                 | 2 500                     |
| Loss on disposal of property, plant and equipment           | <b>975</b>                        | 2 160                             | 270                       |
| Fair value adjustment relating to share appreciation rights | <b>331</b>                        | –                                 | 662                       |
| Lease straight-lining adjustment                            | <b>4 892</b>                      | 4 356                             | 9 018                     |
| Share option reserve  | <b>2 913</b>                      | 2 466                             | 5 379                     |
| Derivatives fair value adjustment                           | <b>1 973</b>                      | –                                 | 3 945                     |
|   | <b>290 518</b>                    | 268 191                           | 454 812                   |
| <b>2. Working capital changes</b>                           |                                   |                                   |                           |
| Increase in trade and other receivables                     | <b>(279 034)</b>                  | (132 118)                         | (50 107)                  |
| (Decrease)/increase in trade and other payables             | <b>(349 089)</b>                  | (171 692)                         | 62 107                    |
| Decrease/(increase) in inventories                          | <b>46 171</b>                     | (89 012)                          | (190 757)                 |
| Increase in derivative financial assets                     | –                                 | –                                 | ( 18 390)                 |
|   | <b>(581 952)</b>                  | (392 822)                         | (197 147)                 |

# Trading Segmental Analysis

## – before IFRS and other adjustments

For the six months ended 28 February 2006  
R'000

|  | Total            |                  | Clicks           |                  | Discom         |                | Entertainment  |                |        |
|--|------------------|------------------|------------------|------------------|----------------|----------------|----------------|----------------|--------|
|  | 2006             | 2005             | 2006             | 2005             | 2006           | 2005           | 2006           | 2005           |        |
| <b>Balance sheet</b>                                 |                  |                  |                  |                  |                |                |                |                |        |
| Property, plant and equipment                        | 704 380          | 674 630          | 182 231          | 181 771          | 57 976         | 60 622         | 35 084         | 32 591         |        |
| Inventories  | 1 572 334        | 1 504 872        | 867 271          | 882 876          | 248 902        | 227 656        | 170 963        | 154 925        |        |
| Other assets   | 1 072 094        | 849 090          | –                | –                | –              | –              | –              | –              |        |
| <b>Total assets</b>                                  | <b>3 348 808</b> | <b>3 028 592</b> | <b>1 049 502</b> | <b>1 064 647</b> | <b>306 878</b> | <b>288 278</b> | <b>206 047</b> | <b>187 516</b> |        |
| <b>Income statement</b>                              |                  |                  |                  |                  |                |                |                |                |        |
| Turnover   | 4 997 631        | 4 378 101        | 2 463 073        | 2 295 682        | 541 078        | 491 241        | 418 257        | 352 978        |        |
| Operating profit/(loss) (before allocation)          | 226 905          | 211 157          | 178 435          | 171 970          | 29 054         | 19 738         | 45 479         | 30 923         |        |
| Shared Services allocation                           | –                | –                | (41 356)         | (44 267)         | (4 514)        | (5 155)        | (10 827)       | (7 635)        |        |
| <b>Operating profit/(loss) (after allocation)</b>    | <b>226 905</b>   | <b>211 157</b>   | <b>137 079</b>   | <b>127 703</b>   | <b>24 540</b>  | <b>14 583</b>  | <b>34 652</b>  | <b>23 288</b>  |        |
| *Includes surplus shrinkage provision of R28 248 000 |                  |                  |                  |                  |                |                |                |                |        |
| <b>Ratios</b>  |                  |                  |                  |                  |                |                |                |                |        |
| Operating profit margin (before allocation)          | %                | 4.5              | 4.8              | 7.2              | 7.5            | 5.4            | 4.0            | 10.9           | 8.8    |
| Operating profit margin (after allocation)           | %                | 4.5              | 4.8              | 5.6              | 5.6            | 4.5            | 3.0            | 8.3            | 6.6    |
| Number of stores                                     |                  |                  |                  |                  |                |                |                |                |        |
| – company owned                                      |                  | 663              | 680              | 308              | 335            | 183            | 179            | 141            | 136    |
| – franchised   |                  | 15               | 15               | 14               | 14             | 1              | 1              | –              | –      |
| Weighted trading area                                | m <sup>2</sup>   | 244 945          | 234 897          | 173 655          | 166 019        | 51 197         | 50 111         | 18 264         | 17 064 |
| Weighted annual sales per m <sup>2</sup>             | R                | 26 373           | 25 232           | 26 476           | 25 812         | 19 728         | 18 299         | 42 748         | 38 613 |
| Number of permanent employees                        |                  | 9 087            | 8 817            | 5 319            | 5 093          | 1 827          | 1 805          | 676            | 570    |



