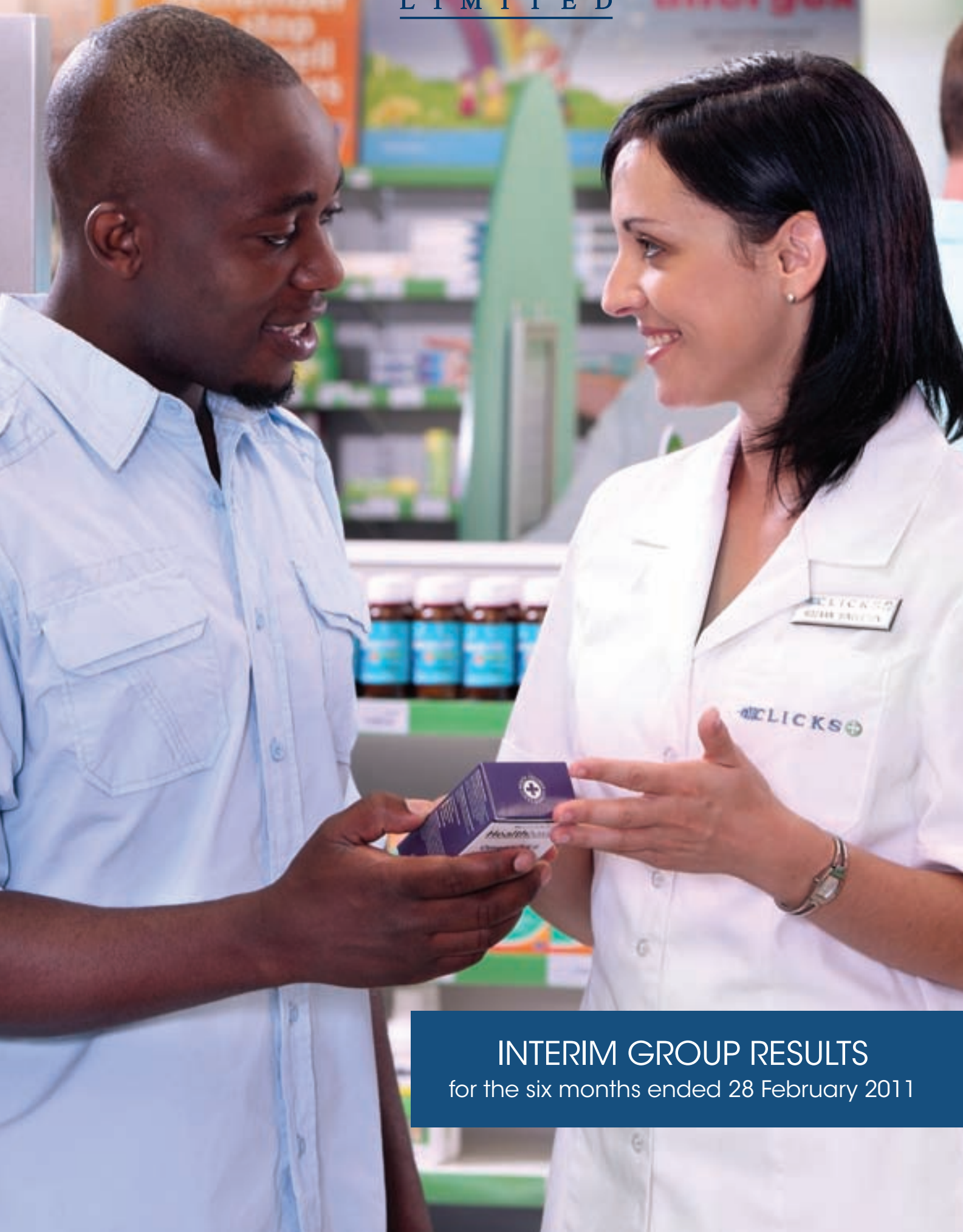


# CLICKS GROUP

L I M I T E D



## INTERIM GROUP RESULTS

for the six months ended 28 February 2011



Retail turnover  
up  
**13.5%**

Diluted headline  
EPS up  
**22.2%**

Interim distribution  
of  
**37.0** cents

Return on equity  
increases to  
**55.8%**

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# FINANCIAL SUMMARY

		Six months to 28 February 2011	Six months to 28 February 2010	% change	Year to 31 August 2010
<b>Consolidated statement of comprehensive income</b>					
Turnover	R'000	7 150 949	6 565 754	8.9%	13 276 277
Gross profit	R'000	1 665 507	1 456 688	14.3%	2 903 592
Total income	R'000	1 989 773	1 746 496	13.9%	3 529 684
Headline earnings	R'000	322 669	274 955	17.4%	575 609
Net interest charge	R'000	(17 213)	(19 379)	(11.2%)	(38 751)
<b>Consolidated statement of financial position</b>					
Equity	R'000	1 015 933	1 098 177	(7.5%)	1 141 328
Interest-bearing borrowings	R'000	184 874	226 260	(18.3%)	133 171
Total assets	R'000	4 003 530	4 026 091	(0.6%)	4 110 138
<b>Consolidated statement of cash flows</b>					
Net cash effects of operating activities	R'000	197 214	(224 562)	n/a	188 386
Capital expenditure	R'000	119 495	84 898	40.8%	231 667
Depreciation and amortisation	R'000	76 789	64 977	18.2%	136 775
<b>Performance</b>					
Turnover growth	%	8.9	9.5		9.0
Comparable stores' turnover growth	%	10.8	11.4		11.2
Total income margin	%	27.8	26.6		26.6
Gross profit growth	%	14.3	17.7		15.3
Gross profit margin	%	23.3	22.2		21.9
Operating margin	%	6.5	6.0		6.2
Inventory days		59	56		55
Current ratio	:1	1.0	1.0		1.0
Return on total assets	%	14.8	12.5		13.9
Return on shareholders' interest	%	55.8	46.2		50.8
Shareholders' interest to total assets	%	25.4	27.3		27.8
Interest-bearing debt to shareholders' interest at period-end	%	18.2	20.6		11.7
Interest-bearing debt, including cash, to shareholders' interest at period-end	%	14.2	8.6		(1.7)
<b>Statistics</b>					
Number of permanent employees		8 218	7 880	4.2%	8 064
Number of stores		575	549	4.7%	561
Weighted retail trading area	m <sup>2</sup>	220 803	210 918	4.7%	212 769
<b>Share statistics</b>					
Number of ordinary shares in issue (gross)	'000	268 303	281 546	(4.7%)	284 007
Number of ordinary shares in issue (net of treasury shares)	'000	260 518	270 609	(3.7%)	266 283
Weighted average number of shares in issue (net of treasury shares)	'000	263 522	273 555	(3.7%)	271 073
Weighted average diluted number of shares in issue (net of treasury shares)	'000	263 945	274 890	(4.0%)	272 277
Headline earnings per share – basic	cents	122.4	100.5	21.8%	212.3
– diluted	cents	122.2	100.0	22.2%	211.4
Distribution per share – interim	cents	37.0	30.5	21.3%	30.5
– final	cents				75.7
Distribution cover	times	3.3	3.3		2.0
Share price – closing	cents	3 850	2 760	39.5%	3 750
– high	cents	4 706	2 850		3 799
– low	cents	3 625	1 960		1 960
Net asset value per share	cents	390	406	(3.9%)	429
Net tangible asset value per share	cents	232	256	(9.4%)	271
Market capitalisation (gross)	R'000	10 329 666	7 770 670	32.9%	10 650 263
Market capitalisation (net of treasury shares)	R'000	10 029 943	7 468 808	34.3%	9 985 613
Price earnings ratio	times	16.9	14.8		17.7
Volume of ordinary shares traded	'000	253 828	111 572		306 424
Percentage of ordinary shares traded	%	96.3	40.8		113.0
Free float	%	96.8	95.8		93.5
Shareholders' return	cents	137	761		1 826
Increase in share price	cents	100	730		1 720
Distribution per share	cents	37	31		106
<b>Other information</b>					
Inflation rate					
CPI	%	3.7	6.3		3.5
Interest rates					
Prime overdraft rate – closing	%	9.0	10.5		10.0
– average	%	9.2	10.5		10.3
FTSE/JSE Africa share indices					
All Share Index		32 272	26 765	20.6%	27 254
General Retailers Index		38 743	28 576	35.6%	34 216
Food and Drug Retailers Index		55 063	42 777	28.7%	51 349
Exchange rate					
Rand/US dollar – closing	R/US\$	6.96	7.73	(10.0%)	7.37
– average	R/US\$	6.96	7.63	(8.8%)	7.27



# COMMENTARY

Operating margin up to **6.5%**



## Overview

The Clicks chain delivered another strong performance in the six months to 28 February 2011 ("the period") in a retail environment where consumers have remained cautious and value conscious. UPD, the group's pharmaceutical wholesaler, maintained market share in a challenging environment.

