PRELIMINARY REVIEWED CONDENSED CONSOLIDATED RESULTS

FOR THE YEAR ENDED 31 AUGUST 2015

CLICKS GROUP
LIMITED

CONTENTS

Group turnover up
15.3%

Diluted headline EPS up
14.0%

Cash generated by operations
R1.7 billion

Total dividend up
23.7%

Total shareholder return
35.8%

Return on equity of
53.7%

COMMENTARY

Overview

The Clicks Group has delivered another good trading performance in a difficult economic climate where consumers remain under financial pressure. All the group's retail brands reported real volume growth and the Clicks chain has continued to gain share of the health and beauty markets. UPD now has market-leading positions in both the pharmaceutical wholesale and distribution markets.

Diluted headline earnings per share increased by 14.0% to 383.9 cents. The total dividend was increased by 23.7% to 235.0 cents per share, based on the reduced dividend cover ratio of 1.7 times. The group generated a total shareholder return of 35.8% for the year.

In line with the board's commitment to return surplus cash to shareholders, the group returned R667 million to shareholders through dividend payments of R491 million and share buy-backs of R176 million. Over the past five years the group has returned R3.3 billion to shareholders.

Financial performance

Group turnover increased by 15.3% to R22.1 billion, with retail sales growing by 10.4% and UPD by 21.6%. Selling price inflation was contained to 4.0% for the year.

Total income increased by 10.9%. The faster turnover growth in UPD has resulted in the group's total income margin reducing to 26.0% from 27.0% in 2014.

Operating expenses in retail were 10.1% higher primarily due to the increased investment in stores, staff and marketing costs. Comparable retail cost growth was contained at 8.0%. UPD expenses grew by 8.4% owing to increased variable costs from the growth in its distribution business and by 6.1% on a comparable basis.

Group operating profit increased 14.6% to R1.4 billion. The retail business, which accounts for 82% of group profit, improved its operating margin by 30 basis points to 7.8%. UPD increased operating profit by 17.0% although the increase in the lower-margin generics business continues to place pressure on the margin, which reduced 10 basis points to 2.5%. The margins are all within the group's medium-term target ranges.

Inventory days in stock moved from 64 to 68 days. Inventory levels were 24.3% higher as the group focused on improving product availability in the retail brands and bought stock for the expansion of the franchise brands in Clicks. UPD stock levels were higher than expected and have normalised subsequent to the year-end.

Cash inflow from operations before working capital changes increased by R209 million to R1.7 billion. Capital expenditure of R370 million was invested mainly on store expansion and refurbishment, IT systems and infrastructure.

The group's performance for the year translated into a sector-leading return on equity of 53.7%.

Trading performance

The Clicks chain increased sales by 10.9% and by 7.9% in comparable stores, driven through effective promotions and price competitiveness. The chain's store footprint was expanded to 486, with 361 pharmacies and 157 clinics. The Clicks ClubCard loyalty programme has grown its active membership to 5 million.

The group's portfolio of exclusive health and beauty franchise brands, The Body Shop, GNC and the recently launched Claire's brand, continue to differentiate the Clicks offer. The Body Shop increased turnover by 12.7% and has 50 standalone stores, with a presence in 86 Clicks stores. GNC has four stores and a presence in 257 Clicks stores, while Claire's opened its first store and has ranges available in 77 Clicks stores.

Musica increased sales by 2.3%, with strong growth in gaming and technology, as the brand continued to gain market share.

UPD benefited from the growth in its preferred supply chain partner distribution contracts and increased turnover by 21.6%. Fine wholesale turnover grew by 7.4% and distribution turnover by 34.6%.

Outlook

Consumer spending is unlikely to improve in the short term, which will ensure that the retail trading environment remains constrained. UPD is expected to face a demanding year owing to the ongoing margin pressure from the faster growth in generic medicines.

However, the group has a portfolio of strong, market-leading brands which have the capacity to increase market share over the medium term.

The group will continue to invest for long-term growth, with record capital expenditure of R432 million planned for the year ahead. Clicks will open 20 to 25 new stores and 25 to 35 new pharmacies, with 50 stores to be refurbished.