| The Body Shop |        | Style Studio |        | UPD       |           | Shared Services |          | Intragroup Elimination |           |
|---------------|--------|--------------|--------|-----------|-----------|-----------------|----------|------------------------|-----------|
| 2006          | 2005   | 2006         | 2005   | 2006      | 2005      | 2006            | 2005     | 2006                   | 2005      |
| 11 827        | 11 837 | 1 213        | 1 368  | 74 648    | 70 686    | 341 401         | 315 755  | -                      | -         |
| 8 319         | 8 554  | 1 367        | 1 355  | 278 405   | 232 399   | -               | -        | (2 893)                | (2 893)   |
| -             | -      | -            | -      | 349 920   | 306 500   | 722 174         | 542 590  | -                      | -         |
| 20 146        | 20 391 | 2 580        | 2 723  | 702 973   | 609 585   | 1 063 575       | 858 345  | (2 893)                | (2 893)   |
| 34 691        | 32 901 | 3 552        | 2 358  | 1 837 521 | 1 425 882 | 150             | -        | (300 691)              | (222 941) |
| 6 533         | 6 312  | 629          | (258)  | 52 224    | 40 678    | (85 449)*       | (57 813) | -                      | (393)     |
| (504)         | (756)  | -            | -      | -         | -         | 57 201          | 57 813   | -                      | -         |
| 6 029         | 5 556  | 629          | (258)  | 52 224    | 40 678    | (28 248)        | -        | -                      | (393)     |
| 18.8          | 19.2   | 17.7         | (10.9) | 2.8       | 2.9       | -               | -        | -                      | -         |
| 17.4          | 16.9   | 17.7         | (10.9) | 2.8       | 2.9       | -               | -        | -                      | -         |
| 28            | 27     | 3            | 3      | -         | -         | -               | -        | -                      | -         |
| -             | -      | -            | -      | -         | -         | -               | -        | -                      | -         |
| 1 564         | 1 474  | 265          | 229    | -         | -         | -               | -        | -                      | -         |
| 41 405        | 41 666 | 25 018       | 19 221 | -         | -         | -               | -        | -                      | -         |
| 66            | 69     | 11           | 19     | 498       | 527       | 690             | 734      | -                      | -         |