A feature of the reporting period has been the steady decline in selling price inflation which measured 2.1% for the six-month period compared to 8.6% in the prior period.

The group's diluted headline earnings per share increased by 22.2% to 122.2 cents. The financial performance has been enhanced by the benefits of the ongoing capital management programme.

Return on equity increased to 55.8% from 46.2% in 2010 and R450 million was returned to shareholders during the period through a combination of share buy-backs and distributions.

Management continues to invest in stores, systems and people for longer term sustainability. A broad-based employee share ownership scheme was introduced to accelerate transformation and black economic empowerment, as well as to retain and attract scarce and specialist skills.

## Financial performance

Retail turnover increased by 13.5% as a result of the performance from the Clicks chain. Selling price inflation for the retail businesses was 0.9% compared to 7.9% in 2010. In this low inflationary environment Clicks showed strong real sales growth of 14.7% for the period.

UPD increased turnover by 7.6% as price inflation declined to 4.4%.

Group turnover increased by 8.9% to R7.2 billion.

Total income, comprising gross profit and other income, rose by 13.9%.

Operating expenses increased by 13.2%. Retail cost growth of 13.9% was impacted by the aggressive pharmacy and store expansion programme in Clicks and the increasing cost of pharmacists. UPD's cost growth was contained at 5.9%.

Operating margin improved by 50 basis points to 6.5%, resulting in a 16.5% increase in operating profit to R462 million.

Headline earnings increased by 17.4% to R323 million. Diluted headline earnings per share continues to benefit from the share buy-back programme and increased by 22.2% to 122.2 cents. This is in line with the earnings guidance contained in the group's trading statement on 24 March 2011.

The interim distribution was increased by 21.3% to 37 cents per share.

Inventory days in stock moved from 56 to 59 days, while inventory levels were 13.5% higher at the end of the reporting period.

The group continues to be highly cash generative with the cash inflow from operations totalling R396 million for the period. Cash was primarily used for capital expenditure (R119 million), distributions to shareholders (R199 million) and share buy-backs (R251 million).

## Trading performance

Clicks increased turnover by 15.8% as the brand grew market share across key merchandise categories. Comparable store sales grew by 12.6%. The opening of a further 15 dispensaries extended the national pharmacy footprint to 266, while the



**R450m**  
returned to  
shareholders

store base increased to 382 following the opening of 13 stores. Clicks lifted operating margin from 6.6% to 7.0% through better margins on front shop products and further improvements in shrink and waste management. This off-set the margin dilution of dispensary where Clicks continues to price aggressively. Operating profit increased by 23.5%.

UPD increased wholesale turnover by 7.6% as the market slowed as a result of lower inflation and the faster growth in sales of lower value generic medicines. UPD has maintained its 23.4% share of the private pharmaceutical wholesale market. Operating profit increased by 1.2%.

Musica's turnover was 2.5% lower as the CD and DVD markets in the country continued to decline. Gaming and lifestyle merchandise showed good growth. Turnover in The Body Shop was 5.2% down as the brand experienced selling price deflation of 10.0%.

### Prospects

The trading environment remains challenging. Selling price inflation is expected to stay low for the remainder of the financial year while the business faces continuing inflationary pressures from higher wages and utility costs. UPD is expected to face a tougher second half as no increase has been granted in the single exit price (SEP) of medicines for 2011.

However, the group's focused strategy ensures that the brands remain competitively advantaged, with good organic growth prospects in the health and beauty markets.

