Group turnover up 6.8%

Diluted headline EPS up 7.6%

Interim dividend up 19.2%

Return on equity increases to 60.7%

CONTENTS

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## Financial Summary

### Consolidated Statement of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>Six months to 29 February 2012</th>
<th>Six months to 28 February 2011</th>
<th>% change</th>
<th>Year to 31 August 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Turnover</strong></td>
<td>R'000 7 657 499</td>
<td>R'000 7 166 768</td>
<td>6.8%</td>
<td>R'000 14 135 948</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>R'000 1 783 575</td>
<td>R'000 1 681 326</td>
<td>6.1%</td>
<td>R'000 3 268 775</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>R'000 2 144 775</td>
<td>R'000 2 005 592</td>
<td>6.9%</td>
<td>R'000 3 945 710</td>
</tr>
<tr>
<td><strong>Headline earnings</strong></td>
<td>R'000 332 942</td>
<td>R'000 322 669</td>
<td>3.2%</td>
<td>R'000 655 432</td>
</tr>
<tr>
<td><strong>Net interest charge</strong></td>
<td>(R'000 25 108)</td>
<td>(R'000 17 213)</td>
<td>45.9%</td>
<td>(R'000 33 626)</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Financial Position

|                                | R'000 1 082 755               | R'000 1 015 933               | 6.6%     | R'000 965 187          |
| **Equity**                     | R'000 545 603                 | R'000 184 874                 | 195.1%   | R'000 375 236          |
| **Interest-bearing borrowings**| R'000 4 630 527               | R'000 4 003 530               | 15.7%    | R'000 4 254 783        |

### Consolidated Statement of Cash Flows

|                                | R'000 (11 191)               | R'000 197 214                 | (105.7%) | R'000 381 564          |
| **Net cash effects of operating activities** |                    |                               |          |                        |
| **Capital expenditure**        | R'000 99 672                 | R'000 119 495                 | (16.6%)  | R'000 225 926          |
| **Depreciation and amortisation** | R'000 87 354               | R'000 76 789                 | 13.8%    | R'000 158 285          |

### Performance

|                                | % 6.8                         | % 8.9                        |          | % 6.2                   |
| **Turnover growth**            |                               |                              |          |                        |
| **Comparable stores turnover growth** | % 4.8                    | % 10.8                       |          | % 6.9                   |
| **Gross profit growth**        | % 6.1                        | % 14.2                       |          | % 10.9                  |
| **Gross profit margin**        | % 23.3                       | % 23.5                       |          | % 23.0                  |
| **Total income growth**        | % 28.0                       | % 28.0                       |          | % 15.7                  |
| **Total income margin**        | % 6.4                        | % 6.5                        |          | % 6.6                   |

### Statistics

|                                |                         |                         |          |                         |
| **Number of permanent employees** | 8 079                   | 8 218                    | (1.7%)   | 8 309                   |
| **Number of stores**           | 594                       | 575                      | 3.3%     | 590                     |
| **Weighted retail trading area** | 232 741                  | 220 803                  | 5.4%     | 224 000                 |

### Share statistics

|                                | R'000 276 123               | R'000 268 303               | 2.9%     | R'000 270 652          |
| **Number of ordinary shares in issue** |                         |                             |          |                         |
| **Number of stores**           | 253 259                    | 260 518                    | (2.8%)   | 252 959                 |

### Other Information

|                                | % 6.1                        | 3.7                       |          | 5.3                     |
| **Inflation rate**             | % (0.2)                     | 2.1                       |          | 1.6                     |
| **Prime overdraft rate**       | % 9.0                       | 9.0                       |          |                         |
| **Exchange rate**              | R/US$ 7.47                  | 6.96                      | 7.3%     | 7.07                    |

* Refer to the business unit segmental analysis note
COMMENTARY

Trading environment
The six month period to 29 February 2012 was characterised by tough trading conditions.

The retail trading environment has been highly competitive, with increased promotional activity to attract value conscious consumers. Low or negative selling price inflation has also led to a slowdown in the growth of the health and beauty market.

In this challenging climate the group has nevertheless increased its volumes and share of the total health and beauty market, thereby maintaining its competitive advantage.

Financial performance
Group turnover increased by 6.8% to R7.7 billion, with selling price deflation of 0.2% for the period. Retail turnover grew by 8.3% with price inflation of 0.1%, while UPD increased turnover by 5.0% as price deflation averaged 0.5%. In this low inflationary environment all the group’s businesses showed real growth in sales.

Total income, comprising gross profit and other income, increased by 6.9% and the total income margin at 28% was consistent with the comparable period.

Operating profit increased by 5.8% for the period and the group’s operating margin declined slightly from 6.5% to 6.4%.

Headline earnings increased by 3.2% to R333 million. Diluted headline earnings per share benefited from the group’s share buy-back programme and grew by 7.6% to 131.5 cents.

The interim dividend was increased by 19.2% to 44.1 cents per share. As previously advised to shareholders, the board has reduced the distribution cover from 2.0 times to 1.8 times for the 2012 financial year, in line with the commitment to return surplus cash to shareholders.

Inventory days in stock moved from 59 to 66 days. Inventory levels were 20.4% higher at the end of the period as Clicks and UPD bought additional stock ahead of supplier price increases. Stock levels are expected to normalise by year-end.

The group remains strongly cash generative with cash inflow from operations totalling R214 million.

Return on shareholders’ equity (ROE) increased to 60.7% from 55.8% in 2011.

Trading performance
The Clicks chain grew turnover by 9.6% and benefited from new store openings during the period. Comparable store sales increased by 5.5%. The store base increased to 412 following the addition of 12 new stores in the past six months, while the pharmacy footprint was expanded by 12 to 295. Clicks increased its retail pharmacy market share to 16.1% (2011: 14.5%). The operating margin came under pressure from an aggressive promotional programme and changed sales mix, with operating profit increasing by 5.7%.

Musica performed well in a declining market and was impacted by industry deflation and continued store closures. The brand increased market share in CDs, DVDs and gaming and grew operating profit by 11.7%. The Body Shop posted a strong performance for the first half, with turnover increasing by 14.5% and operating profit by 18.4%.

UPD grew wholesale turnover by 5.0% and increased its share of the private pharmaceutical market to 23.2% (2011: 22.9%). Four new distribution agency contracts were taken on during the period. Operating profit increased by 3.3%.
Prospects
The health and beauty markets are expected to remain highly competitive. Selling price inflation is anticipated to be less than 2% for the full year. In these market conditions, the group’s focus will be on driving volume growth and containing costs. Management is committed to maintaining the investment in the longer term growth of the business, with capital expenditure of R183 million committed for the second half of the year.

The group remains well positioned in the medium-term through the market leadership and growth potential of both Clicks and UPD.

Full-year earnings forecast
The group currently anticipates that diluted headline earnings per share for the year to 31 August 2012 will increase by between 6% and 11% over the previous financial year.

This forecast is based on the following assumptions: The health and beauty markets will remain highly competitive; selling price inflation will be below 2% for the financial year; further organic growth will be generated from store expansion, the opening of additional pharmacies and the benefit of distribution agency contracts; and there will be no marked changes in trading conditions, the regulatory environment and in the macro-economy that will impact on consumer spending.