# Trading Segmental Analysis

## – after IFRS and other adjustments

For the six months ended 28 February 2006  
R'000

|   | Total            |                  | Clicks         |                | Discom         |                | Entertainment  |                |        |
|---|------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------|
|   | 2006             | 2005             | 2006           | 2005           | 2006           | 2005           | 2006           | 2005           |        |
| <b>Balance sheet</b>  |                  |                  |                |                |                |                |                |                |        |
| Property, plant and equipment   | 703 323          | 664 356          | 180 299        | 176 899        | 58 142         | 56 056         | 35 482         | 31 755         |        |
| Inventories   | 1 393 919        | 1 338 344        | 743 829        | 768 307        | 216 703        | 196 523        | 150 849        | 135 319        |        |
| Other assets  | 1 410 669        | 1 200 505        | –              | –              | –              | –              | –              | –              |        |
| <b>Total assets</b>   | <b>3 507 911</b> | <b>3 203 205</b> | <b>924 128</b> | <b>945 206</b> | <b>274 845</b> | <b>252 579</b> | <b>186 331</b> | <b>167 074</b> |        |
| <b>Income statement</b>   |                  |                  |                |                |                |                |                |                |        |
| Turnover  | 4 997 631        | 4 378 101        | 2 463 073      | 2 295 682      | 541 078        | 491 241        | 418 257        | 352 978        |        |
| Operating profit/(loss) (before allocation)   | 226 738          | 208 920          | 186 352        | 168 453        | 30 149         | 19 946         | 46 401         | 30 484         |        |
| Shared Services allocation  | –                | –                | (42 242)       | (43 101)       | (4 611)        | (5 019)        | (11 059)       | (7 438)        |        |
| <b>Operating profit/(loss) (after allocation)</b>   | <b>226 738</b>   | <b>208 920</b>   | <b>144 110</b> | <b>125 352</b> | <b>25 538</b>  | <b>14 927</b>  | <b>35 342</b>  | <b>23 046</b>  |        |
| *Includes surplus shrinkage provision of R28 248 000 and termination settlement costs of R9 147 000 |                  |                  |                |                |                |                |                |                |        |
| <b>Ratios</b>   |                  |                  |                |                |                |                |                |                |        |
| Operating profit margin (before allocation)   | %                | 4.5              | 4.8            | 7.6            | 7.3            | 5.6            | 4.1            | 11.1           | 8.6    |
| Operating profit margin (after allocation)  | %                | 4.5              | 4.8            | 5.9            | 5.5            | 4.7            | 3.0            | 8.4            | 6.5    |
| Number of stores  |                  |                  |                |                |                |                |                |                |        |
| – company owned   |                  | 663              | 680            | 308            | 335            | 183            | 179            | 141            | 136    |
| – franchised  |                  | 15               | 15             | 14             | 14             | 1              | 1              | –              | –      |
| Weighted trading area   | m <sup>2</sup>   | 244 945          | 234 897        | 173 655        | 166 019        | 51 197         | 50 111         | 18 264         | 17 064 |
| Weighted annual sales per m <sup>2</sup>  | R                | 26 373           | 25 232         | 26 476         | 25 812         | 19 728         | 18 299         | 42 748         | 38 613 |
| Number of permanent employees   |                  | 9 087            | 8 817          | 5 319          | 5 093          | 1 827          | 1 805          | 676            | 570    |

| The Body Shop |        | Style Studio |        | UPD       |           | Shared Services |           | Intragroup Elimination |           |
|---------------|--------|--------------|--------|-----------|-----------|-----------------|-----------|------------------------|-----------|
| 2006          | 2005   | 2006         | 2005   | 2006      | 2005      | 2006            | 2005      | 2006                   | 2005      |
| 11 846        | 11 837 | 1 213        | 1 368  | 74 940    | 70 686    | 341 401         | 315 755   | -                      | -         |
| 7 404         | 7 465  | 1 367        | 1 355  | 276 660   | 232 268   | -               | -         | (2 893)                | (2 893)   |
| -             | -      | -            | -      | 349 920   | 304 311   | 1 060 749       | 896 194   | -                      | -         |
| 19 250        | 19 302 | 2 580        | 2 723  | 701 520   | 607 265   | 1 402 150       | 1 211 949 | (2 893)                | (2 893)   |
| 34 691        | 32 901 | 3 552        | 2 358  | 1 837 521 | 1 425 882 | 150             | -         | (300 691)              | (222 941) |
| 6 513         | 6 309  | 629          | (258)  | 52 516    | 40 678    | (95 822)        | (56 299)  | -                      | (393)     |
| (515)         | (741)  | -            | -      | -         | -         | 58 427          | 56 299    | -                      | -         |
| 5 998         | 5 568  | 629          | (258)  | 52 516    | 40 678    | (37 395)        | -         | -                      | (393)     |
| 18.8          | 19.2   | 17.7         | (10.9) | 2.9       | 2.9       | -               | -         | -                      | -         |
| 17.3          | 16.9   | 17.7         | (10.9) | 2.9       | 2.9       | -               | -         | -                      | -         |
| 28            | 27     | 3            | 3      | -         | -         | -               | -         | -                      | -         |
| -             | -      | -            | -      | -         | -         | -               | -         | -                      | -         |
| 1 564         | 1 474  | 265          | 229    | -         | -         | -               | -         | -                      | -         |
| 41 405        | 41 666 | 25 018       | 19 221 | -         | -         | -               | -         | -                      | -         |
| 66            | 69     | 11           | 19     | 498       | 527       | 690             | 734       | -                      | -         |

