Reviewed group res

for the year ended 31 Au

Turnover	+34.3%
Operating Profit	+19.9%
Diluted Headline EPS	+29.8%

Consolidated Income Statement

	Year ended 31 August 2003 R'000	Year ended 31 August 2002 R'000	% change
Turnover	7 367 739	5 487 791	34.3
Cost of merchandise	5 576 857	3 932 390	
Gross profit	1 790 882	1 555 401	15.1
Other revenue	528 261	424 861	
Expenditure	1 937 140	1 661 702	16.6
Operating profit	382 003	318 560	19.9
Net interest paid	(84 117)	(67 220)	25.1
Interest paid – excluding PM&A	(84 117)	(67 220)	
Interest accrued – PM&A	59 265	45 525	
Provision – PM&A interest	(59 265)	(45 525)	
Net profit after interest	297 886	251 340	18.5
Provision for impairment of loan	–	(32 475)	
Net profit before exceptional items	297 886	218 865	36.1
Exceptional items			
Profit on the sale of stores	26 454	–	
Goodwill amortised	(23 719)	(11 346)	
Loss on disposal of fixed assets	(2 610)	–	
Net profit before taxation	298 011	207 519	
Taxation	83 743	61 319	36.6
Profit attributable to ordinary shareholders	214 268	146 200	46.6
Adjustments for			
Profit on the sale of stores	(18 518)	–	
Goodwill amortised	23 719	11 346	
Loss on disposal of fixed assets	1 827	–	
Headline earnings	221 296	157 546	40.5
Headline earnings per share (cents)			
Undiluted	65.6	52.2	25.7
Diluted	64.5	49.7	29.8
Earnings per share (cents)			
Undiluted	63.5	48.4	31.2
Diluted	62.5	46.1	35.6
Distribution per share (cents)			
Paid – December	14.1	11.2	25.9
Paid – July	10.9	9.9	10.1
Proposed – December	15.1		

Notes

Consolidated Cash Flow Statement

Net cash flow from operations
Movement in working capital
Net interest paid
Taxation paid
Cash effects of operating activities
Distributions to ordinary shareholders
Net cash effects of operating activities
Net cash flow utilised in investing activities
Net cash effects of financing activities
Net increase/(decrease) in cash and cash equivalents

Consolidated Changes in Equity

Increase in share capital and premium
(Decrease)/increase in non-distributable reserve
Net profit for the year
Distributions to shareholders
Net increase in shareholders' funds
Opening shareholders' interest
Closing shareholders' interest
Percentage increase in closing shareholders' interest

Segmental Analysis

The geographical split and split per brand of turnover a

	Year ended 31 August 2003 R'000
Turnover	
Clicks	2 997 226
Discom	771 441
Music division	482 287
The Body Shop	45 781
Link Investment Trust	19 919
United Pharmaceutical Distributors	1 431 304
Southern African operations	5 747 958
Priceline	1 587 711
Priceline Pharmacy	17 705
House	10 347
Price Attack	4 018
Australian operations	1 619 781
Total	7 367 739
Operating profit before interest and tax	
Clicks	259 281
Discom	(5 571)
Music division	25 675
The Body Shop	10 017
Link Investment Trust	(2 712)
Intercare	(962)
United Pharmaceutical Distributors	54 304
Shared Services unallocated	(7 376)
Southern African operations	332 656

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NEW CLICKS HOLDINGS LIMITED

Year ended 31 August 2003 R'000	Year ended 31 August 2002 R'000
513 821	418 834
38 894	(10 705)
(84 117)	(67 220)
(87 145)	(89 508)
381 453	251 401
(44 244)	(37 736)
337 209	213 665
(258 782)	(310 034)
180 230	717
258 657	(95 652)

Year ended 31 August 2003 R'000	Year ended 31 August 2002 R'000
340 187	39 952
(86 097)	83 611
214 268	146 200
(81 605)	(63 539)
386 753	206 224
1 221 757	1 015 533
1 608 510	1 221 757
31.7	

nd profit is as follows:

Year ended 31 August 2002 R'000	% change
2 692 620	11.3
720 895	7.0
439 333	9.8
27 161	68.6
16 175	23.1
–	
3 896 184	47.5
1 574 694	0.8
–	
16 913	-38.8
–	
1 591 607	1.8
5 487 791	34.3
262 974	-1.4
(20 637)	
21 470	19.6
5 176	93.5
(2 801)	
(1 764)	
–	
2 167	
266 585	24.8

Commentary

Group results

New Clicks Holdings increased turnover by 34% to R7.4 billion for the financial year, a performance which was bolstered by the acquisition of New United Pharmaceutical Distributors (UPD) during the year. Comparable turnover growth was a more modest 8.2% and this was negatively impacted by declining sales in the lifestyle merchandise category in South Africa and the effect of the strengthening Rand on the results of New Clicks Australia.

The group lifted operating profit by 20% from R319 million to R382 million.

Headline earnings per share grew 26% to 65.6 cents per share, while diluted headline earnings per share showed a 30% rise to 64.5 cents per share. The increase is largely due to an impairment of R32.5 million of the loan to pharmacy group Purchase Milton & Associates (PM&A) which was reflected in the 2002 figures. No further impairment was considered necessary in 2003. Diluted headline earnings per share adjusted for the PM&A provision increased by 13.4%.

The 10.3% decline in the group's operating margin from 5.8% to 5.2% can be attributed to the lower margin profile within UPD's business and the change in product mix as a result of the disappointing lifestyle sales.

Interest paid by the group rose by 25.1% owing to the higher average interest rates during the period, the financing costs for the purchase of Price Attack in Australia and the increased inventory levels.

Year-end stock levels, excluding UPD, were 16% higher than last year, mainly as a result of the stocks required for the promotional strategy being pursued by the Clicks and Discom brands, the increased volumes of imports and the earlier landing of these stocks, as well as the growth in the number of Body Shop stores.

Trading review

A strategic decision has been taken by the board of New Clicks Holdings to operate the South African and Australian divisions on an autonomous basis. Management structures spanning the two regions have been dismantled and the respective leadership teams have been given responsibility for their own strategic planning and implementation. Cost savings are expected to flow from the separation of the two geographic divisions.

New Clicks South Africa and New Clicks Australia will continue to have a working relationship and share knowledge and information at a high level.

New Clicks South Africa

The changes in legislation allowing for corporate ownership of pharmacies has enabled the group to translate its healthcare vision into reality and move towards introducing dispensaries into Clicks stores.

Allied to this was the approval granted by the Competition Tribunal for New Clicks to acquire PM&A, which operates 80 pharmacies around the country. It is encouraging that PM&A has started to show an improved operating performance, posting a profit before interest and goodwill write-off for the second half of the year.

The performance of the core Clicks brand was impacted by the disappointing lifestyle turnover, and despite strong real growth in both the beauty and health merchandise categories, turnover growth was restricted to 11.3%.

The new leadership team has taken strong remedial action to arrest the decline in homewares by anticipating customer needs and focusing on the presentation of merchandise in its promotional campaigns. Early indications are that the recently introduced homewares range is meeting customers' expectations for both value and quality.

Discom continues its turnaround and despite not yet returning to profitability, reduced its operating loss from R20.6 million to R5.6 million. Discom has shown strong growth in its African beauty and hair care products but has been hampered by a slowdown in homeware sales. The youthful image and upbeat brand positioning of Look Good, Feel Good is finding increasing favour with emerging market consumers.

Accounting policies and restatement of comparatives

These financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the accounting policies used are consistent with those applicable for the 2002 annual financial statements, other than the changes reflected in the notes below.

1. Loan to Purchase Milton & Associates (PM&A)

PM&A, the pharmacy chain that the group is in the process of acquiring, has an estimated shareholders' deficit of R176.1 million as at 31 August 2003. The net loan to PM&A from the group amounted to R295 million at the end of August 2003, after the impairment disclosed at August 2002 and the interest provision explained in note 2 below. After trading at a loss of R8 million in the six months to February 2003, PM&A recorded a trading profit of R8 million in the second half of the year to break even for the year, before the interest charge from the group. The directors are of the opinion that no further impairment of the loan is required on the basis of a value in use calculation.