Shareholders are advised that this forecast has not been reviewed or reported on by the group’s independent auditor.

Interim dividend
The board of directors has approved and declared a gross interim ordinary dividend of 44.1 cents per share (2011: 37.0 cents per share). The source of the dividend will be from distributable reserves and paid in cash.

Additional information
In determining the Dividends Tax (“DT”) to withhold in terms of the Income Tax Act, Secondary Tax on Companies (“STC”) Credits amounting to 44.1 cents per share, utilised by the company should be taken into account. Shareholders will therefore receive a dividend of 44.1 cents net of DT. The company has 276 123 498 ordinary shares in issue and its income tax reference number is 9061/745/71/8.

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

<table>
<thead>
<tr>
<th>Event Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last day to trade “cum” the dividend</td>
<td>Friday, 22 June</td>
</tr>
<tr>
<td>Shares trade “ex” the dividend</td>
<td>Monday, 25 June</td>
</tr>
<tr>
<td>Record date</td>
<td>Friday, 29 June</td>
</tr>
<tr>
<td>Payment to shareholders</td>
<td>Monday, 2 July</td>
</tr>
</tbody>
</table>

Share certificates may not be dematerialised or rematerialised between Monday, 25 June 2012 and Friday, 29 June 2012, both days inclusive.

The directors of the company have determined that dividend cheques amounting to R50.00 or less due to any ordinary shareholder will not be paid unless a written request to the contrary is delivered to the transfer secretaries, Computershare Investor Services (Proprietary) Limited, by no later than close of business on Friday, 22 June 2012, being the day the shares trade “cum” the dividend. Unpaid dividend cheques will be aggregated with other such amounts and donated to a charity to be nominated by the directors.

By order of the board
David Janks
Company secretary
26 April 2012
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th>R’000</th>
<th>Six months to 29 February 2012</th>
<th>Six months to 28 February 2011 (restated)*</th>
<th>% change</th>
<th>Year to 31 August 2011 (restated)*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>8 022 039</td>
<td>7 495 901</td>
<td>6.8%</td>
<td>14 833 118</td>
</tr>
<tr>
<td><strong>Turnover</strong></td>
<td>7 657 499</td>
<td>7 166 768</td>
<td>6.6%</td>
<td>14 135 948</td>
</tr>
<tr>
<td><strong>Cost of merchandise sold</strong></td>
<td>(5 873 924)</td>
<td>(5 485 442)</td>
<td>7.1%</td>
<td>(10 879 173)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>1 783 575</td>
<td>1 681 326</td>
<td>6.1%</td>
<td>3 256 775</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>361 200</td>
<td>324 266</td>
<td>11.4%</td>
<td>688 935</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>2 144 775</td>
<td>2 005 592</td>
<td>6.9%</td>
<td>3 945 710</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>(1 655 839)</td>
<td>(1 543 291)</td>
<td>7.3%</td>
<td>(3 008 120)</td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>(83 309)</td>
<td>(72 401)</td>
<td>15.1%</td>
<td>(149 714)</td>
</tr>
<tr>
<td><strong>Occupancy costs</strong></td>
<td>(229 697)</td>
<td>(208 434)</td>
<td>10.2%</td>
<td>(422 596)</td>
</tr>
<tr>
<td><strong>Employment costs</strong></td>
<td>(817 255)</td>
<td>(768 469)</td>
<td>6.3%</td>
<td>(1 496 491)</td>
</tr>
<tr>
<td><strong>Other costs</strong></td>
<td>(525 578)</td>
<td>(493 987)</td>
<td>6.4%</td>
<td>(939 319)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>488 936</td>
<td>462 301</td>
<td>5.8%</td>
<td>937 590</td>
</tr>
<tr>
<td><strong>Loss on disposal of property, plant and equipment</strong></td>
<td>(2 579)</td>
<td>(2 509)</td>
<td>(6.2%)</td>
<td>(6 250)</td>
</tr>
<tr>
<td><strong>Profit before financing costs</strong></td>
<td>486 357</td>
<td>459 792</td>
<td>5.8%</td>
<td>931 340</td>
</tr>
<tr>
<td><strong>Net financing costs</strong></td>
<td>(25 108)</td>
<td>(21 243)</td>
<td>16.9%</td>
<td>(33 612)</td>
</tr>
<tr>
<td><strong>Financial income</strong></td>
<td>3 340</td>
<td>4 867</td>
<td>(31.4%)</td>
<td>8 235</td>
</tr>
<tr>
<td><strong>Financial expense</strong></td>
<td>(28 448)</td>
<td>(22 080)</td>
<td>28.8%</td>
<td>(41 861)</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>461 249</td>
<td>442 579</td>
<td>4.2%</td>
<td>897 714</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>(130 078)</td>
<td>(121 690)</td>
<td>6.9%</td>
<td>(246 749)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>331 171</td>
<td>320 889</td>
<td>3.2%</td>
<td>650 965</td>
</tr>
<tr>
<td><strong>Other comprehensive (loss)/income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Exchange differences on translation of foreign subsidiaries</strong></td>
<td>(93)</td>
<td>66</td>
<td></td>
<td>(220)</td>
</tr>
<tr>
<td><strong>Cash flow hedges</strong></td>
<td>(3 003)</td>
<td>–</td>
<td></td>
<td>2 105</td>
</tr>
<tr>
<td><strong>Change in fair value of effective portion</strong></td>
<td>(4 171)</td>
<td>–</td>
<td></td>
<td>2 924</td>
</tr>
<tr>
<td><strong>Deferred tax on movement of effective portion</strong></td>
<td>1 168</td>
<td>–</td>
<td></td>
<td>(819)</td>
</tr>
<tr>
<td><strong>Other comprehensive (loss)/income for the period, net of tax</strong></td>
<td>(3 096)</td>
<td>66</td>
<td></td>
<td>1 885</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td>328 075</td>
<td>320 955</td>
<td>652 850</td>
<td></td>
</tr>
<tr>
<td><strong>Profit attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity holders of the parent</strong></td>
<td>331 085</td>
<td>320 863</td>
<td>650 932</td>
<td></td>
</tr>
<tr>
<td><strong>Non-controlling interest</strong></td>
<td>86</td>
<td>26</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to:</strong></td>
<td>331 171</td>
<td>320 889</td>
<td>650 965</td>
<td></td>
</tr>
<tr>
<td><strong>Equity holders of the parent</strong></td>
<td>327 989</td>
<td>320 929</td>
<td>652 817</td>
<td></td>
</tr>
<tr>
<td><strong>Non-controlling interest</strong></td>
<td>86</td>
<td>26</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>328 075</td>
<td>320 955</td>
<td>652 850</td>
<td></td>
</tr>
</tbody>
</table>