# Definitions

## **Diluted headline earnings per share**

Headline earnings divided by the diluted weighted average number of shares in issue for the period.

## **Distribution cover**

Headline earnings for the period divided by the distributions for the period.

## **Distribution per share**

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

## **Gross profit margin**

Gross profit expressed as a percentage of turnover.

## **Headline earnings**

Profit for the period adjusted for the after tax effect of goodwill and certain other capital items.

## **Headline earnings per share**

Headline earnings divided by the weighted average number of shares in issue for the period.

## **Inventory turn**

Annualised turnover for the period divided by closing inventory at period-end.

## **Market capitalisation**

The market price per share at period-end multiplied by the number of shares in issue at period-end.

## **Net asset value per share**

Net assets at period-end divided by the number of shares in issue at period-end.

## **Net interest-bearing debt to shareholders' funds at period-end**

Interest-bearing debt at the end of the period divided by shareholders' funds at the end of the period.

## **Net tangible asset value per share**

Net assets at period-end, less intangible assets such as goodwill and trademarks, divided by the number of shares in issue at period-end.

## **Operating profit margin**

Operating profit expressed as a percentage of turnover.

## **Percentage of shares traded**

The number of shares traded as a percentage of the weighted number of shares in issue.

## **Price earnings ratio**

The market price per share at period-end divided by headline earnings per share.

## **Return on shareholders' interest**

Annualised headline earnings for the period expressed as a percentage of the average ordinary shareholders' interest for the period.

## **Return on total assets**

Annualised headline earnings for the period expressed as a percentage of the average total assets for the period.

## **Shareholders' interest**

Ordinary share capital, share premium and reserves.

## **Weighted average number of shares**

The number of shares in issue, increased by shares issued during the period, 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.

# Contact Details

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# Presentation

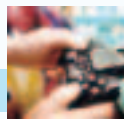


Interim results  
for the six months ended 28 February 2006

## Outline of presentation

- › Strategy & objectives
- › Review of the period
- › Financial results
- › Operational review
- › Prospects
- › Medium-term goals
- › *Questions*





## Strategy & objectives

David Kneale

## Strategy

Specialist retail group ...  
range + value + trust

Focus on ...  
health + beauty + entertainment + homewares

Operating through multiple formats ...  
to target different customer groups

Organised to be ...  
efficient & cost effective

*... focus on delivery*



## Strategy *(continued)*

### Barriers

- › Few measures
- › Shared accountabilities
- › Complexity
- › Lack of planning



### Priorities

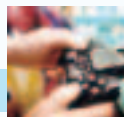
- › Clear targets
- › Clear accountabilities
- › Make business simpler
- › Get the basics right



## Medium-term goals

- › Delight our customers
- › Motivated & competent people
- › Improve ROE





## Review of the period

David Kneale

## Review of the period

- › Satisfactory turnover growth
- › Clicks performance stabilising
- › Strong performance from other brands
- › Headline earnings up 8.1%

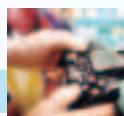
*... business in transition*





## Review of the period *(continued)*

- > New leadership
- > New systems
  - Management information starting to flow
  - Business processes being adapted
- > New financial reporting
  - Implementation of IFRS
  - Accounting standards