### Full-year earnings forecast

The group currently anticipates that diluted headline earnings per share for the year to 31 August 2011 will increase by between 17% and 22% over the previous financial year.

This forecast is based on the following assumptions: The group's operational and trading performance for the second half will continue in line with the results achieved for the period under review; further organic growth will be generated from store expansion and the opening of additional pharmacies; and there will be no marked changes in trading conditions, the regulatory environment and in the macroeconomy that will impact on consumer spending.

### Interim distribution

The board of directors has approved an interim distribution of 37.0 cents per share (2010: 30.5 cents per share). The source of the distribution will be either from distributable reserves and paid in cash as a dividend or as a capital reduction out of share premium. The source of the distribution will be made known on or before Friday, 17 June 2011.

Shareholders are advised of the following salient dates in respect of the interim distribution:

Last day to trade "cum" the interim distribution	Friday, 24 June 2011
Shares trade "ex" the interim distribution	Monday, 27 June 2011
Record date	Friday, 1 July 2011
Payment in respect of the interim distribution	Monday, 4 July 2011

Share certificates may not be dematerialised or rematerialised between Monday, 27 June 2011 and Friday, 1 July 2011, both days inclusive.

By order of the board

David Janks  
Company Secretary  
14 April 2011

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Six months to 28 February 2011	Six months to 28 February 2010 (restated)*	% change	Year to 31 August 2010
Revenue	7 480 082	6 861 712		13 912 673
Turnover	7 150 949	6 565 754	8.9%	13 276 277
Cost of merchandise sold	(5 485 442)	(5 109 066)	7.4%	(10 372 685)
<b>Gross profit</b>	<b>1 665 507</b>	<b>1 456 688</b>	<b>14.3%</b>	<b>2 903 592</b>
Other income	324 266	289 808	11.9%	626 092
Expenses	(1 527 472)	(1 349 710)	13.2%	(2 706 412)
Depreciation and amortisation	(72 401)	(60 508)	19.7%	(128 095)
Occupancy costs	(208 434)	(193 266)	7.8%	(389 746)
Employment costs	(768 469)	(694 079)	10.7%	(1 399 378)
Other costs	(478 168)	(401 857)	19.0%	(789 193)
<b>Operating profit</b>	<b>462 301</b>	<b>396 786</b>	<b>16.5%</b>	<b>823 272</b>
Loss on disposal of property, plant and equipment	(2 509)	(1 175)		(6 476)
Impairment of intangible asset	–	–		(7 685)
<b>Profit before financing costs</b>	<b>459 792</b>	<b>395 611</b>	<b>16.2%</b>	<b>809 111</b>
Net financing costs	(17 213)	(19 379)	(11.2%)	(38 751)
Financial income	4 867	6 150	(20.9%)	10 304
Financial expense	(22 080)	(25 529)	(13.5%)	(49 055)
<b>Profit before taxation</b>	<b>442 579</b>	<b>376 232</b>	<b>17.6%</b>	<b>770 360</b>
Income tax expense	(121 690)	(103 473)	17.6%	(206 550)
<b>Profit for the period</b>	<b>320 889</b>	<b>272 759</b>	<b>17.6%</b>	<b>563 810</b>
<b>Other comprehensive income/(loss):</b>				
Exchange differences on translation of foreign subsidiaries	66	(467)		(1 368)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>66</b>	<b>( 467)</b>		<b>(1 368)</b>
<b>Total comprehensive income for the period</b>	<b>320 955</b>	<b>272 292</b>		<b>562 442</b>
Profit attributable to:				
Equity holders of the parent	320 863	274 109		565 413
Non-controlling interest	26	(1 350)		(1 603)
	<b>320 889</b>	<b>272 759</b>		<b>563 810</b>
Total comprehensive income attributable to:				
Equity holders of the parent	320 929	273 642		564 045
Non-controlling interest	26	(1 350)		(1 603)
	<b>320 955</b>	<b>272 292</b>		<b>562 442</b>
<b>Reconciliation of headline earnings</b>				
Total profit for the period attributable to equity holders of the parent	320 863	274 109		565 413
Adjusted for:				
Loss on disposal of property, plant and equipment	1 806	846		4 663
Impairment of intangible asset	–	–		5 533
<b>Headline earnings</b>	<b>322 669</b>	<b>274 955</b>	<b>17.4%</b>	<b>575 609</b>
Headline earnings per share (cents)				
– basic	122.4	100.5	21.8%	212.3
– diluted	122.2	100.0	22.2%	211.4
Earnings per share (cents)				
– basic	121.8	100.2	21.6%	208.6
– diluted	121.6	99.7	22.0%	207.7
Weighted average number of shares in issue (net of treasury shares) ('000)	263 522	273 555	(3.7%)	271 073
Weighted average diluted number of shares in issue (net of treasury shares) ('000)	263 945	274 890	(4.0%)	272 277

\* Comparative figures have been restated for the reclassification of certain expenses between occupancy costs and other costs within the UPD business.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 28 February 2011	As at 28 February 2010	As at 31 August 2010
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>1 378 980</b>	1 333 177	1 383 175
Property, plant and equipment	924 052	840 602	888 053
Intangible assets	307 032	308 233	314 473
Goodwill	103 510	96 124	105 335
Deferred tax assets	28 201	56 539	51 907
Loans receivable	16 185	31 679	23 407
<b>Current assets</b>	<b>2 624 550</b>	2 692 914	2 726 963
Inventories	1 710 711	1 506 827	1 571 248
Trade and other receivables	848 621	891 201	869 279
Loans receivable	15 745	16 842	15 149
Cash and cash equivalents	40 324	132 241	152 052
Derivative financial assets	9 149	145 803	119 235
<b>Total assets</b>	<b>4 003 530</b>	4 026 091	4 110 138
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>1 015 933</b>	1 098 177	1 141 328
Share capital	2 975	2 816	2 841
Share option reserve	26 882	24 850	24 600
Treasury shares	(306 845)	(265 584)	(510 850)
Non-distributable reserves	(1 548)	(5 700)	(1 614)
Distributable reserve	1 293 761	1 340 860	1 625 669
Equity attributable to equity holders of the parent	1 015 225	1 097 242	1 140 646
Non-controlling interest	708	935	682
<b>Non-current liabilities</b>	<b>254 043</b>	286 281	296 723
Interest-bearing borrowings	10 046	32 082	16 579
Employee benefits	80 172	73 419	96 274
Deferred tax liabilities	42 047	69 547	68 559
Operating lease liability	121 778	111 233	115 311
<b>Current liabilities</b>	<b>2 733 554</b>	2 641 633	2 672 087
Trade and other payables	2 353 250	2 197 512	2 290 883
Employee benefits	155 678	219 556	202 569
Provisions	5 375	5 273	6 244
Interest-bearing borrowings	174 828	194 178	116 592
Income tax payable	38 583	18 839	46 808
Derivative financial liabilities	5 840	6 275	8 991
<b>Total equity and liabilities</b>	<b>4 003 530</b>	4 026 091	4 110 138