### Reconciliation of headline earnings

<table>
<thead>
<tr>
<th>R’000</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit for the period attributable to equity holders of the parent</strong></td>
<td>331 085</td>
<td>320 863</td>
<td>650 932</td>
</tr>
<tr>
<td><strong>Adjusted for:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loss on disposal of property, plant and equipment</strong></td>
<td>1 857</td>
<td>1 806</td>
<td>4 500</td>
</tr>
<tr>
<td><strong>Headline earnings</strong></td>
<td>332 942</td>
<td>322 669</td>
<td>655 432</td>
</tr>
</tbody>
</table>

- **Headline earnings per share (cents)**
  - basic: 131.6
  - diluted: 131.5

- **Earnings per share (cents)**
  - basic: 130.8
  - diluted: 130.8

- **Weighted average number of shares in issue (net of treasury shares)**
  - 253 063
  - 263 522

- **Weighted average diluted number of shares in issue (net of treasury shares)**
  - 253 191
  - 263 945

* Refer to the business unit segmental analysis note.
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>R’000</th>
<th>As at 29 February 2012</th>
<th>As at 28 February 2011</th>
<th>As at 31 August 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1 413 884</td>
<td>1 378 980</td>
<td>1 414 484</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>959 216</td>
<td>924 052</td>
<td>949 906</td>
</tr>
<tr>
<td>Goodwill</td>
<td>301 510</td>
<td>307 032</td>
<td>301 579</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>103 510</td>
<td>103 510</td>
<td>103 510</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>43 870</td>
<td>28 201</td>
<td>53 756</td>
</tr>
<tr>
<td>Current assets</td>
<td>5 778</td>
<td>16 185</td>
<td>5 733</td>
</tr>
<tr>
<td>Inventories</td>
<td>3 216 643</td>
<td>2 624 550</td>
<td>2 840 299</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>2 060 097</td>
<td>1 710 711</td>
<td>1 802 557</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>1 053 883</td>
<td>848 621</td>
<td>996 944</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>9 181</td>
<td>15 745</td>
<td>17 901</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>88 401</td>
<td>40 324</td>
<td>17 790</td>
</tr>
<tr>
<td>Total assets</td>
<td>1 082 755</td>
<td>1 015 933</td>
<td>965 187</td>
</tr>
<tr>
<td>EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>254 031</td>
<td>254 043</td>
<td>264 829</td>
</tr>
<tr>
<td>Share capital</td>
<td>3 054</td>
<td>2 975</td>
<td>2 999</td>
</tr>
<tr>
<td>Share option reserve</td>
<td>54 079</td>
<td>26 882</td>
<td>40 943</td>
</tr>
<tr>
<td>Cashflow hedge reserve</td>
<td>998 444</td>
<td>998 444</td>
<td>998 444</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(925 673)</td>
<td>(306 845)</td>
<td>(703 070)</td>
</tr>
<tr>
<td>Non-distributable reserves</td>
<td>(1 927)</td>
<td>(1 548)</td>
<td>(1 834)</td>
</tr>
<tr>
<td>Distributable reserve</td>
<td>1 953 319</td>
<td>1 293 761</td>
<td>1 623 329</td>
</tr>
<tr>
<td>Equity attributable to equity holders of the parent</td>
<td>1 081 954</td>
<td>1 015 225</td>
<td>964 472</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>801</td>
<td>708</td>
<td>715</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>254 031</td>
<td>254 043</td>
<td>264 829</td>
</tr>
<tr>
<td>Interest-bearing borrowings</td>
<td>–</td>
<td>10 046</td>
<td>19</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>83 675</td>
<td>80 172</td>
<td>92 473</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>38 254</td>
<td>40 324</td>
<td>46 695</td>
</tr>
<tr>
<td>Operating lease liability</td>
<td>132 102</td>
<td>121 778</td>
<td>125 642</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>3 293 741</td>
<td>2 733 554</td>
<td>3 024 767</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>2 567 899</td>
<td>2 353 250</td>
<td>2 431 756</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>124 637</td>
<td>155 678</td>
<td>164 669</td>
</tr>
<tr>
<td>Provisions</td>
<td>2 167</td>
<td>5 375</td>
<td>5 217</td>
</tr>
<tr>
<td>Interest-bearing borrowings</td>
<td>545 603</td>
<td>174 828</td>
<td>375 217</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>47 718</td>
<td>38 583</td>
<td>44 898</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>5 717</td>
<td>5 840</td>
<td>3 419</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>4 630 527</td>
<td>4 003 530</td>
<td>4 254 783</td>
</tr>
</tbody>
</table>
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<table>
<thead>
<tr>
<th>R’000</th>
<th>Number of shares ‘000</th>
<th>Share capital</th>
<th>Share premium</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 September 2010</strong></td>
<td>266 283</td>
<td>2 841</td>
<td>–</td>
</tr>
<tr>
<td><strong>Transactions with owners, recorded directly in equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions by and distributions to owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional shares issued</td>
<td>4 640</td>
<td>46</td>
<td>199 547</td>
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<td>Employee share ownership plan shares issued</td>
<td>29 153</td>
<td>291</td>
<td>–</td>
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<tr>
<td>Distributions to shareholders</td>
<td>–</td>
<td>–</td>
<td>(199 547)</td>
</tr>
<tr>
<td>Share-based payment reserve movement</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Treasury shares cancelled</td>
<td>–</td>
<td>(203)</td>
<td>–</td>
</tr>
<tr>
<td>Net cost of own shares purchased</td>
<td>(39 558)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Treasury shares purchased</td>
<td>(39 816)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Disposal of treasury shares</td>
<td>258</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>(5 765)</td>
<td>134</td>
<td>–</td>
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<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Exchange differences on translation of foreign subsidiaries</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<tr>
<td><strong>Balance at 28 February 2011</strong></td>
<td>260 518</td>
<td>2 975</td>
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<tr>
<td><strong>Transactions with owners, recorded directly in equity</strong></td>
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<td></td>
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</tr>
<tr>
<td>Contributions by and distributions to owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional shares issued</td>
<td>2 348</td>
<td>24</td>
<td>100 110</td>
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<tr>
<td>Distributions to shareholders</td>
<td>–</td>
<td>–</td>
<td>(100 110)</td>
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<td>Share-based payment reserve movement</td>
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<tr>
<td>Net cost of own shares purchased</td>
<td>(9 907)</td>
<td>–</td>
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<tr>
<td>Treasury shares purchased</td>
<td>(9 990)</td>
<td>–</td>
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<tr>
<td>Disposal of treasury shares</td>
<td>83</td>
<td>–</td>
<td>–</td>
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<td><strong>Total transactions with owners</strong></td>
<td>(7 559)</td>
<td>24</td>
<td>–</td>
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<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Exchange differences on translation of foreign subsidiaries</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<tr>
<td><strong>Balance at 31 August 2011</strong></td>
<td>252 959</td>
<td>2 999</td>
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<td><strong>Transactions with owners, recorded directly in equity</strong></td>
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<tr>
<td>Contributions by and distributions to owners</td>
<td></td>
<td></td>
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<tr>
<td>Additional shares issued</td>
<td>–</td>
<td>55</td>
<td>246 486</td>
</tr>
<tr>
<td>Distributions to shareholders</td>
<td>–</td>
<td>–</td>
<td>(246 486)</td>
</tr>
<tr>
<td>Share-based payment reserve movement</td>
<td>–</td>
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<tr>
<td>Net cost of own shares purchased</td>
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<tr>
<td>Treasury shares purchased</td>
<td>–</td>
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<tr>
<td>Disposal of treasury shares</td>
<td>300</td>
<td>–</td>
<td>–</td>
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<tr>
<td><strong>Total transactions with owners</strong></td>
<td>300</td>
<td>55</td>
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<td><strong>Total comprehensive income for the period</strong></td>