Financial results  
Keith Warburton

## Turnover

| R'm                 | Feb 2006 | Feb 2005 | % change | same store % change |
|---------------------|----------|----------|----------|---------------------|
| Clicks              | 2 463    | 2 296    | 7.3      | 10.0                |
| Discom              | 541      | 491      | 10.1     | 5.7                 |
| Entertainment       | 418      | 353      | 18.5     | 12.2                |
| The Body Shop       | 35       | 33       | 5.4      | 1.6                 |
| Other               | 4        | 2        | 57.0     |                     |
| Total - Retail      | 3 461    | 3 175    | 9.0      | 9.5                 |
| UPD                 | 1 838    | 1 426    | 28.9     |                     |
| Intragroup turnover | (301)    | (223)    | 34.9     |                     |
| Total group         | 4 998    | 4 378    | 14.2     |                     |

## Gross profit margin

|        | Feb 2006 R'm | Feb 2006 % | Feb 2005 R'm | Feb 2005 % |
|--------|--------------|------------|--------------|------------|
| Retail | 973          | 28.1       | 895          | 28.2       |
| UPD    | 60           | 3.3        | 60           | 4.2        |
| Total  | 1 033        | 20.7       | 955          | 21.8       |

- > Group margin down due to UPD
  - > UPD margin down due to ethical mix
  - > UPD margin no longer includes logistics fees under IFRS
- > Retail margin stable
  - > Group surplus shrinkage provision of R28 million included

## Total income

|               | Feb 2006<br>R'm | Feb 2005<br>R'm | Increase<br>% |
|---------------|-----------------|-----------------|---------------|
| Retail        | 1 088           | 994             | 9.5           |
| Gross profit  | 973             | 895             | 8.7           |
| Other revenue | 115             | 99              | 16.1          |
| UPD           | 158             | 140             | 12.5          |
| Gross profit  | 60              | 60              | (0.7)         |
| Other revenue | 98              | 80              | 22.3          |
| <b>Total</b>  | <b>1 246</b>    | <b>1 134</b>    | <b>9.8</b>    |

## Operating expenditure

| R'm                     | Feb<br>2006  | Feb<br>2005 | %<br>change |
|-------------------------|--------------|-------------|-------------|
| Clicks                  | 511          | 477         | 7.1         |
| Discom                  | 133          | 118         | 11.7        |
| Entertainment           | 97           | 85          | 14.6        |
| The Body Shop           | 13           | 12          | 11.5        |
| UPD                     | 105          | 100         | 5.7         |
| Shared services & other | 160          | 133         | 20.1        |
| <b>Total group</b>      | <b>1 019</b> | <b>925</b>  | <b>10.1</b> |

## Operating expenditure *(continued)*

| R'm                               | Feb<br>2006 | Feb<br>2005 | %<br>change |
|-----------------------------------|-------------|-------------|-------------|
| Depreciation & amortisation       | 51          | 50          | 2.7         |
| Occupancy costs                   | 155         | 148         | 4.5         |
| Employment costs                  | 465         | 406         | 14.3        |
| Other operating costs             | 348         | 321         | 8.6         |
| Total group operating expenditure | 1 019       | 925         | 10.1        |

Increase in employment costs impacted by:

- › Payment to former director
- › Growth in EVA payments related to performance
- › Wage settlements over 9%
- › IFRS adjustments



## Operating profit

| R'm                               | Feb<br>2006 | Feb<br>2005 | %<br>change |
|-----------------------------------|-------------|-------------|-------------|
| Clicks                            | 186         | 168         | 10.6        |
| Discom                            | 30          | 20          | 51.2        |
| Entertainment                     | 46          | 30          | 52.2        |
| The Body Shop                     | 7           | 6           | 3.2         |
| UPD                               | 53          | 41          | 29.1        |
| Shared services & other           | (67)        | (56)        | (18.3)      |
| Group surplus shrinkage provision | (28)        |             |             |
| Total operating profit            | 227         | 209         | 8.5         |