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Number of shares '000	Share capital	Share premium
Balance at 1 September 2009	276 306	3 029	–
<b>Transactions with owners, recorded directly in equity</b>			
<b>Contributions by and distributions to owners</b>			
Additional shares issued	6 072	61	163 846
Distributions to shareholders	–	–	(163 846)
Share-based payment reserve movement	–	–	–
Treasury shares cancelled	–	(274)	–
Net cost of own shares purchased	(11 769)	–	–
Treasury shares purchased	(12 714)	–	–
Disposal of treasury shares	945	–	–
<b>Total transactions with owners</b>	(5 697)	(213)	–
<b>Total comprehensive income for the period</b>	–	–	–
Profit for the period	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
<b>Balance at 28 February 2010</b>	<b>270 609</b>	<b>2 816</b>	<b>–</b>
<b>Transactions with owners, recorded directly in equity</b>			
<b>Contributions by and distributions to owners</b>			
Additional shares issued	2 461	25	85 847
Distributions to shareholders	–	–	(85 847)
Share-based payment reserve movement	–	–	–
Treasury shares cancelled	–	–	–
Net cost of own shares purchased	(6 787)	–	–
Treasury shares purchased	(7 725)	–	–
Disposal of treasury shares	938	–	–
Total contributions by and distributions to owners	(4 326)	25	–
<b>Changes in ownership interests in subsidiaries that do not result in loss of control</b>			
Acquisition of additional interest in subsidiary	–	–	–
Total changes in ownership interests in subsidiaries	–	–	–
<b>Total transactions with owners</b>	(4 326)	25	–
<b>Total comprehensive income for the period</b>	–	–	–
Profit for the period	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
<b>Balance at 31 August 2010</b>	<b>266 283</b>	<b>2 841</b>	<b>–</b>
<b>Transactions with owners, recorded directly in equity</b>			
<b>Contributions by and distributions to owners</b>			
Additional shares issued	4 640	46	199 547
Employee share ownership plan shares issued	29 153	291	–
Distributions to shareholders	–	–	(199 547)
Share-based payment reserve movement	–	–	–
Treasury shares cancelled	–	(203)	–
Net cost of own shares purchased	(39 558)	–	–
Treasury shares purchased	(39 816)	–	–
Disposal of treasury shares	258	–	–
<b>Total transactions with owners</b>	(5 765)	134	–
<b>Total comprehensive income for the period</b>	–	–	–
Profit for the period	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
<b>Balance at 28 February 2011</b>	<b>260 518</b>	<b>2 975</b>	<b>–</b>



Share option reserve	Treasury shares	Non-distributable reserves	Distributable reserve	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
24 549	(488 258)	(5 233)	1 588 891	1 122 978	2 285	1 125 263
-	(163 907)	-	-	-	-	-
-	1 117	-	(61)	(162 790)	-	(162 790)
301	-	-	-	301	-	301
-	526 233	-	(525 959)	-	-	-
-	(140 769)	-	3 880	(136 889)	-	(136 889)
-	(145 101)	-	-	(145 101)	-	(145 101)
-	4 332	-	3 880	8 212	-	8 212
301	222 674	-	(522 140)	(299 378)	-	(299 378)
-	-	(467)	274 109	273 642	(1 350)	272 292
-	-	-	274 109	274 109	(1 350)	272 759
-	-	(467)	-	(467)	-	(467)
<b>24 850</b>	<b>(265 584)</b>	<b>(5 700)</b>	<b>1 340 860</b>	<b>1 097 242</b>	<b>935</b>	<b>1 098 177</b>
-	(85 872)	-	-	-	-	-
-	3 951	-	(25)	(81 921)	-	(81 921)
(250)	-	-	-	(250)	-	(250)
-	-	-	-	-	-	-
-	(163 345)	-	(6 470)	(169 815)	-	(169 815)
-	(176 761)	-	-	(176 761)	-	(176 761)
-	13 416	-	(6 470)	6 946	-	6 946
(250)	(245 266)	-	(6 495)	(251 986)	-	(251 986)
-	-	4 987	-	4 987	-	4 987
-	-	4 987	-	4 987	-	4 987
(250)	(245 266)	4 987	(6 495)	(246 999)	-	(246 999)
-	-	(901)	291 304	290 403	(253)	290 150
-	-	-	291 304	291 304	(253)	291 051
-	-	(901)	-	(901)	-	(901)
<b>24 600</b>	<b>(510 850)</b>	<b>(1 614)</b>	<b>1 625 669</b>	<b>1 140 646</b>	<b>682</b>	<b>1 141 328</b>
-	(199 593)	-	-	-	-	-
-	(291)	-	-	-	-	-
-	481	-	(46)	(199 112)	-	(199 112)
2 282	-	-	-	2 282	-	2 282
-	651 652	-	(651 449)	-	-	-
-	(248 244)	-	(1 276)	(249 520)	-	(249 520)
-	(251 483)	-	-	(251 483)	-	(251 483)
-	3 239	-	(1 276)	1 963	-	1 963
2 282	204 005	-	(652 771)	(446 350)	-	(446 350)
-	-	66	320 863	320 929	26	320 955
-	-	-	320 863	320 863	26	320 889
-	-	66	-	66	-	66
<b>26 882</b>	<b>(306 845)</b>	<b>(1 548)</b>	<b>1 293 761</b>	<b>1 015 225</b>	<b>708</b>	<b>1 015 933</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Six months to 28 February 2011	Six months to 28 February 2010	Year to 31 August 2010
<b>Cash effects of operating activities</b>			
Operating profit before working capital changes (refer note 1)	503 774	376 681	836 994
Working capital changes (refer note 2)	35 495	(324 699)	(203 492)
Cash generated by operations	539 269	51 982	633 502
Interest received	4 829	6 119	9 376
Interest paid	(15 862)	(20 410)	(34 851)
Taxation paid	(131 910)	(99 463)	(174 930)
Cash inflow/(outflow) from operating activities before distributions	396 326	(61 772)	433 097
Distributions paid to shareholders	(199 112)	(162 790)	(244 711)
Net cash effects of operating activities	197 214	(224 562)	188 386
<b>Cash effects of investing activities</b>			
Investment in property, plant and equipment and intangibles to maintain operations	(34 260)	(38 452)	(86 404)
Investment in property, plant and equipment and intangibles to expand operations	(75 010)	(46 446)	(120 074)
Acquisition of business, net of cash acquired	(10 225)	–	(21 689)
Acquisition of remaining interest in subsidiary	–	–	(3 500)
Proceeds from disposal of property, plant and equipment	619	1 738	1 516
Decrease in loan receivables	6 664	8 574	19 436
Net cash effects of investing activities	(112 212)	(74 586)	(210 715)
<b>Cash effects of financing activities</b>			
Purchase of treasury shares	(251 483)	(145 101)	(321 862)
Proceeds from disposal of treasury shares	1 963	8 212	15 158
Interest-bearing borrowings raised	52 790	158 524	71 331
Net cash effects of financing activities	(196 730)	21 635	(235 373)
Net decrease in cash and cash equivalents	(111 728)	(277 513)	(257 702)
Cash and cash equivalents at the beginning of the period	152 052	409 754	409 754
<b>Cash and cash equivalents at the end of the period</b>	<b>40 324</b>	<b>132 241</b>	<b>152 052</b>