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<td></td>
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<tr>
<td>Profit for the period</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Exchange differences on translation of foreign subsidiaries</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<td><strong>Balance at 29 February 2012</strong></td>
<td>253 259</td>
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<td>–</td>
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<tr>
<td>Share option reserve</td>
<td>Treasury shares</td>
<td>Non-distributable reserve</td>
<td>Cash flow hedge reserve</td>
</tr>
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<td>----------------------</td>
<td>-----------------</td>
<td>--------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>24 600</td>
<td>(510 850)</td>
<td>(1 614)</td>
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<tr>
<td>-</td>
<td>(199 593)</td>
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<td>481</td>
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<td>2 282</td>
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<td>-</td>
<td>651 652</td>
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<td>(248 244)</td>
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<td>(251 483)</td>
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<td>320 863</td>
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<td>26 882</td>
<td>(306 845)</td>
<td>(1 548)</td>
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<td>(100 134)</td>
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<td>3 739</td>
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<td>(300 923)</td>
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<td>(396 225)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>-</td>
<td>-</td>
<td>(286)</td>
<td>2 105</td>
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<td>330 069</td>
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<td>-</td>
<td>2 105</td>
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</tr>
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<td>-</td>
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<td>(286)</td>
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<tr>
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<td>(703 070)</td>
<td>(1 834)</td>
<td>2 105</td>
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<td>(246 541)</td>
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</tr>
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<td>-</td>
<td>20 218</td>
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</tr>
<tr>
<td>13 136</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>3 720</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>-</td>
<td>3 720</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>13 136</td>
<td>(222 603)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>(93)</td>
<td>(3 003)</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>(3 003)</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>(3 003)</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>(93)</td>
<td>-</td>
</tr>
<tr>
<td>54 079</td>
<td>(925 673)</td>
<td>(1 927)</td>
<td>(896)</td>
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</table>
## CONSOLIDATED STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th>R‘000</th>
<th>Six months to 29 February 2012</th>
<th>Six months to 28 February 2011</th>
<th>Year to 31 August 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash effects of operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit before working capital changes (refer note 1)</td>
<td>591 237</td>
<td>503 774</td>
<td>1 075 227</td>
</tr>
<tr>
<td>Working capital changes (refer note 2)</td>
<td>(235 462)</td>
<td>35 495</td>
<td>(105 055)</td>
</tr>
<tr>
<td>Cash generated by operations</td>
<td>355 775</td>
<td>539 269</td>
<td>970 172</td>
</tr>
<tr>
<td>Interest received</td>
<td>3 298</td>
<td>4 829</td>
<td>8 156</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(20 605)</td>
<td>(15 862)</td>
<td>(29 269)</td>
</tr>
<tr>
<td>Taxation paid</td>
<td>(124 043)</td>
<td>(131 910)</td>
<td>(271 988)</td>
</tr>
<tr>
<td>Cash inflow from operating activities before distributions</td>
<td>214 425</td>
<td>396 326</td>
<td>677 071</td>
</tr>
<tr>
<td>Distributions paid to shareholders</td>
<td>(225 616)</td>
<td>(199 112)</td>
<td>(295 507)</td>
</tr>
<tr>
<td>Net cash effects of operating activities</td>
<td>(11 191)</td>
<td>197 214</td>
<td>381 564</td>
</tr>
<tr>
<td><strong>Cash effects of investing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in property, plant and equipment and intangibles to maintain operations</td>
<td>(45 047)</td>
<td>(34 260)</td>
<td>(70 160)</td>
</tr>
<tr>
<td>Investment in property, plant and equipment and intangibles to expand operations</td>
<td>(54 625)</td>
<td>(75 010)</td>
<td>(145 541)</td>
</tr>
<tr>
<td>Acquisition of business, net of cash acquired</td>
<td>–</td>
<td>(10 225)</td>
<td>(10 225)</td>
</tr>
<tr>
<td>Proceeds from disposal of property, plant and equipment</td>
<td>498</td>
<td>619</td>
<td>1 572</td>
</tr>
<tr>
<td>Decrease in loans receivable</td>
<td>8 717</td>
<td>6 664</td>
<td>15 001</td>
</tr>
<tr>
<td>Net cash effects of investing activities</td>
<td>(90 457)</td>
<td>(112 212)</td>
<td>(209 353)</td>
</tr>
<tr>
<td><strong>Cash effects of financing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>–</td>
<td>(251 483)</td>
<td>(552 406)</td>
</tr>
<tr>
<td>Proceeds from disposal of treasury shares</td>
<td>1 973</td>
<td>1 963</td>
<td>2 579</td>
</tr>
<tr>
<td>Interest-bearing borrowings raised</td>
<td>170 286</td>
<td>52 790</td>
<td>243 354</td>
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<tr>
<td>Net cash effects of financing activities</td>
<td>172 259</td>
<td>(196 730)</td>
<td>(306 473)</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>70 611</td>
<td>(111 728)</td>
<td>(134 262)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>17 790</td>
<td>152 052</td>
<td>152 052</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the period</strong></td>
<td>88 401</td>
<td>40 324</td>
<td>17 790</td>
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</table>
## NOTES TO THE STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th>R'000</th>
<th>Six months to 20 February 2012</th>
<th>Six months to 28 February 2011</th>
<th>Year to 31 August 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow information</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1 Profit before working capital changes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>461 249</td>
<td>442 579</td>
<td>897 714</td>
</tr>
<tr>
<td>Adjustment for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>87 354</td>
<td>76 789</td>
<td>158 285</td>
</tr>
<tr>
<td>Reversal of previous unrealised foreign exchange differences</td>
<td>(3 237)</td>
<td>(7 745)</td>
<td>(7 745)</td>
</tr>
<tr>
<td>Unrealised foreign exchange (gain)/loss</td>
<td>(1 412)</td>
<td>4 878</td>
<td>3 237</td>
</tr>
<tr>
<td>Operating lease accrual</td>
<td>6 460</td>
<td>6 467</td>
<td>10 331</td>
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<tr>
<td>Loss on disposal of property, plant and equipment</td>
<td>2 579</td>
<td>2 509</td>
<td>6 250</td>
</tr>
<tr>
<td>Fair value adjustment – derivatives</td>
<td>–</td>
<td>(41 198)</td>
<td>(41 797)</td>
</tr>
<tr>
<td>Equity-settled share option costs</td>
<td>13 136</td>
<td>2 282</td>
<td>15 326</td>
</tr>
<tr>
<td>Net financing cost</td>
<td>25 108</td>
<td>17 213</td>
<td>33 626</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>591 237</td>
<td>503 774</td>
<td>1 075 227</td>
</tr>
<tr>
<td><strong>2 Working capital changes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in inventories</td>
<td>(257 540)</td>
<td>(139 463)</td>
<td>(231 309)</td>
</tr>
<tr>
<td>(Increase)/decrease in trade and other receivables</td>
<td>(55 229)</td>
<td>20 136</td>
<td>(130 302)</td>
</tr>
<tr>
<td>Disposal of derivative financial instruments</td>
<td>–</td>
<td>151 284</td>
<td>161 032</td>
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<tr>
<td>Increase in trade and other payables</td>
<td>136 950</td>
<td>73 865</td>
<td>152 256</td>
</tr>
<tr>
<td>Decrease in employee benefits</td>
<td>(56 593)</td>
<td>(69 458)</td>
<td>(55 705)</td>
</tr>
<tr>
<td>Decrease in provisions</td>
<td>(3 050)</td>
<td>(869)</td>
<td>(1 027)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(235 462)</td>
<td>35 495</td>
<td>(105 055)</td>
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</table>
## OPERATIONAL SEGMENTAL STATEMENT OF INCOME