## Impact of adjustments

| Profit after taxation<br>R'm | Feb<br>2006 | Feb<br>2005  | Aug<br>2005   | Prior to<br>August<br>2004 |
|------------------------------|-------------|--------------|---------------|----------------------------|
| Share options                | (2.9)       | (2.5)        | (5.4)         | (9.0)                      |
| Re-recognise trademarks      | -           | -            | -             | 260.4                      |
| Inventory adjustment         | 2.4         | (3.2)        | (14.0)        | (113.4)                    |
| Irrecoverable debtors        | -           | -            | -             | (25.1)                     |
| Leave pay & bonus            | 6.8         | 9.7          | (0.1)         | (13.0)                     |
| Onerous leases               | 1.0         | (3.2)        | (2.9)         | (10.7)                     |
| Other                        | 2.2         | (5.4)        | (3.1)         | (1.4)                      |
| <b>Total adjustments</b>     | <b>9.5</b>  | <b>(4.6)</b> | <b>(25.5)</b> | <b>87.8</b>                |

## Inventory

|                        | <u>Turn (times)*</u> |             | <u>Inventory (R'm)</u> |              |
|------------------------|----------------------|-------------|------------------------|--------------|
|                        | Feb<br>2006          | Feb<br>2005 | Feb<br>2006            | Feb<br>2005  |
| Clicks                 | 6.2                  | 5.8         | 744                    | 769          |
| Discom                 | 4.7                  | 5.0         | 217                    | 197          |
| Entertainment          | 5.2                  | 4.9         | 151                    | 135          |
| The Body Shop          | 8.7                  | 7.9         | 7                      | 7            |
| Other                  | 4.9                  | 3.9         | 1                      | 1            |
| Total Retail           | 5.8                  | 5.6         | 1 120                  | 1 109        |
| UPD                    | 12.4                 | 13.1        | 277                    | 232          |
| Intragroup inventory   |                      |             | (3)                    | (3)          |
| <b>Total inventory</b> | <b>6.7</b>           | <b>6.5</b>  | <b>1 394</b>           | <b>1 338</b> |

\* Inventory on weighted annualised turnover

## Cash – utilisation

| R'm                                  | Feb 2006     | Feb 2005     |
|--------------------------------------|--------------|--------------|
| Cash from operations (pre dividends) | 239          | 197          |
| Increase in accounts receivable      | (279)        | (132)        |
| Decrease in accounts payable         | (349)        | (172)        |
| Decrease/(increase) in inventory     | 46           | (89)         |
| Shares issued                        | 39           | 47           |
| Other cash inflow                    | -            | 6            |
|                                      | <b>(304)</b> | <b>(143)</b> |
| Fixed asset purchases                | (64)         | (73)         |
| Loan repayments                      | (46)         | (34)         |
| Dividends paid                       | (63)         | (75)         |
| Purchase of treasury shares          | -            | (127)        |
| Net decrease in cash                 | <b>(477)</b> | <b>(452)</b> |



## Distribution to shareholders

- › Cash distribution of 11.2 cents
- › Distribution out of share premium
  - Earnings enhancing
  - Cash flow benefit



## Financial priorities

- › Enhancing financial management
  - Including final shrinkage numbers
- › Tighter expense control
- › Cash flow generation
  - Continued stock reduction
  - Other working capital management

... *improving ROE*

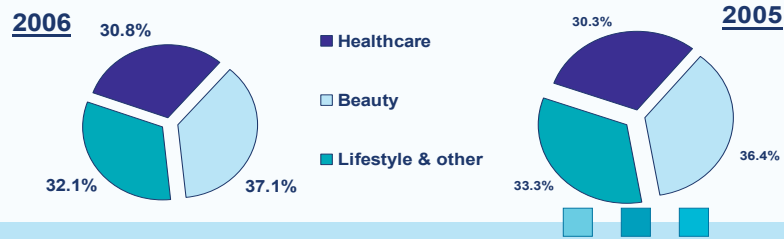


Operational review  
Michael Harvey & David Kneale

The slide features a vertical list of logos on the left side, including 'CLICKS', 'DISCOM', 'M', 'CONTACT MISC', and 'SUPA'. To the right of these logos, there are three teal squares of varying heights, suggesting a bar chart or data visualization. The text 'Operational review' and the names 'Michael Harvey & David Kneale' are positioned below the squares.