# NOTES TO THE STATEMENT OF CASH FLOWS

R'000	Six months to 28 February 2011	Six months to 28 February 2010	Year to 31 August 2010
<b>Cash flow information</b>			
<b>1 Profit before working capital changes</b>			
Profit before tax	442 579	376 232	770 360
Adjustment for:			
Depreciation and amortisation	76 789	64 977	136 775
Reversal of previous unrealised foreign exchange differences	(7 745)	(16 966)	(16 966)
Unrealised foreign exchange loss	4 878	3 692	7 745
Operating lease accrual	6 467	5 393	9 471
Loss on disposal of property, plant and equipment	2 509	1 175	6 476
Impairment of intangible asset	–	–	7 685
Fair value adjustment – derivatives	(41 198)	(77 502)	(123 354)
Equity-settled share option costs	2 282	301	51
Net financing cost	17 213	19 379	38 751
	<b>503 774</b>	<b>376 681</b>	<b>836 994</b>
<b>2 Working capital changes</b>			
Increase in inventories	(139 463)	(85 331)	(136 180)
Decrease in trade and other receivables	20 136	16 858	36 498
Disposal of derivative financial instruments	151 284	–	72 420
Increase/(decrease) in trade and other payables	73 865	(210 607)	(128 856)
Decrease in employee benefits	(69 458)	(44 637)	(47 364)
Decrease in provisions	(869)	(982)	(10)
	<b>35 495</b>	<b>(324 699)</b>	<b>(203 492)</b>

# OPERATIONAL SEGMENTAL STATEMENT OF INCOME

R'000	Retail		
	Six months to 28 February 2011	Six months to 28 February 2010	% change
Segment revenue	5 649 533	4 984 933	
Turnover	5 498 405	4 845 618	13.5%
Cost of merchandise sold	(3 852 066)	(3 421 925)	12.6%
Gross profit	1 646 339	1 423 693	15.6%
Other income	151 128	139 315	8.5%
Segment expenses	(1 408 030)	(1 235 798)	13.9%
Depreciation and amortisation	(65 679)	(54 451)	20.6%
Occupancy costs	(207 445)	(191 887)	8.1%
Employment costs	(701 566)	(635 492)	10.4%
Other operating costs	(433 340)	(353 968)	22.4%
Operating profit	389 437	327 210	19.0%
Loss on disposal of property, plant and equipment	(2 601)	(1 187)	
Segment result	386 836	326 023	18.7%

\* Comparative figures have been restated for the reclassification of certain expenses between occupancy costs and other costs within the UPD business.

## ANALYSIS OF SHAREHOLDERS

Fund managers or shareholders managing 3% or more of the issued ordinary share capital:

Major fund managers	Feb 2011 Percentage of shares	Feb 2010 Percentage of shares
Public Investment Corporation (SA)	16.6%	18.0%
Fidelity Management & Research (US)/ International (UK)	6.0%	6.8%
Morgan Stanley Investment Management (UK)	5.5%	0.9%
William Blair (US)	4.8%	–
Baillie Gifford (UK)	4.5%	–
Oasis Asset Management (SA)	4.2%	6.0%
Wellington Management Company (US/UK)	3.8%	0.1%
Vontobel Asset Management (US)	3.2%	–

Geographic distribution of shareholders	Feb 2011 Percentage of shares	Feb 2010 Percentage of shares
South Africa and Africa	44.8%	80.4%
Offshore holdings	55.2%	19.6%
USA and Canada	32.4%	12.1%
United Kingdom, Channel Islands and Ireland	10.1%	3.8%
Europe	7.8%	2.7%
Other countries	4.9%	1.0%