<table>
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<tr>
<th>R'000</th>
<th>Six months to 29 February 2012</th>
<th>Six months to 28 February 2011 (restated)*</th>
<th>% change</th>
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</thead>
<tbody>
<tr>
<td>Segment revenue</td>
<td>6 152 068</td>
<td>5 662 889</td>
<td></td>
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<tr>
<td>Turnover</td>
<td>5 954 055</td>
<td>5 498 405</td>
<td>8.3%</td>
</tr>
<tr>
<td>Cost of merchandise sold</td>
<td>(4 224 362)</td>
<td>(3 865 422)</td>
<td>9.3%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1 728 693</td>
<td>1 632 983</td>
<td>5.9%</td>
</tr>
<tr>
<td>Other income</td>
<td>198 013</td>
<td>164 484</td>
<td>20.4%</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>1 927 706</td>
<td>1 797 467</td>
<td>7.2%</td>
</tr>
<tr>
<td>Segment expenses</td>
<td>(1 512 575)</td>
<td>(1 408 030)</td>
<td>7.4%</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(76 022)</td>
<td>(65 679)</td>
<td>15.7%</td>
</tr>
<tr>
<td>Occupancy costs</td>
<td>(229 380)</td>
<td>(207 445)</td>
<td>10.6%</td>
</tr>
<tr>
<td>Employment costs</td>
<td>(753 475)</td>
<td>(701 566)</td>
<td>7.4%</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>(453 698)</td>
<td>(433 340)</td>
<td>4.7%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>415 131</td>
<td>389 437</td>
<td>6.6%</td>
</tr>
<tr>
<td>(Loss)/profit on disposal of property, plant and equipment</td>
<td>(2 707)</td>
<td>(2 601)</td>
<td></td>
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<tr>
<td><strong>Segment result</strong></td>
<td>412 424</td>
<td>386 836</td>
<td>6.6%</td>
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</table>

* Refer to business unit segmental analysis note

---

### ANALYSIS OF SHAREHOLDERS

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

<table>
<thead>
<tr>
<th>Major fund managers</th>
<th>Feb 2012 Percentage of shares</th>
<th>Feb 2011 Percentage of shares</th>
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</thead>
<tbody>
<tr>
<td>Public Investment Corporation (SA)</td>
<td>10.9%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Baillie Gifford (UK)</td>
<td>8.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Coronation Fund Managers (SA)</td>
<td>5.7%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Morgan Stanley Investment Management (UK)</td>
<td>3.8%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Oasis Asset Management (SA)</td>
<td>3.5%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geographic distribution of shareholders</th>
<th>Feb 2012 Percentage of shares</th>
<th>Feb 2011 Percentage of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa and Africa</td>
<td>44.7%</td>
<td>44.8%</td>
</tr>
<tr>
<td>Offshore holdings</td>
<td>55.3%</td>
<td>55.2%</td>
</tr>
<tr>
<td>USA and Canada</td>
<td>29.0%</td>
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* Refer to business unit segmental analysis note
## Operational Segmental Statement of Financial Position

### Retail

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<th>As at 28 February 2011</th>
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<td>1 634 271</td>
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<tr>
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<td>(886 986)</td>
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## BUSINESS UNIT SEGMENTAL ANALYSIS

for the six months to 29 February 2012

### Clicks

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<td>509 230</td>
<td>46 619</td>
<td>56 134</td>
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<td>290 396</td>
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<td>2 200</td>
<td>2</td>
<td>5</td>
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<td>18 855</td>
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<td>–</td>
<td>–</td>
<td>–</td>
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<td>189 985</td>
<td>16 575</td>
<td>15 142</td>
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<td>13 075</td>
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<td>190</td>
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<td>124</td>
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<td>58</td>
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<td>3 103</td>
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<td>–</td>
<td>1</td>
<td>–</td>
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<td>226 262</td>
<td>261 527</td>
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<td>26 752</td>
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<td>1 44</td>
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<td>12 660</td>
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<td>2 000</td>
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<td>94 090</td>
<td>11 444</td>
<td>7 228</td>
</tr>
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<td>77 960</td>
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<td>10 987</td>
<td>686</td>
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<td>1 186</td>
<td>1 469</td>
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<td>119 350</td>
<td>13 939</td>
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<td>812 325</td>
<td>42 107</td>
<td>142 177</td>
<td>13 019</td>
<td>16 246</td>
</tr>
</tbody>
</table>

### Statement of comprehensive income

| Turnover* | 5 381 727 | 4 912 245 | 504 913 | 527 290 | 67 415 | 58 868 |
| Gross profit* | 1 514 139 | 1 418 060 | 172 342 | 174 930 | 43 212 | 39 993 |
| Other income* | 185 178 | 148 485 | 11 871 | 15 062 | 964 | 937 |
| **Total Income** | 1 699 317 | 1 566 545 | 184 213 | 189 992 | 44 176 | 40 930 |
| Expenses* | (1 336 413) | (1 223 096) | (147 370) | (156 998) | (28 792) | (27 936) |
| Operating profit | 362 904 | 343 449 | 36 843 | 32 994 | 15 384 | 12 994 |