## Clicks – category performance

| R'm               | Feb 2006     | Feb 2005     | % change   |
|-------------------|--------------|--------------|------------|
| Healthcare        | 759          | 696          | 9.1        |
| Beauty            | 914          | 835          | 9.5        |
| Lifestyle & other | 790          | 765          | 3.3        |
|                   | <b>2 463</b> | <b>2 296</b> | <b>7.3</b> |



## Clicks – store performance

- > 5.9% increase in transactions to 32.6 million
- > Attracting new customers
  - Pharmacy
  - Value-based promotions
- > Front shop baskets
  - ClubCard +1.4%
  - Non-ClubCard +10.5%

Opportunity to convert new customers to ClubCard



## Clicks – store performance *(continued)*

|                               |       |
|-------------------------------|-------|
| Comparable store sales growth |       |
| Stores with dispensaries      | 17.2% |
| Stores without dispensaries   | 4.6%  |
| All stores                    | 10.0% |

- > Stores with dispensaries
  - Front shop an additional 5%
  - Total store growth 17%
- > Load-up going to plan in existing stores

*... currently 100 dispensaries*

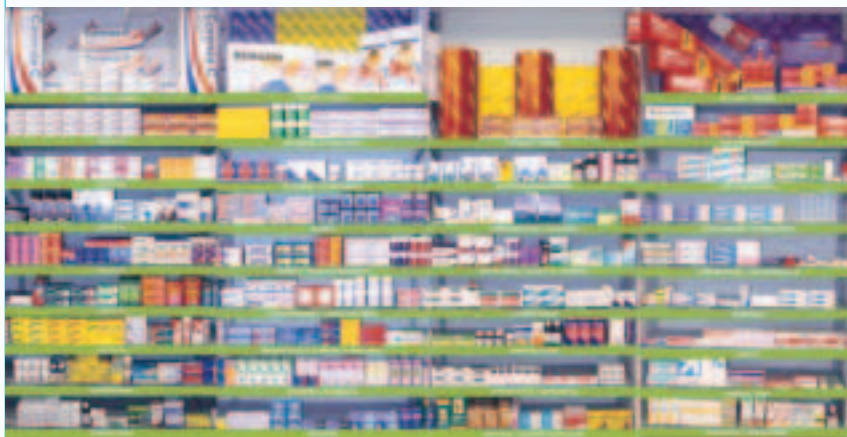
## Clicks – pharmacy focus areas

- > Volume growth
  - ClubCard holders (30% converted in 5 months)
  - OTC

## Clicks – OTC merchandising



## Clicks – OTC merchandising



## Clicks – pharmacy focus areas

- › Volume growth
  - ClubCard holders (30% converted in 5 months)
  - OTC
- › Operating efficiency
  - Optimal staffing model, including clinics
  - Building future capacity – accredited training academy
- › Gross margin
  - Constructive relationship with Department of Health



## Clicks – other priorities

- › Margin management
  - Product mix
  - Private label products (currently 13.2% of sales)



## Clicks – private label product



## Clicks – other priorities

- › Margin management
  - Product mix
  - Private label products (currently 13.2% of sales)
- › Stock management
  - Reducing stock levels
  - ....but focus on improving availability
  - Shrinkage ...trend improving
- › Store standards & customer service

*... getting the basics right*



## Clicks - summary

- › Volume growth
- › 10 new stores
- › Consolidating pharmacy
- › Margin opportunities
- › Stock management
- › Empowering people

*... focus on delivery of strategy*



## Discom

- › Turnover
  - Lifestyle up 10.7%
  - FMCG up 9.0%
- › Performance highlights
  - Strong Christmas
  - Inland division
- › Operating margin up from 4.1% to 5.6%
- › Focus
  - Driving existing store sales
  - Stock management