2. Net interest

As PM&A traded at a break even level for the year, the directors have decided to provide in full for the interest accrued on the loan to PM&A.

The comparatives for the year to August 2002 have been restated to achieve consistency, with part of the R78 million impairment being allocated as a provision against interest accrued, and the balance remaining as an impairment. The effect of this on headline earnings is included in note 3 below.

3. Accounting circular on headline earnings

In line with the new definition of headline earnings, any impairment in respect of the loan to PM&A must be taken into account in headline earnings. The comparative figures for the year to August 2002 have been restated in line with this. The effect of this change for the year to August 2002 is to reduce headline earnings by R54.6 million and to reduce diluted headline earnings per share by 17.2 cents.

4. AC133 – Financial instruments: recognition and measurement

The group has adopted this statement with effect from 1 September 2002. There has been no need to adjust opening reserves, and there is no significant impact on profit in the current year.

These results have been reviewed by KPMG Inc. Chartered Accountants (SA), the auditors of New Clicks Holdings Limited, and their unqualified review opinion is available for inspection at New Clicks Holdings' registered office.

Consolidated Balance Sheet

	As at 31 August 2003 R'000	As at 31 August 2002 R'000
ASSETS		
Non-current assets	1 432 719	1 195 134
Property plant and equipment	751 843	617 767
Goodwill	235 288	182 502
Loans	384 007	331 755
Deferred taxation	61 581	63 110
Current assets	1 997 575	1 266 656
Inventories	1 401 061	1 055 137
Accounts receivable	417 305	196 624
Cash on hand	179 209	–
Taxation prepaid	–	14 895
Total assets	3 430 294	2 461 790
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shareholders' interest	1 608 510	1 221 757
Non-current liabilities		
Interest-bearing liabilities	412 532	230 546
Current liabilities	1 409 252	1 009 487
Accounts payable	1 373 743	887 542
Short-term borrowings	33 005	108 583
Taxation payable	2 504	13 362
Total equity and liabilities	3 430 294	2 461 790

Priceline	124 974
Priceline Pharmacy	(2 029)
House	11 548
Price Attack	17 999
Shared Services	(103 145)
Australian operations	49 347
Total	382 003

Note: The Australian shared services costs have not bee as these costs have been stepped up ahead of the plan development of the franchise business model.

Impact of foreign currency fluctuations

The rates of exchange applied in the conversion of th reflected below (rands to the Australian dollar).

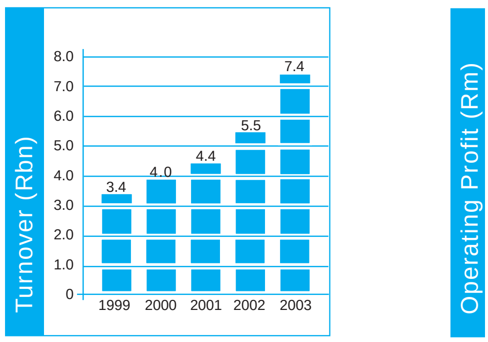
	2003
Income statement items – average rate for the year to 31 August	5.11686
Balance sheet items – rate at 31 August	4.72438

The impact of the exchange rate movement on the grou by restating the turnover and operating profit for the A year at the rate applied for the year ended 31 August 2(

	Year ended 31 August 2003 R'000
Turnover	
Southern Africa	5 747 958
Australia	1 756 524
	7 504 482
Operating profit before interest and tax	
Southern Africa	332 656
Australia	53 513
	386 169

Supplementary Information

Number of ordinary shares in issue ('000)
Weighted average number of shares in issue ('000)
Weighted average diluted number of shares in issue ('0(
Net asset value per share (cents)
Net tangible asset value per share (cents)
Depreciation (R'000)
Capital expenditure (R'000)
Capital commitments (R'000)



Registered address Cnr Searle and Pontac Streets, Cape Town 8001, PO Box 5142, Cape Town 8000 **Directors** D.M. Nurek (chairman)*, T
Transfer Secretaries Computershare Limited, 70 Marshall Street, Marshalltown, Johannesburg 2(
This information, together with the presentation to analysts, is available on th