### Ratios

| Increase in turnover | % | 9.6 | 15.8 | (4.2) | (2.5) | 14.5 | (5.2) |
| Selling price inflation | % | 0.5 | 1.1 | (4.5) | 0.2 | (0.7) | (10.0) |
| Comparable stores’ turnover growth | % | 5.5 | 12.6 | (3.3) | (1.9) | 14.2 | (5.7) |
| Gross profit margin | % | 28.1 | 28.9 | 34.1 | 32.4 | 64.1 | 67.9 |
| Total income margin | % | 31.6 | 31.9 | 36.5 | 36.0 | 65.5 | 69.5 |
| Operating expenses as a percentage of turnover | % | 24.8 | 24.9 | 29.2 | 29.8 | 42.7 | 47.5 |
| Increase in operating expenses | % | 9.3 | 16.6 | (6.3) | (2.2) | 3.1 | 5.0 |
| Increase in operating profit | % | 5.7 | 23.5 | 11.7 | (9.4) | 18.4 | 2.8 |
| Operating profit margin | % | 6.7 | 7.0 | 7.3 | 6.3 | 22.8 | 22.1 |
| Inventory days | 68 | 61 | 97 | 105 | 134 | 157 |
| Trade debtor days | 9 | 13 | – | – | – | – |
| Trade creditor days | 46 | 47 | 70 | 35 | 13 | 14 |
| Number of stores | 412 | 382 | 140 | 151 | 42 | 42 |
| as at 31 August 2011/2010 | 400 | 369 | 148 | 152 | 42 | 40 |
| opened | 15 | 14 | – | 3 | – | 2 |
| closed | (3) | (1) | (8) | (4) | – | – |
| Number of pharmacies | 295 | 266 | – | – | – | – |
| as at 31 August 2011/2010 | 283 | 251 | – | – | – | – |
| new/converted | 13 | 20 | – | – | – | – |
| closed | (1) | (5) | – | – | – | – |
| Total leased area | m² | 267 360 | 252 489 | 29 546 | 30 907 | 2 892 | 2 892 |
| Weighted retail trading area | m² | 204 368 | 191 718 | 26 170 | 26 908 | 2 203 | 2 177 |
| Weighted annual sales per m² | R | 47 830 | 46 530 | 36 015 | 36 680 | 57 130 | 50 476 |
| Number of permanent employees | 6 515 | 6 510 | 676 | 706 | 120 | 117 |

* The statement of comprehensive income as at 28 February 2011 and 31 August 2011 have been restated for the reclassification of income and expenses between turnover, cost of sales, other income and other operating expenses. This has resulted in an increase in cost of sales in Clicks of R13.4 million (28 February 2011) and R49.9 million (31 August 2011) with a corresponding increase in other income. Within UPD turnover has increased by R29.2 million (28 February 2011) and R82.9 million (31 August 2011) with a corresponding increase in other operating expenses. The inter-segmental elimination increased by R13.4 million (28 February 2011) and R49.9 million (31 August 2011) relating to turnover and cost of sales with a corresponding increase in the elimination relating to other income and other operating expenses of a similar amount. There has been no impact on profit, statement of financial position, statement of changes in equity or statement of cash flows.
### Group Services

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<th>Total operations</th>
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<td>2 061 176</td>
<td>77 960</td>
<td>3 840</td>
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<td>119 350</td>
<td>13 939</td>
<td>57 130</td>
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<td>29 Feb 2012</td>
<td>1 927 706</td>
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<td>117 699</td>
<td>390 569</td>
<td>72 463</td>
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<tr>
<td>28 Feb 2011</td>
<td>–</td>
<td>10 027 52</td>
<td>6 510</td>
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</tr>
</tbody>
</table>

- Increase in operating expenses %
- Comparable stores’ turnover growth %
- Expenses*
- Other income*
- Total liabilities
- Employee benefits – non-current
- Inventories
- Income and expenses between turnover, cost of sales, other income and other operating expenses. This has resulted in an increase
Clicks Group Interim Results 2012

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

Free float
The number of ordinary 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 ordinary shares in issue at period-end.

Net asset value per share
Net assets at period-end divided by the number of ordinary 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 ordinary 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 ordinary shares traded on the JSE Limited during the period as a percentage of the weighted average number of ordinary 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 ordinary 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.
PRESENTATION OUTLINE

- Review of the period  David Kneale
- Financial results  Michael Fleming
- Trading performance  Mike Harvey and David Kneale
- Outlook  David Kneale
- Questions
**REVIEW OF THE PERIOD**

- Tough trading in a competitive environment
- Market slowdown due to lack of selling price inflation
- Pressure on margins
- Good cost management
- Benefit from capital management in prior year
- Real volume growth
- Health and beauty market share increased
FINANCIAL RESULTS

MICHAEL FLEMING

FINANCIAL HIGHLIGHTS

- Group turnover up 6.8%
  - Selling price deflation of 0.2%
  - Retail turnover up 8.3%
  - UPD turnover up 5.0%
- Operating margin down from 6.5% to 6.4%
- Diluted headline EPS up 7.6% to 131.5 cps
- Interim dividend of 44.1 cps, up 19.2%
- ROE increases from 55.8% to 60.7%
## PRESENTATION

### TURNOVER

<table>
<thead>
<tr>
<th></th>
<th>Feb 2012</th>
<th>Feb 2011</th>
<th>% change</th>
<th>% same store growth</th>
<th>% inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clicks</td>
<td>5,382</td>
<td>4,912</td>
<td>9.6</td>
<td>5.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Musica</td>
<td>505</td>
<td>527</td>
<td>(4.2)</td>
<td>(3.3)</td>
<td>(4.5)</td>
</tr>
<tr>
<td>The Body Shop</td>
<td>67</td>
<td>59</td>
<td>14.5</td>
<td>14.2</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Total retail</td>
<td>5,954</td>
<td>5,498</td>
<td>8.3</td>
<td>4.8</td>
<td>0.1</td>
</tr>
<tr>
<td>UPD</td>
<td>2,866</td>
<td>2,730</td>
<td>5.0</td>
<td></td>
<td>(0.5)</td>
</tr>
<tr>
<td>Intragroup turnover</td>
<td>(1,163)</td>
<td>(1,061)</td>
<td>9.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total group</td>
<td>7,657</td>
<td>7,167</td>
<td>6.8</td>
<td></td>
<td>(0.2)</td>
</tr>
</tbody>
</table>

- Impact of low inflation
- Benefit from new stores in Clicks
- Real growth in all businesses

### TOTAL INCOME

<table>
<thead>
<tr>
<th></th>
<th>Feb 2012 R’m</th>
<th>Feb 2011 R’m</th>
<th>% change</th>
<th>Feb 2012 % margin</th>
<th>Feb 2011 % margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clicks</td>
<td>1,699</td>
<td>1,567</td>
<td>8.5</td>
<td>31.6</td>
<td>31.9</td>
</tr>
<tr>
<td>Musica</td>
<td>184</td>
<td>190</td>
<td>(3.0)</td>
<td>36.5</td>
<td>36.0</td>
</tr>
<tr>
<td>The Body Shop</td>
<td>44</td>
<td>41</td>
<td>7.9</td>
<td>65.5</td>
<td>69.5</td>
</tr>
<tr>
<td>Total retail</td>
<td>1,927</td>
<td>1,798</td>
<td>7.2</td>
<td>32.4</td>
<td>32.7</td>
</tr>
<tr>
<td>UPD</td>
<td>240</td>
<td>222</td>
<td>7.9</td>
<td>8.4</td>
<td>8.1</td>
</tr>
<tr>
<td>Intragroup</td>
<td>(22)</td>
<td>(14)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total group</td>
<td>2,145</td>
<td>2,006</td>
<td>6.9</td>
<td>28.0</td>
<td>28.0</td>
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</tbody>
</table>

- Strong promotional campaigns and adverse mix impact in Clicks
- Renegotiated supplier terms in Musica
- Benefit from distribution agency business in UPD
### OPERATING EXPENDITURE – RETAIL