*... continuing to realise potential*



## Entertainment

- › Turnover: DVD, gaming & lifestyle increased from 26% to 33% of sales
- › Operating margin up from 8.6% to 11.1%
- › Growth opportunities
  - Extending the offer – Virgin Mobile
  - Widening access – 3 pilot stores in rural areas
  - Building E-commerce capability – up 59%

*... broader entertainment strategy successful*



## The Body Shop

- › Turnover up 5.7%
- › Comparable stores up 1.6%
- › Operating margin 18.8%
- › 'Love Your Body' loyalty programme launched
- › New make-up stands being rolled out
- › L'Oreal acquisition of Body Shop International not expected to impact local franchise

*... brand generating healthy returns*



## UPD

- › Turnover growth boosted by strong increase in
  - Sales to hospitals
  - Sales to Clicks
- › Margin impacted by higher volumes of ethical products
- › Expenses well-managed to 5.7% of sales (2005: 7.0%)
- › Operating margin maintained at 2.9%
- › Prospects
  - Awarded contract by MediClinic / Disamed
  - Lea Glen automation

*... driving volume & efficiency*



## Summary & outlook

David Kneale

## Prospects

- › Trading in line with expectations
- › 21 new stores anticipated by year end
- › Pharmacy rollout continues
  - Building volume
  - Improving operational efficiency
  - Pricing clarity
- › Improving working capital

*... increasing profitability*



## Medium-term goals

- › Delighting our customers
  - Building health & beauty authority
  - Building our entertainment proposition
- › Motivated & competent people
  - Strengthened HR function
  - Better performance management
- › Improving ROE
  - Higher operating profit
  - Better stock management
  - More efficient capital structure







Handout only slides

## Interest

Handout only

|                      | Debt<br>R'm | Average<br>rate | Feb 2006<br>R'm | Feb<br>2005<br>R'm |
|----------------------|-------------|-----------------|-----------------|--------------------|
| Structured rate debt | 191.5       | 16.3            | (16.9)          | (21.9)             |
| Variable rate        |             | 7.2             | (16.9)          | (5.8)              |
| Total interest paid  |             |                 | (33.8)          | (27.7)             |
| Interest received    |             |                 | 3.8             | 1.2                |
| Net interest paid    |             |                 | (30.0)          | (26.5)             |

## Clicks – pharmacy stores

*Handout only*

|                 | Non-integrated pharmacies | Clicks stores with dispensaries | Total      |
|-----------------|---------------------------|---------------------------------|------------|
| <b>Aug 2005</b> | <b>29</b>                 | <b>60</b>                       | <b>89</b>  |
| Closed / sold   | (9)                       | -                               | (9)        |
| Transferred     | (8)                       | 8                               | -          |
| New             | -                         | 12                              | 12         |
| <b>Feb 2006</b> | <b>12</b>                 | <b>80</b>                       | <b>92</b>  |
| Close / sell    | (3)                       | -                               | (3)        |
| Transfer        | (8)                       | 8                               | -          |
| New             | -                         | 21                              | 21         |
| <b>Aug 2006</b> | <b>1</b>                  | <b>109</b>                      | <b>110</b> |

## Retail – store footprint

*Handout only*

|                           | Aug 2005   | Opened    | Closed      | Feb 2006   | Committed new stores H2 2006 |
|---------------------------|------------|-----------|-------------|------------|------------------------------|
| Clicks                    | 286        | 13        | (3)         | <b>296</b> | 10                           |
| Non-integrated pharmacies | 29         | -         | (17)        | <b>12</b>  | -                            |
| Discom                    | 179        | 10        | (6)         | <b>183</b> | 5                            |
| Entertainment             | 139        | 7         | (5)         | <b>141</b> | 6                            |
| The Body Shop             | 27         | 2         | (1)         | <b>28</b>  | -                            |
| Style Studio              | 3          | -         | -           | <b>3</b>   | -                            |
| <b>Total</b>              | <b>663</b> | <b>32</b> | <b>(32)</b> | <b>663</b> | <b>21</b>                    |

*(company owned stores only)*

*... continued growth strategy*