Management is confident of the group's ability to continue to generate cash and to achieve its medium-term financial targets.

Final dividend

The board of directors has approved a final gross ordinary dividend of 169.5 cents per share (2014: 136.5 cents per share) and a 23.5 cents per ordinary "A" share (2014: 19.0 cents per share). The source of the dividend will be from distributable reserves and paid in cash.

Additional information

Dividends Tax (DT) amounting to 25.425 cents per ordinary share and 3.525 cents per ordinary "A" share will be withheld in terms of the Income Tax Act. Ordinary shareholders who are not exempt from DT will therefore receive a dividend of 144.075 cents net of DT and ordinary "A" shareholders will receive a dividend of 19.975 cents net of DT.

The company has 246 137 763 ordinary shares and 29 153 295 ordinary "A" shares in issue. Its income tax reference number is 9061/745/71/8.

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

Last day to trade "cum" the dividend	Friday, 15 January 2016
Shares trade "ex" the dividend	Monday, 18 January 2016
Record date	Friday, 22 January 2016
Payment to shareholders	Monday, 25 January 2016

Share certificates may not be dematerialised or rematerialised between Monday, 18 January 2016 and Friday, 22 January 2016, 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, 15 January 2016, 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

22 October 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	**Year to 31 August 2015**	Year to 31 August 2014	% change
Revenue	**23 285 096**	20 203 300	15.3
Turnover	**22 070 092**	19 149 524	15.3
Cost of merchandise sold	**(17 545 318)**	(15 026 159)	16.8
Gross profit	**4 524 774**	4 123 365	9.7
Other income	**1 210 082**	1 048 279	15.4
Total income	**5 734 856**	5 171 644	10.9
Expenses	**(4 338 817)**	(3 953 943)	9.7
Depreciation and amortisation	**(237 670)**	(219 871)	8.1
Occupancy costs	**(619 023)**	(564 469)	9.7
Employment costs	**(2 255 417)**	(2 033 605)	10.9
Other costs	**(1 226 707)**	(1 135 998)	8.0
Operating profit	**1 396 039**	1 217 701	14.6
(Loss)/profit on disposal of property, plant and equipment	**(9 446)**	29 687	
Profit before financing costs	**1 386 593**	1 247 388	11.2
Net financing costs	**(57 309)**	(40 660)	40.9
Financial income	**4 922**	5 497	(10.5)
Financial expense	**(62 231)**	(46 157)	34.8
Profit before taxation	**1 329 284**	1 206 728	10.2
Income tax expense	**(374 709)**	(341 883)	9.6
Profit for the year	**954 575**	864 845	10.4
Other comprehensive income/(loss):			
Items that will not be subsequently reclassified to profit or loss	**765**	–	
Remeasurement of post-employment benefit obligations	**1 063**	–	
Deferred tax on remeasurement	**(298)**	–	
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign subsidiaries	**4 777**	(236)	
Cash flow hedges	**33 238**	(11 584)	
Change in fair value of effective portion	**46 164**	(16 087)	
Deferred tax on movement of effective portion	**(12 926)**	4 503	
Other comprehensive income/(loss) for the year, net of tax	**38 780**	(11 820)	
Total comprehensive income for the year	**993 355**	853 025	
Profit attributable to:			
Equity holders of the parent	**954 575**	864 612	
Non-controlling interest	**–**	233	
	954 575	864 845	
Total comprehensive income attributable to:			
Equity holders of the parent	**993 355**	852 792	
Non-controlling interest	**–**	233	
	993 355	853 025	
Earnings per share (cents)	**396.7**	352.4	12.6
Diluted earnings per share (cents)	**381.5**	347.4	9.8