<table>
<thead>
<tr>
<th></th>
<th>Feb 2012</th>
<th>Feb 2011</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortisation</td>
<td>76</td>
<td>66</td>
<td>15.7</td>
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<tr>
<td>Occupancy costs</td>
<td>229</td>
<td>207</td>
<td>10.6</td>
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<tr>
<td>Employment costs</td>
<td>754</td>
<td>702</td>
<td>7.4</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>454</td>
<td>433</td>
<td>4.7</td>
</tr>
<tr>
<td><strong>Total retail costs</strong></td>
<td><strong>1,513</strong></td>
<td><strong>1,408</strong></td>
<td><strong>7.4</strong></td>
</tr>
</tbody>
</table>

- 30 new Clicks stores and 29 additional dispensaries since February 2011
- IFRS 2 charge of R12m for ESOP scheme (2011: R2m)
- Pharmacy professional costs up 8.4% in same stores
- Comparable costs up only 2.7%

### OPERATING EXPENDITURE – UPD

<table>
<thead>
<tr>
<th></th>
<th>Feb 2012</th>
<th>Feb 2011</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortisation</td>
<td>7</td>
<td>7</td>
<td>8.4</td>
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<tr>
<td>Occupancy costs</td>
<td>1</td>
<td>2</td>
<td>(42.4)</td>
</tr>
<tr>
<td>Employment costs</td>
<td>64</td>
<td>67</td>
<td>(4.7)</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>93</td>
<td>74</td>
<td>24.7</td>
</tr>
<tr>
<td><strong>Total UPD costs</strong></td>
<td><strong>165</strong></td>
<td><strong>150</strong></td>
<td><strong>10.2</strong></td>
</tr>
</tbody>
</table>

- Other operating costs include investment of R4.5m in distribution capabilities
- Additional variable distribution costs of R3.2m
- Comparable costs up 5%
## OPERATING PROFIT

<table>
<thead>
<tr>
<th></th>
<th>Feb 2012 R'm</th>
<th>Feb 2011 R'm</th>
<th>% change</th>
<th>Feb 2012 % margin</th>
<th>Feb 2011 % margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clicks</td>
<td>363</td>
<td>343</td>
<td>5.7</td>
<td>6.7</td>
<td>7.0</td>
</tr>
<tr>
<td>Musica</td>
<td>37</td>
<td>33</td>
<td>11.7</td>
<td>7.3</td>
<td>6.3</td>
</tr>
<tr>
<td>The Body Shop</td>
<td>15</td>
<td>13</td>
<td>18.4</td>
<td>22.8</td>
<td>22.1</td>
</tr>
<tr>
<td>Total retail</td>
<td>415</td>
<td>389</td>
<td>6.6</td>
<td>7.0</td>
<td>7.1</td>
</tr>
<tr>
<td>UPD</td>
<td>75</td>
<td>72</td>
<td>3.3</td>
<td>2.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Intragroup</td>
<td>(1)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total group</td>
<td>489</td>
<td>462</td>
<td>5.8</td>
<td>6.4</td>
<td>6.5</td>
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</table>

## INVENTORY

<table>
<thead>
<tr>
<th></th>
<th>Days in stock*</th>
<th>Inventory (R'm)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Feb 2012</td>
<td>Feb 2011</td>
</tr>
<tr>
<td>Clicks</td>
<td>68</td>
<td>61</td>
</tr>
<tr>
<td>Musica</td>
<td>97</td>
<td>105</td>
</tr>
<tr>
<td>The Body Shop</td>
<td>134</td>
<td>157</td>
</tr>
<tr>
<td>Total retail</td>
<td>71</td>
<td>65</td>
</tr>
<tr>
<td>UPD</td>
<td>35</td>
<td>30</td>
</tr>
<tr>
<td>Intragroup inventory</td>
<td>(12)</td>
<td>(14)</td>
</tr>
<tr>
<td>Total group</td>
<td>66</td>
<td>59</td>
</tr>
</tbody>
</table>

- Stock bought in ahead of price increases on selected lines

* At cost price
# CASH GENERATION

<table>
<thead>
<tr>
<th></th>
<th>Feb 2012</th>
<th>Feb 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>461</td>
<td>443</td>
</tr>
<tr>
<td>Non-cash adjustments</td>
<td>130</td>
<td>61</td>
</tr>
<tr>
<td><strong>Operating profit before working capital changes</strong></td>
<td><strong>591</strong></td>
<td><strong>504</strong></td>
</tr>
<tr>
<td>Working capital changes, excl derivative</td>
<td>(236)</td>
<td>(116)</td>
</tr>
<tr>
<td>Disposal of derivative hedge</td>
<td>-</td>
<td>151</td>
</tr>
<tr>
<td>Net interest and tax paid</td>
<td>(141)</td>
<td>(143)</td>
</tr>
<tr>
<td><strong>Cash inflow from operations</strong></td>
<td>214</td>
<td>396</td>
</tr>
</tbody>
</table>

- The group continues to be strongly cash generative

---

# CASH UTILISATION

<table>
<thead>
<tr>
<th></th>
<th>Feb 2012</th>
<th>Feb 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash inflow from operations</td>
<td>214</td>
<td>396</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(99)</td>
<td>(119)</td>
</tr>
<tr>
<td>Distributions paid</td>
<td>(225)</td>
<td>(199)</td>
</tr>
<tr>
<td>Share buy-backs</td>
<td>-</td>
<td>(251)</td>
</tr>
<tr>
<td>Other investing activities</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Other financing activities</td>
<td>172</td>
<td>54</td>
</tr>
<tr>
<td><strong>Net cash generated/(utilised)</strong></td>
<td><strong>71</strong></td>
<td>(112)</td>
</tr>
</tbody>
</table>

- R282m capex planned for FY2012
PLANS FOR THE NEXT 6 MONTHS

- Prudent cost and cash management
- Capex of R183m in second half
  - R95m stores
  - R41m IT systems
  - R37m UPD
  - R10m other
- Dividend cover reduced to 1.8 times

TRADING PERFORMANCE

MIKE HARVEY
& DAVID KNEALE
OVERVIEW

- Pressure on top line growth
  - No selling price inflation
  - Highly competitive market
- Increased promotional activity to drive volume and traffic
- Slower sales growth in higher margin categories
- Tighter cost management
- New stores performing ahead of expectations
## Sales Performance

<table>
<thead>
<tr>
<th>Category</th>
<th>% Change</th>
<th>% Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scheduled medicines</td>
<td>11.1</td>
<td>25.6</td>
</tr>
<tr>
<td>Front shop health</td>
<td>14.5</td>
<td>27.9</td>
</tr>
<tr>
<td>Beauty</td>
<td>7.1</td>
<td>24.4</td>
</tr>
<tr>
<td>General merchandise</td>
<td>4.9</td>
<td>22.1</td>
</tr>
<tr>
<td>Total turnover</td>
<td>9.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

## Health

- Clicks dispensary sales +11.4% (value) and +12.3% (volume)
  - Switch to generics
  - Medical aid benefit changes and greater self-medication
- Good growth in other key categories
  - Baby +29.9%
  - Vitamins and supplements +11.8%
- Increased market share