UPD			Intragroup elimination		Total		
Six months to 28 February 2011	Six months to 28 February 2010 (restated)*	% change	Six months to 28 February 2011	Six months to 28 February 2010	Six months to 28 February 2011	Six months to 28 February 2010 (restated)*	% change
2 875 004	2 661 093		(1 049 322)	(790 464)	7 475 215	6 855 562	
2 700 643	2 510 600	7.6%	(1 048 099)	(790 464)	7 150 949	6 565 754	8.9%
(2 682 076)	(2 475 805)	8.3%	1 048 700	788 664	(5 485 442)	(5 109 066)	7.4%
18 567	34 795	(46.6%)	601	(1 800)	1 665 507	1 456 688	14.3%
174 361	150 493	15.9%	(1 223)	–	324 266	289 808	11.9%
(120 665)	(113 912)	5.9%	1 223	–	(1 527 472)	(1 349 710)	13.2%
(6 722)	(6 057)	11.0%	–	–	(72 401)	(60 508)	19.7%
(1 528)	(1 379)	10.8%	539	–	(208 434)	(193 266)	7.8%
(66 903)	(58 587)	14.2%	–	–	(768 469)	(694 079)	10.7%
(45 512)	(47 889)	(5.0%)	684	–	(478 168)	(401 857)	19.0%
72 263	71 376	1.2%	601	(1 800)	462 301	396 786	16.5%
92	12		–	–	(2 509)	(1 175)	
72 355	71 388	1.4%	601	(1 800)	459 792	395 611	16.2%

# OPERATIONAL SEGMENTAL STATEMENT OF FINANCIAL POSITION

R'000	Retail	
	As at 28 February 2011	As at 28 February 2010
<b>SEGMENT ASSETS</b>		
<b>Segment non-current assets</b>	<b>1 141 078</b>	1 099 272
Property, plant and equipment	773 293	694 335
Intangible assets	304 868	306 406
Goodwill	18 855	10 313
Deferred tax assets	27 877	56 539
Intragroup loans	–	–
Loans receivable	16 185	31 679
<b>Segment current assets</b>	<b>1 906 759</b>	1 972 700
Inventories	1 289 821	1 145 710
Trade and other receivables	179 529	147 627
Intragroup loans	390 452	390 452
Loans receivable	15 745	16 842
Cash and cash equivalents	22 063	126 266
Derivative financial assets	9 149	145 803
<b>Total segment assets</b>	<b>3 047 837</b>	3 071 972
<b>SEGMENT EQUITY AND LIABILITIES</b>		
<b>Segment equity</b>	<b>784 365</b>	1 002 462
Share capital	2 975	2 816
Share option reserve	26 730	24 850
Treasury shares	(306 845)	(265 584)
Non-distributable reserves	(391)	(5 339)
Distributable reserve	1 061 896	1 245 300
Equity attributable to equity holders of the parent	784 365	1 002 043
Non-controlling interest	–	419
<b>Segment non-current liabilities</b>	<b>525 867</b>	442 027
Interest-bearing borrowings	10 000	31 840
Intragroup loans	279 114	159 637
Employee benefits	72 928	69 565
Deferred tax liabilities	42 047	69 752
Operating lease liability	121 778	111 233
<b>Segment current liabilities</b>	<b>1 737 605</b>	1 627 483
Trade and other payables	1 371 973	1 200 626
Intragroup loans	–	–
Employee benefits	141 077	204 358
Provisions	5 375	5 273
Interest-bearing borrowings	174 775	192 409
Income tax payable	38 565	18 542
Derivative financial liabilities	5 840	6 275
<b>Total segment equity and liabilities</b>	<b>3 047 837</b>	3 071 972

\* From 1 September 2009 taxation relating to UPD is managed within Group Services and, consequently, related tax balances are recorded within the Retail segment.

UPD		Intragroup elimination		Group	
As at 28 February 2011	As at 28 February 2010	As at 28 February 2011	As at 28 February 2010	As at 28 February 2011	As at 28 February 2010
517 016	393 542	(279 114)	(159 637)	1 378 980	1 333 177
150 759	146 267	-	-	924 052	840 602
2 164	1 827	-	-	307 032	308 233
84 655	85 811	-	-	103 510	96 124
324	-	-	-	28 201	56 539
279 114	159 637	(279 114)	(159 637)	-	-
-	-	-	-	16 185	31 679
<b>1 370 366</b>	<b>1 253 103</b>	<b>(652 575)</b>	<b>(532 889)</b>	<b>2 624 550</b>	<b>2 692 914</b>
435 143	369 759	(14 253)	(8 642)	1 710 711	1 506 827
916 962	877 369	(247 870)	(133 795)	848 621	891 201
-	-	(390 452)	(390 452)	-	-
-	-	-	-	15 745	16 842
18 261	5 975	-	-	40 324	132 241
-	-	-	-	9 149	145 803
<b>1 887 382</b>	<b>1 646 645</b>	<b>(931 689)</b>	<b>(692 526)</b>	<b>4 003 530</b>	<b>4 026 091</b>
245 821	104 357	(14 253)	(8 642)	1 015 933	1 098 177
-	-	-	-	2 975	2 816
152	-	-	-	26 882	24 850
-	-	-	-	(306 845)	(265 584)
(1 157)	(361)	-	-	(1 548)	(5 700)
246 118	104 202	(14 253)	(8 642)	1 293 761	1 340 860
245 113	103 841	(14 253)	(8 642)	1 015 225	1 097 242
708	516	-	-	708	935
7 290	3 891	(279 114)	(159 637)	254 043	286 281
46	242	-	-	10 046	32 082
-	-	(279 114)	(159 637)	-	-
7 244	3 854	-	-	80 172	73 419
-	(205)	-	-	42 047	69 547
-	-	-	-	121 778	111 233
<b>1 634 271</b>	<b>1 538 397</b>	<b>(638 322)</b>	<b>(524 247)</b>	<b>2 733 554</b>	<b>2 641 633</b>
1 229 147	1 130 681	(247 870)	(133 795)	2 353 250	2 197 512
390 452	390 452	(390 452)	(390 452)	-	-
14 601	15 198	-	-	155 678	219 556
-	-	-	-	5 375	5 273
53	1 769	-	-	174 828	194 178
18	297	-	-	38 583	18 839
-	-	-	-	5 840	6 275
<b>1 887 382</b>	<b>1 646 645</b>	<b>(931 689)</b>	<b>(692 526)</b>	<b>4 003 530</b>	<b>4 026 091</b>

