NEW
CLICKS HOLDINGS
LIMITED

INTERIM GROUP RESULTS
for the six months ended 28 February 2009

retail turnover – continuing operations up
13.6%

diluted headline EPS up
18.8%

distribution per share up
30.3%

return on equity increases to
38.1%

Commentary
Overview
In a period characterised by increasingly tough retail conditions, New Clicks delivered pleasing financial and trading results.

The group further entrenched its leadership in healthcare retail and supply through the growth of pharmacy in Clicks and the acquisition of a 60% stake in the courier pharmacy business Direct Medicines with effect from 1 December 2008.

New Clicks has also continued to invest for long-term growth, with a capital expenditure plan focusing on opening and refurbishing Clicks stores, extending the national pharmacy network within Clicks and expanding UPD's pharmaceutical distribution capability.

The board's confidence in the group's performance and prospects is reflected in a 30.3% increase in the interim distribution to 24.5 cents per share (2008: 18.8 cents). As previously advised to shareholders, distribution cover is being reduced to two times headline earnings for the 2009 financial year.

Financial performance
Continuing operations

Group turnover from continuing operations increased by 7.0% to R6.0 billion (2008: R5.6 billion). The retail turnover growth of 13.6% was driven by the excellent trading performance of Clicks which lifted turnover by 15.4%. Selling price inflation for the retail businesses was 6.3%.

The repositioning of the UPD business model to focus on more profitable and loyal customers resulted in sales growth slowing in line with expectations to 1.7%. Price inflation for the period was 3.8%.

Total income (gross profit plus other income) increased 12.3% to R1.5 billion.

Operating expenses increased by 10.5%. Excluding the costs relating to the investment in new stores, pharmacies and Direct Medicines, expense growth was well contained to 7.1%.

Operating margin increased from 5.3% to 5.9%, resulting in an 18.5% growth in operating profit to R355 million (2008: R299 million).

Total group

Headline earnings increased 10.6% from R209 million to R232 million. Diluted headline earnings per share increased 18.8% to 80.3 cents per share, enhanced by the share buy-back programme.

Return on shareholders' interest (ROE) showed a healthy improvement from 32.6% to 38.1%.

Cash generated from operations increased by 15.7% to R424 million. The free cash flow increased to R355 million from R137 million last year. This was positively impacted by the improved trading performance of the group and favourable funding from trade payables.

Trading performance
Clicks continued its strong sales growth trend and lifted turnover by 15.4%, with real sales growth of 8.9%. Comparable store sales rose by 13.7%. Growth was driven by the health and beauty merchandise categories which together account for 75.2% of total Clicks sales. Clicks has accelerated the pace of its pharmacy expansion programme, growing the pharmacy base to 180 following the opening of 23 dispensaries in the period. Further improvements in operating efficiencies lifted the operating margin from 6.0% to 6.6% which translated into operating profit growth of 27.2%.

Following the repositioning of UPD towards more profitable volume, its core customer groups of Clicks, Clicks Direct Medicines, hospitals and Link pharmacies now account for 76% of UPD's wholesale business, up from 64% in 2008. UPD's distribution and export business grew by 47.9%. Good expense management and improved operating efficiencies contributed to a 12.0% increase in operating profit.

Musica increased turnover by 3.3% as the slowdown in consumer spending continued to impact discretionary purchases. Operating profit for the period was down 1.9%.

Turnover in The Body Shop benefited from new store openings and increased 9.2%, with operating profit up 9.0%.

Prospects
Retail trading conditions are expected to remain challenging in the coming months. However, the group's business is defensive and competitively advantaged.

The listing of New Clicks on the JSE will be reclassified to the Food and Drug Retailers sector on 22 June 2009, which will more accurately reflect the current and future composition of the group's earnings.

The group continues to be cash generative and R140 million has been committed to capital investment for the remainder of the year.

Trading for the first two months of the second half of the financial year has continued in line with the performance for the first half.