<table>
<thead>
<tr>
<th></th>
<th>Feb 2012</th>
<th>Feb 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail pharmacy*</td>
<td>16.1</td>
<td>14.5</td>
</tr>
<tr>
<td>Front shop health**</td>
<td>38.3</td>
<td>37.3</td>
</tr>
</tbody>
</table>

* Per IMS  ** Per AC Nielsen (restated)
### BEAUTY

- Insufficient premium ranges
  - Colour cosmetics +8.3%
  - Fragrance +7.6%
- New launches and aggressive promotions
  - Skincare +9.7%
  - Haircare +6.3%
- Mixed market share performance

<table>
<thead>
<tr>
<th></th>
<th>Feb 2012</th>
<th>Feb 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colour cosmetics**</td>
<td>28.1</td>
<td>29.2</td>
</tr>
<tr>
<td>Skincare***</td>
<td>33.7</td>
<td>33.8</td>
</tr>
<tr>
<td>Haircare***</td>
<td>29.7</td>
<td>28.9</td>
</tr>
</tbody>
</table>

** Per RCL  
*** Per AC Nielsen (restated)

### GENERAL MERCHANDISE

- Lack of newness in homeware
  - Homeware –4.7%
- Good performance in other key categories
  - Confectionery +9.6%
  - Electrical and hi-tech +9.1%
- Stable market share

<table>
<thead>
<tr>
<th></th>
<th>Feb 2012</th>
<th>Feb 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small household appliances****</td>
<td>19.2</td>
<td>19.2</td>
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</tbody>
</table>

**** Per GKN
STORE AND PHARMACY PRESENCE

- 412 stores at February 2012
  - Opened net 12 stores in first half
  - Faster sales growth in convenience and regular formats
  - Significant centre upgrades impacting destination format

- 295 dispensaries at February 2012
  - Net 12 dispensaries opened in past six months

- Addressing pharmacist availability
  - 96 bursaries to pharmacy students
  - Increased pharmacy assistant learners from 160 to 241

CUSTOMERS AND BRAND

- ClubCard membership now 3.6m
  - Net growth of 320 000 members since February 2011
  - 76.9% of sales (2011: 76.5%)
  - New affinity partners
  - 2.8m cardholders on pharmacy database
  - 95 000 members of Baby Club

- Private label down from 19.9% to 19.2% of sales
  - Front shop down from 25.9% to 24.7%

- Rated 1st for pricing and value in health & beauty*

* Per TNS Brand Tracker
PLANS FOR THE NEXT 6 MONTHS

- Trading conditions expected to remain challenging
  - Aggressive promotional programme planned
  - Selling price inflation to average around 2% in H2
- Good pipeline of store openings
  - 20 – 30 new stores for the year
  - 30 – 40 new dispensaries in FY2012
- Improving our core offer
  - Innovation in front shop
  - Drive volume in pharmacy
  - Increasing loyalty and spend through ClubCard
**PERFORMANCE**

- Market share increased from 22.9% to 23.2%*
- Scheduled medicines up 5.1%
  - Originators +0.3%
  - Generics +13.3%
- Front shop sales up 4.2%
  - Better range targeted at independent pharmacy
- Product availability maintained at 92%
- Successful take on of four distribution agency contracts

* MAT per IMS (restated)

**TURNOVER**

<table>
<thead>
<tr>
<th></th>
<th>% change</th>
<th>% contribution</th>
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<tbody>
<tr>
<td>Clicks</td>
<td>9.4</td>
<td>40.5</td>
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<tr>
<td>Hospitals</td>
<td>5.8</td>
<td>28.0</td>
</tr>
<tr>
<td>Link pharmacy</td>
<td>(7.4)</td>
<td>15.7</td>
</tr>
<tr>
<td>Other independent pharmacy</td>
<td>4.0</td>
<td>9.9</td>
</tr>
<tr>
<td>Other</td>
<td>11.0</td>
<td>5.9</td>
</tr>
<tr>
<td>Total turnover</td>
<td>5.0</td>
<td>100.0</td>
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</tbody>
</table>
PLANS FOR THE NEXT 6 MONTHS

- SEP increase of up to 2.14% to benefit H2
- Drive turnover growth
  - Preferred supply partner for Aspen from February 2012
- Settle in new distribution agency contracts
  - Expect R1.5bn notional turnover in FY2012
  - Pfizer contract commences July 2012
- Investment to increase distribution capacity and improve wholesaling efficiency
  - R17m in H2 and R28m in FY2013
PRESENTATION

PERFORMANCE AND OUTLOOK

<table>
<thead>
<tr>
<th></th>
<th>% change</th>
<th>% contribution</th>
<th>Market share*</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDs</td>
<td>(5.0)</td>
<td>47.3</td>
<td>44.7</td>
</tr>
<tr>
<td>DVDs</td>
<td>(13.3)</td>
<td>25.9</td>
<td>28.6</td>
</tr>
<tr>
<td>Gaming</td>
<td>(6.2)</td>
<td>17.7</td>
<td>10.3</td>
</tr>
<tr>
<td>Technology</td>
<td>30.2</td>
<td>9.1</td>
<td>9.8</td>
</tr>
</tbody>
</table>

- Continued decline in traditional formats, partially offset by market share gains
- Net closure of 8 stores in the period
- Technology category to be extended to a further 24 stores
- Cost management will continue to improve efficiencies
  - Further 8 store closures planned in H2

* Per Applimark/CIRI

PERFORMANCE AND OUTLOOK

- Strong first half performance
  - Good gifting range
  - Better availability
  - Strong promotions
- 117 000 “Love Your Body” cardholders
- Relaunch of The Body Shop brand internationally in May 2012
  - New store look
  - New products
  - New brand expression “Beauty with Heart”
OUTLOOK

DAVID KNEALE

OUTLOOK

- Middle income consumers under the most pressure
- Health and beauty market will remain promotionally driven
- Anticipate minimal real growth in private pharmacy market
- Selling price inflation expected to be under 2% for the year
- Focus is on maintaining competitive position
  - Volume growth
  - Cost containment
- Maintaining investment for longer term growth
- Expect 6 – 11% growth in diluted HEPS for FY2012
**MEDIUM-TERM POSITIONING**

- Clicks is the market leading health and beauty retail brand, with scope to grow its footprint and market share
- UPD is the leading pharmaceutical wholesaler and is well positioned to grow its distribution agency business
- Strong cash generation ability
- Confident of achieving medium-term financial targets

<table>
<thead>
<tr>
<th>2012 – 2014 targets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE (%)</td>
<td>55 – 65</td>
</tr>
<tr>
<td>ROA (%)</td>
<td>14 – 18</td>
</tr>
<tr>
<td>Inventory days</td>
<td>55 – 60</td>
</tr>
<tr>
<td>Group operating margin (%)</td>
<td>6.0 – 7.0</td>
</tr>
</tbody>
</table>

**THANK YOU**
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Clicks Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this presentation, including all information that may be defined as ‘forward-looking statements’ within the meaning of United States securities legislation.

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DW Janks

Transfer secretaries:
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Sponsor:
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