# BUSINESS UNIT SEGMENTAL ANALYSIS

for the six months to 28 February 2011

R'000	Clicks		Musica		The Body Shop	
	28 Feb 2011	28 Feb 2010	28 Feb 2011	28 Feb 2010	28 Feb 2011	28 Feb 2010
<b>Statement of financial position</b>						
Property, plant and equipment	509 230	424 257	56 134	58 507	11 357	11 855
Intangible assets	290 396	285 107	2 209	661	5	7
Goodwill	18 855	10 313	–	–	–	–
Inventories	1 084 694	965 940	189 985	167 291	15 142	12 479
Trade and other receivables*	151 058	118 603	13 075	19 762	190	513
Cash and cash equivalents	3 840	3 036	124	129	58	72
Other assets	3 103	5 755	–	–	–	–
<b>Total assets</b>	<b>2 061 176</b>	<b>1 813 011</b>	<b>261 527</b>	<b>246 350</b>	<b>26 752</b>	<b>24 926</b>
Employee benefits – non-current	5 045	9 390	144	1 472	–	392
Operating lease liability*	107 118	97 664	12 660	11 406	2 000	2 163
Trade and other payables*	1 053 902	912 558	94 090	97 393	7 238	6 590
Employee benefits – current	77 960	67 542	10 987	10 085	1 268	2 206
Other liabilities	4 826	13 438	1 469	–	–	–
<b>Total liabilities</b>	<b>1 248 851</b>	<b>1 100 592</b>	<b>119 350</b>	<b>120 356</b>	<b>10 506</b>	<b>11 351</b>
<b>Net assets</b>	<b>812 325</b>	<b>712 419</b>	<b>142 177</b>	<b>125 994</b>	<b>16 246</b>	<b>13 575</b>
<b>Statement of comprehensive income</b>						
Turnover	4 912 245	4 242 584	527 292	540 947	58 868	62 087
Gross profit	1 431 416	1 207 341	174 930	177 872	39 993	38 480
Other income	135 129	119 402	15 062	19 146	937	767
Expenses	(1 223 096)	(1 048 609)	(156 998)	(160 585)	(27 936)	(26 604)
Operating profit	343 449	278 134	32 994	36 433	12 994	12 643
<b>Ratios</b>						
Increase in turnover	% 15.8	17.5	(2.5)	0.5	(5.2)	7.7
Selling price inflation	% 1.1	8.9	0.2	1.8	(10.0)	1.4
Comparable stores' turnover growth	% 12.6	13.3	(1.9)	(0.2)	(5.7)	1.9
Gross profit margin	% 29.1	28.5	33.2	32.9	67.9	62.0
Total income margin	% 31.9	31.3	36.0	36.4	69.5	63.2
Operating expenses as a percentage of turnover	% 24.9	24.7	29.8	29.7	47.5	42.8
Increase in operating expenses	% 16.6	20.2	(2.2)	4.4	5.0	12.5
Increase in operating profit	% 23.5	18.1	(9.4)	0.6	2.8	19.8
Operating profit margin	% 7.0	6.6	6.3	6.7	22.1	20.4
Inventory days	61	62	105	90	157	103
Trade debtor days	3	3	–	–	–	–
Trade creditor days	47	48	35	38	14	19
Number of stores	382	354	151	154	42	41
as at 31 August 2010/2009						
opened	14	10	3	2	2	3
closed	(1)	(2)	(4)	(4)	–	–
Number of pharmacies	266	224	–	–	–	–
as at 31 August 2010/2009						
new	–	3	–	–	–	–
converted	20	15	–	–	–	–
closed	(5)	(1)	–	–	–	–
Total leased area	m <sup>2</sup> 252 489	239 418	30 907	31 430	2 892	2 853
Weighted retail trading area	m <sup>2</sup> 191 718	181 266	26 908	27 522	2 177	2 130
Weighted annual sales per m <sup>2</sup>	R 46 530	42 497	36 580	36 689	50 476	54 411
Number of permanent employees	6 510	6 137	795	844	117	114

\* Comparative figures have been restated for the reallocation of the operating lease liability and certain trade and other receivables and trade and other payables between Group Services, Clicks, Musica and The Body Shop which is aligned to the group disclosure at 31 August 2010.



Group Services		Total retail operations		UPD		Intragroup elimination		Total operations	
28 Feb 2011	28 Feb 2010	28 Feb 2011	28 Feb 2010	28 Feb 2011	28 Feb 2010	28 Feb 2011	28 Feb 2010	28 Feb 2011	28 Feb 2010
196 572	199 716	773 293	694 335	150 759	146 267	-	-	924 052	840 602
12 258	20 631	304 868	306 406	2 164	1 827	-	-	307 032	308 233
-	-	18 855	10 313	84 655	85 811	-	-	103 510	96 124
-	-	1 289 821	1 145 710	435 143	369 759	(14 253)	(8 642)	1 710 711	1 506 827
15 206	8 749	179 529	147 627	916 962	877 369	(247 870)	(133 795)	848 621	891 201
18 041	123 029	22 063	126 266	18 261	5 975	-	-	40 324	132 241
456 305	635 560	459 408	641 315	279 438	159 637	(669 566)	(550 089)	69 280	250 863
698 382	987 685	3 047 837	3 071 972	1 887 382	1 646 645	(931 689)	(692 526)	4 003 530	4 026 091
67 739	58 311	72 928	69 565	7 244	3 854	-	-	80 172	73 419
-	-	121 778	111 233	-	-	-	-	121 778	111 233
216 743	184 085	1 371 973	1 200 626	1 229 147	1 130 681	(247 870)	(133 795)	2 353 250	2 197 512
50 862	124 525	141 077	204 358	14 601	15 198	-	-	155 678	219 556
549 421	470 290	555 716	483 728	390 569	392 555	(669 566)	(550 089)	276 719	326 194
884 765	837 211	2 263 472	2 069 510	1 641 561	1 542 288	(917 436)	(683 884)	2 987 597	2 927 914
(186 383)	150 474	784 365	1 002 462	245 821	104 357	(14 253)	(8 642)	1 015 933	1 098 177
-	-	5 498 405	4 845 618	2 700 643	2 510 600	(1 048 099)	(790 464)	7 150 949	6 565 754
-	-	1 646 339	1 423 693	18 567	34 795	601	(1 800)	1 665 507	1 456 688
-	-	151 128	139 315	174 361	150 493	(1 223)	-	324 266	289 808
-	-	(1 408 030)	(1 235 798)	(120 665)	(113 912)	1 223	-	(1 527 472)	(1 349 710)
-	-	389 437	327 210	72 263	71 376	601	(1 800)	462 301	396 786
-	-	13.5	15.2	7.6	6.7	32.6	39.6	8.9	9.5
-	-	0.9	7.9	4.4	9.8	-	-	2.1	8.6
-	-	10.8	11.4	-	-	-	-	10.8	11.4
-	-	29.9	29.4	0.7	1.4	-	-	23.3	22.2
-	-	32.7	32.3	7.1	7.4	-	-	27.8	26.6
-	-	25.6	25.5	4.5	4.5	-	-	21.4	20.6
-	-	13.9	17.7	5.9	4.2	-	-	13.2	16.4
-	-	19.0	15.9	1.2	(4.5)	-	-	16.5	11.9
-	-	7.1	6.8	2.7	2.8	-	-	6.5	6.0
-	-	65	65	30	27	-	-	59	56
-	-	3	3	56	59	-	-	19	23
-	-	46	46	73	74	-	-	43	48
-	-	575	549	-	-	-	-	575	549
-	-	561	540	-	-	-	-	561	540
-	-	19	15	-	-	-	-	19	15
-	-	(5)	(6)	-	-	-	-	(5)	(6)
-	-	266	224	-	-	-	-	266	224
-	-	251	207	-	-	-	-	251	207
-	-	-	3	-	-	-	-	-	3
-	-	20	15	-	-	-	-	20	15
-	-	(5)	(1)	-	-	-	-	(5)	(1)
-	-	286 288	273 701	-	-	-	-	286 288	273 701
-	-	220 803	210 918	-	-	-	-	220 803	210 918
-	-	45 356	41 860	-	-	-	-	45 356	41 860
376	338	7 798	7 433	420	447	-	-	8 218	7 880