Full-year earnings forecast
In the absence of any marked deterioration in trading conditions and any unforeseen changes in the macro-economy, the group expects diluted headline earnings per share to increase by between 15% and 20% for the year to 31 August 2009. This forecast has not been audited or reviewed by the company's auditors.

Shareholder distribution
The board of directors has approved an interim distribution of 24.5 cents per share (2008: 18.8 cents per share), the source of such distribution will be made known on or before Thursday, 25 June 2009.

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

Last day to trade "cum" the distribution	Friday, 3 July 2009
Shares trade "ex" the distribution	Monday, 6 July 2009
Record date	Friday, 10 July 2009
Payment to shareholders	Monday, 13 July 2009

Share certificates may not be dematerialised or rematerialised between Monday, 6 July 2009 and Friday, 10 July 2009, both days inclusive.

By order of the board
Annalize Booysen
Company Secretary

30 April 2009

Consolidated Income Statement

R'000	6 months to 28 February 2009 (unaudited)	6 months to 29 February 2008 (unaudited) (restated)	% change	Year to 31 August 2008 (audited) (restated)
Continuing operations				
Revenue	6 278 681	5 838 542	7.5	11 711 517
Turnover	5 994 535	5 600 805	7.0	11 193 577
Cost of merchandise sold	(4 757 073)	(4 479 015)	6.2	(8 984 267)
Gross profit	1 237 462	1 121 790	10.3	2 209 310
Other income	276 269	226 634	21.9	499 209
Expenses	(1 159 148)	(1 049 267)	10.5	(2 118 071)
Depreciation and amortisation	(55 314)	(46 410)	19.2	(95 378)
Occupancy costs	(171 847)	(152 091)	13.0	(306 488)
Employment costs	(551 360)	(490 060)	12.5	(986 128)
Other costs	(380 627)	(360 706)	5.5	(730 077)
Operating profit	354 583	299 157	18.5	590 448
(Loss)/profit on disposal of property, plant and equipment	(938)	18 806		13 925
Profit on disposal of business	–	1 244		1 244
Profit before financing costs	353 645	319 207	10.8	605 617
Net financing costs	(35 011)	(16 406)	113.4	(51 184)
Financial income	7 877	11 103		18 731
Financial expense	(42 888)	(27 509)		(69 915)
Profit before taxation	318 634	302 801	5.2	554 433
Income tax expense	(87 610)	(82 082)	6.7	(146 897)
Profit for the year from continuing operations	231 024	220 719	4.7	407 536
Discontinued operations				
Profit for the year from discontinued operations	–	33 681		33 538
Total profit for the year	231 024	254 400	(9.2)	441 074
Attributable to:				
Equity holders of the parent	230 971	254 400	(9.2)	441 201
Minority interest	53	–		(127)
	231 024	254 400		441 074
Earnings per share (cents)	80.5	83.1	(3.1)	148.0
Diluted earnings per share (cents)	80.0	82.2	(2.7)	145.2
Distributions per share (cents)				
Interim proposed/paid	24.5	18.8	30.3	18.8
Final paid	–	–		42.3
	24.5	18.8	30.3	61.1

Headline Earnings Reconciliation

R'000	6 months to 28 February 2009 (unaudited)	6 months to 29 February 2008 (unaudited) (restated)	% change	Year to 31 August 2008 (audited) (restated)
Total profit for the year attributable to equity holders of the parent	230 971	254 400		441 201
Adjustments for				
(Loss)/profit on disposal of property, plant and equipment	675	(16 237)		(12 412)
Profit on disposal of business	–	(28 742)		(29 162)
Headline earnings	231 646	209 421	10.6	399 627
Headline earnings per share (cents)	80.7	68.4	18.0	
Diluted headline earnings per share (cents)	80.3	67.6	18.8	