HEADLINE EARNINGS RECONCILIATION

R'000	**Year to 31 August 2015**	Year to 31 August 2014	% change
Total profit for the year attributable to equity holders of the parent	**954 575**	864 612	
Adjusted for:			
Loss/(profit) net of tax on disposal of property, plant and equipment	**6 801**	(26 250)	
Insurance recovery income net of tax on property, plant and equipment	**(921)**	–	
Headline earnings	**960 455**	838 362	14.6
Headline earnings per share (cents)	**399.2**	341.7	16.8
Diluted headline earnings per share (cents)	**383.9**	336.8	14.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 31 August 2015	As at 31 August 2014
Non-current assets	**2 009 163**	1 771 636
Property, plant and equipment	**1 221 658**	1 135 007
Intangible assets	**395 625**	371 623
Goodwill	**103 510**	103 510
Deferred tax assets	**177 037**	126 335
Loans receivable	**13 003**	12 540
Financial assets at fair value through profit or loss	**16 668**	22 621
Derivative financial assets	**81 662**	–
Current assets	**5 546 775**	4 420 621
Inventories	**3 249 914**	2 614 196
Trade and other receivables	**1 871 616**	1 607 659
Cash and cash equivalents	**400 738**	195 631
Derivative financial assets	**24 507**	3 135
Total assets	**7 555 938**	6 192 257
Equity and liabilities		
Total equity	**2 012 807**	1 566 973
Non-current liabilities	**308 503**	286 465
Employee benefits	**128 035**	115 336
Deferred tax liabilities	**–**	2 782
Operating lease liability	**180 468**	168 347
Current liabilities	**5 234 628**	4 338 819
Trade and other payables	**4 898 114**	4 041 261
Employee benefits	**214 943**	190 494
Provisions	**5 745**	9 882
Income tax payable	**115 826**	94 342
Derivative financial liabilities	**–**	2 840
Total equity and liabilities	**7 555 938**	6 192 257

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Year to 31 August 2015	Year to 31 August 2014
Operating profit before working capital changes	**1 699 743**	1 490 840
Working capital changes	**(15 451)**	354 925
Net interest paid	**(39 025)**	(30 978)
Taxation paid	**(355 520)**	(350 204)
Cash inflow from operating activities before dividends paid	**1 289 747**	1 464 583
Dividends paid to shareholders	**(490 758)**	(429 277)
Net cash effects from operating activities	**798 989**	1 035 306
Net cash effects from investing activities	**(369 381)**	(299 096)
Capital expenditure	**(369 547)**	(336 854)
Other investing activities	**166**	37 758
Net cash effects from financing activities	**(224 501)**	(632 745)
Purchase of treasury shares	**(176 264)**	(285 146)
Acquisition of derivative financial assets	**(48 237)**	–
Treasury share cancellation costs	**–**	(3 244)
Interest-bearing borrowings repaid	**–**	(344 355)
Net increase in cash and cash equivalents	**205 107**	103 465
Cash and cash equivalents at the beginning of the year	**195 631**	92 166
Cash and cash equivalents at the end of the year	**400 738**	195 631

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	**Year to 31 August 2015**	Year to 31 August 2014
Opening balance	**1 566 973**	1 376 838
Purchase of treasury shares	**(176 264)**	(285 146)
Treasury share cancellation costs	**–**	(3 244)
Dividends paid to shareholders	**(490 758)**	(429 277)
Total comprehensive income for the year	**993 355**	853 025
Share-based payment reserve movement	**119 501**	55 542
Acquisition of non-controlling interest	**–**	(765)
Total	**2 012 807**	1 566 973
Dividend per share (cents)		
Interim paid	**65.5**	53.5
Final declared/paid	**169.5**	136.5
	235.0	190.0

SEGMENTAL ANALYSIS

The group's reportable segments under IFRS 8 are Retail and Distribution.

R'000	Turnover	Profit before taxation	Total assets	Capital expenditure	Total liabilities
Twelve months to 31 August 2015					
Retail	**14 757 724**	**1 150 684**	**3 475 535**	**280 322**	**2 386 819**
Distribution	**10 415 301**	**258 578**	**4 698 119**	**27 758**	**3 635 137**
Inter-segmental	**(3 102 933)**	**(13 223)**	**(1 973 273)**	**–**	**(1 947 914)**
Total reportable segmental balance	**22 070 092**	**1 396 039**	**6 200 381**	**308 080**	**4 074 042**
Non-reportable segmental balance	**–**	**(66 755)**	**1 355 557**	**61 467**	**1 469 089**
Total group balance	**22 070 092**	**1 329 284**	**7 555 938**	**369 547**	**5 543 131**
Twelve months to 31 August 2014					
Retail	13 369 083	1 000 119	3 070 544	234 844	2 390 715
Distribution	8 563 104	220 960	3 492 247	47 041	2 667 547
Inter-segmental	(2 782 663)	(3 378)	(1 347 924)	–	(1 337 715)
Total reportable segmental balance	19 149 524	1 217 701	5 214 867	281 885	3 720 547
Non-reportable segmental balance	–	(10 973)	977 390	54 969	904 737
Total group balance	19 149 524	1 206 728	6 192 257	336 854	4 625 284