# DEFINITIONS

## Capital expenditure

### Maintenance capital expenditure

Capital expenditure incurred in replacing existing capital expenditure or capital expenditure with a return below the group's required return.

### Growth capital expenditure

Capital expenditure that is not maintenance capital expenditure.

## Cash flow

### Financing activities

Activities that result in changes to the capital and funding structure of the group.

### Investing activities

Activities relating to the acquisition, holding and disposal of capital assets and long-term investments.

### Operating activities

Activities that are not financing or investing activities that arise from the operations conducted by the group.

## Comparable stores' turnover growth

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

## Current ratio

Current assets at period-end divided by current liabilities at period-end.

## Distribution cover

Undiluted headline earnings per share for the period divided by the distribution per share for the period.

## Distribution per share

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

## Earnings per share

### Earnings per share

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

### Diluted earnings per share

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

## Headline earnings per share

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

## Diluted headline earnings

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

## Free float

The number of shares that are freely tradable on the JSE Limited, excluding treasury shares and shares held by directors and employee share schemes.

## 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 impairment and certain other capital items.

## IFRS

International Financial Reporting Standards, as adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

Clicks Group's consolidated financial statements are prepared in accordance with IFRS.

## Interest-bearing debt, including cash, to shareholders' interest at period-end

Interest-bearing debt (including bank overdraft), net of cash balances, at the end of the period divided by shareholders' interest at the end of the period.

## Inventory days

Closing inventory at period-end divided by the cost of merchandise sold during the period, multiplied by 365 days.

## Issued shares

Ordinary shares and unlisted "A" shares having a par value of one cent each in the authorised share capital of Clicks Group Limited.

## Market capitalisation

The closing 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 of treasury shares).

## 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 (net of treasury shares).

## Operating profit

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

## Operating profit margin

Operating profit expressed as a percentage of turnover.

## Percentage of ordinary shares traded

The number of shares traded on the JSE Limited during the period as a percentage of the weighted average number of shares in issue.

## Price earnings ratio

The closing market price per share at period-end divided by diluted headline earnings per share for the period.

## Return on shareholders' interest (ROE)

Headline earnings expressed as a percentage of the average shareholders' interest for the period.

## Return on total assets (ROA)

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

## Segmental reporting

### Operational segment

A distinguishable type of operation within the group.

### Business unit segment

A distinguishable trading brand or component of the group.

## Selling price inflation

The change in the weighted average selling price of a sample of products for the period relative to the previous period expressed as a percentage of the weighted average selling price of the same sample of products for the previous period. Only products sold in both the current and previous periods are included in the sample.

## Shareholders' interest

Share capital and share premium (reduced by the cost of treasury shares), and other reserves comprising equity.

## Shareholders' interest to total assets

The shareholders' interest divided by the total assets at the period-end.

## Total income

Gross profit plus other income.

## Total income margin

Total income expressed as a percentage of turnover.

## Trade creditor days

Closing trade creditors at period-end, adjusted to exclude VAT divided by the cost of merchandise sold during the period, multiplied by 365 days.

## Trade debtor days

Closing trade debtors at period-end, adjusted to exclude VAT divided by sales for the period, multiplied by 365 days.

## Treasury shares

Issued shares in Clicks Group Limited held by a group company in terms of an approved share repurchase programme, the New Clicks Holdings Share Trust or the Clicks Group Employee Share Ownership Trust.

## Weighted average number of shares

The number of shares in issue, increased by shares issued during the period and reduced by treasury shares purchased or shares cancelled 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 shares.

# CONTACT DETAILS

**Registered address:**

Cnr Searle and Pontac Streets, Cape Town 8001 PO Box 5142, Cape Town 8000

**Directors:**

DM Nurek\* (Chairman), F Abrahams\*, JA Bester\*, BD Engelbrecht, M Fleming (Chief Financial Officer), MJ Harvey, F Jakoet\*, DA Kneale# (Chief Executive Officer), N Matlala\*, M Rosen\*

\* Independent non-executive # British

**Company secretary:**

DW Janks

**Transfer secretaries:**

Computershare Investor Services (Proprietary) Limited 70 Marshall Street, Johannesburg 2001 PO Box 61051, Marshalltown 2107

**Sponsor:**

Investec Bank Limited

**Registration number:** 1996/000645/06 **Share code:** CLS **ISIN:** ZAE000134854

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