Registration Number 1996/000645/06 Share Code: NC

121 758	2.6
–	
12 768	-9.6
(94)	
(82 457)	
51 975	-5.1
318 560	19.9

ɜn allocated to the trading brands
ned growth to support the

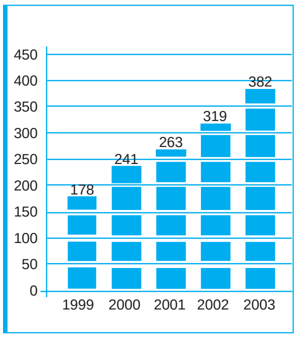
e Australian dollar to the rand are

2002
5.54883
5.82403

ıp's performance is reflected below
ustralian operations for the current
)02.

Year ended 31 August 2002 R'000	% change
3 896 184	47.5
1 591 607	10.4
5 487 791	36.7
266 585	24.8
51 975	3.0
318 560	21.2

	Year ended 31 August 2003	Year ended 31 August 2002
	354 118	305 172
	337 587	301 772
)0)	342 906	317 272
	454	400
	388	341
	103 726	96 425
	203 006	158 005
	226 966	225 011



The benefits of the acquisition of UPD are already starting to emerge, with the division contributing R54.3 million for the eight months it has been in the group. This profit is slightly ahead of initial expectations and is a positive reinforcement of management's confidence in the future of the division. With its inclusion in the group, UPD is able to negotiate more favourable prices from manufacturers and these are already being passed on to PM&A and Link pharmacies, as well as other independent customers.

The music division increased profit by 19.6%, despite tough trading conditions and a general slowdown in sales in the music industry. The Body Shop, while coming off a low base, increased its stores during the year and showed a 93.5% growth in profit.

New Clicks Australia

New Clicks Australia (NCA) experienced a difficult trading period and its contribution to the group's headline earnings declined in Rand terms.

During the year NCA implemented its pharmacy strategy. The model adopted in Australia enables pharmacists to continue owning and managing the pharmacy, while NCA provides 'front shop' expertise and services. This provides pharmacists with a more sustainable business with higher margin and increased turnover. Seven pharmacies were opened and further stores are planned for the new financial year.

NCA has developed a strategy to convert selected stores to pharmacy and sell the businesses to franchise holders. The sale of two Priceline stores during the reporting period realised A$5.2 million (R26.5 million) and the stores will in future generate franchise fees for NCA.

Price Attack, which was acquired in July 2002, was successfully integrated into NCA.

A new management structure was implemented to enable NCA to operate as an independent business. Brand leadership was also strengthened, with new leaders being appointed for Priceline and Price Attack, while a new brand team was assembled for House.

Prospects

The first Clicks Pharmacy will be opened in November, with a substantial number of pharmacies planned for the forthcoming year. Pharmacy dispensaries will allow Clicks to offer an essential commodity to customers for the first time and ensure that a higher volume of sales will be generated through an existing infrastructure. The pharmacy offering, together with an improved lifestyle merchandise range, will lead to the emergence of Clicks as the pre-eminent healthcare brand.

Discom is expected to return to profitability this year as the benefits of its restructuring and repositioning become evident.

Management is committed to a substantially increased focus on performance delivery, as well as delivery on a number of strategic objectives across the group.

Based on the forecast performance for the group, the directors are confident that shareholders can expect continued real growth in earnings in the year ahead.

Dividend declaration

The board of directors has declared a final cash dividend of 15.1 cents per share payable on Monday, 8 December 2003 to shareholders recorded in the register of the company at the close of business on Friday, 5 December 2003. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Friday, 28 November 2003 and the shares will trade "ex dividend" from the commencement of business on Monday, 1 December 2003. The record date will be Friday, 5 December 2003.
Share certificates may not be dematerialised or rematerialised between Monday, 1 December 2003 and Friday, 5 December 2003, both dates inclusive.

By order of the Board

ALLAN SCOTT
Company Secretary

15 October 2003

ꞁ.C. Honneysett, R.B. Godfrey, E. Osrin*, J.C. Sher *(Australian)*, P.E.I. Swartz (deputy chairman)*, A. Zimbler* * non-executive
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ıe New Clicks Holdings website: http://www.newclicks.co.za

L ISIN: ZAE000014585