R'000	**Year to 31 August 2015**	Year to 31 August 2014
Non-reportable segmental profit before taxation consists of:		
(Loss)/profit on disposal of property, plant and equipment	**(9 446)**	29 687
Financial income	**4 922**	5 497
Financial expense	**(62 231)**	(46 157)
	(66 755)	(10 973)

SUPPLEMENTARY INFORMATION

		As at 31 August 2015	As at 31 August 2014
Number of ordinary shares in issue (gross)	('000)	**246 138**	246 138
Number of ordinary shares in issue including "A" shares issued in terms of employee share ownership programme (gross)	('000)	**275 291**	275 291
Number of ordinary shares in issue (net of treasury shares)	('000)	**239 884**	242 260
Weighted average number of shares in issue (net of treasury shares)	('000)	**240 603**	245 364
Weighted average diluted number of shares in issue (net of treasury shares)	('000)	**250 204**	248 892
Number of ordinary shares purchased	('000)	**2 376**	4 620
Net asset value per share	(cents)	**839**	647
Net tangible asset value per share	(cents)	**631**	451
Depreciation and amortisation	(R'000)	**248 054**	229 703
Capital expenditure	(R'000)	**369 547**	336 854
Capital commitments	(R'000)	**432 300**	369 700

ACCOUNTING POLICIES AND NOTES

1.1 These condensed consolidated financial statements for the year ended 31 August 2015 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

Ernst & Young Inc., the group's independent auditor has reviewed the preliminary condensed consolidated financial statements contained on pages 2 to 5 of this preliminary report and has expressed an unmodified review conclusion on the preliminary condensed consolidated financial statements. Their review report is available for inspection at the company's registered office together with these preliminary condensed consolidated financial statements identified in the auditor's report. These condensed financial statements have been prepared under the supervision of Mr M Fleming CA(SA), the Chief Financial Officer of the group.

The accounting policies used in the preparation of the financial results for the year ended 31 August 2015 are in terms of IFRS and are consistent with those applied in the Audited Financial Statements for the year ended 31 August 2014.

1.2 Related party transactions for the current year are similar to those disclosed in the group's annual financial statements for the year ended 31 August 2014. No significant related party transactions arose during the current year.

1.3 Under the general authorities granted by shareholders, 2 375 515 shares were repurchased during the current year.

1.4 The carrying value of all financial instruments approximates fair value. All financial instruments are held at amortised cost, with the exception of derivative instruments that are accounted for at fair value through profit or loss. The fair value of financial instruments that are not traded in active markets are determined by using valuation techniques; if all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. All financial instruments accounted for at fair value through profit or loss are considered to be level 2 investments and there have been no transfers between levels 1, 2 and 3 during the year.

1.5 The majority of the non-current derivative financial assets are to hedge obligations under the cash-settled share compensation scheme.

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), F Jakoet*, DA Kneale# (Chief Executive Officer), NS Matlala*, M Rosen*, KDM Warburton^
* Independent non-executive # British ^ Resigned 28 January 2015

Registration number: 1996/000645/06 **Income tax number:** 9061/745/71/8

Share code: CLS **ISIN:** ZAE000134854 **CUSIP:** 18682W205

Transfer secretaries: Computershare Investor Services Proprietary Limited
70 Marshall Street, Johannesburg 2001. PO Box 61051, Marshalltown 2107

Sponsor: Investec Bank Limited

This information, together with additional detail,
is available on the Clicks Group Limited website:
www.clicksgroup.co.za