Condensed Consolidated Changes in Equity

R'000	6 months to 28 February 2009 (unaudited)	6 months to 29 February 2008 (unaudited) (restated)	Year to 31 August 2008 (audited) (restated)
Opening balance	1 141 604	1 296 188	1 296 188
As restated for the adoption of IFRIC 13 "Customer Loyalty Programmes"	–	(1 641)	(1 641)
Opening balance – restated	1 141 604	1 294 547	1 294 547
Acquisition of subsidiary – minority interest	–	–	273
Share cancellation expenses written off	–	(325)	(383)
Net cost of own shares purchased	(117 749)	(338 238)	(437 210)
Foreign currency translation reserve	357	100	50
Acquisition of option in subsidiary	(3 518)	–	–
Profit for the year	231 024	254 400	441 074
Share option reserve	405	2 366	46
Distributions to shareholders	(125 541)	(111 538)	(156 793)
Total	1 126 582	1 101 312	1 141 604

Condensed Consolidated Balance Sheet

R'000	As at 28 February 2009 (unaudited)	As at 29 February 2008 (unaudited) (restated)	As at 31 August 2008 (audited) (restated)
Non-current assets	1 298 678	1 168 726	1 252 989
Property, plant and equipment	756 605	711 322	734 485
Intangible assets	303 424	289 174	302 141
Goodwill	95 668	83 950	85 811
Deferred tax assets	79 750	26 468	72 482
Loans receivable	63 231	57 812	58 070
Current assets	2 716 068	2 322 157	2 332 333
Inventories	1 689 032	1 316 347	1 370 889
Trade and other receivables	811 111	774 861	805 935
Income tax receivable	1 573	1 576	1 962
Loans receivable	11 169	6 722	8 064
Cash and cash equivalents	171 465	147 159	101 139
Derivative financial assets	31 718	75 492	44 344
Total assets	4 014 746	3 490 883	3 585 322
Equity and liabilities			
Total equity	1 126 582	1 101 312	1 141 604
Non-current liabilities	346 460	325 568	370 635
Interest-bearing loans and borrowings	67 956	72 901	61 460
Employee benefits	95 786	103 460	130 866
Deferred tax liabilities	81 167	49 325	80 216
Operating lease liability	101 551	99 882	98 093
Current liabilities	2 541 704	2 064 003	2 073 083
Trade and other payables	2 232 059	1 775 680	1 827 704
Employee benefits	156 585	92 516	104 262
Provisions	20 608	9 931	7 924
Interest-bearing loans and borrowings	105 383	71 280	54 180
Income tax payable	25 248	114 596	75 956
Derivative financial liabilities	1 821	–	3 057
Total equity and liabilities	4 014 746	3 490 883	3 585 322

Condensed Consolidated Cash Flow Statement

R'000	6 months to 28 February 2009 (unaudited)	6 months to 29 February 2008 (unaudited) (restated)	Year to 31 August 2008 (audited) (restated)
Operating profit before working capital changes	423 749	366 262	722 059
Working capital changes	101 378	(241 278)	(222 516)
Net interest paid	(26 671)	(13 778)	(42 612)
Taxation paid	(143 274)	(74 236)	(192 609)
Cash inflow from operating activities before distributions	355 182	36 970	264 322
Distributions paid to shareholders	(125 541)	(111 538)	(156 793)
Net cash effects of operating activities	229 641	(74 568)	107 529
Net cash effects of investing activities	(94 279)	282 484	183 139
(Acquisition of business)/proceeds on disposal of business	(8 785)	316 356	314 631
Capital expenditure	(82 473)	(65 696)	(174 300)
Other investing activities	(3 021)	31 824	42 808
Net cash effects of financing activities	(65 036)	(474 032)	(602 804)
Purchase of treasury shares	(142 037)	(492 074)	(607 041)
Other financing activities	77 001	18 042	4 237
Net increase/(decrease) in cash and cash equivalents	70 326	(266 116)	(312 136)

Segmental Analysis

The split per business unit of turnover and operating profit is as follows:

R'000	6 months to 28 February 2009 (unaudited)	6 months to 29 February 2008 (unaudited) (restated)	% change	Year to 31 August 2008 (audited) (restated)
Turnover				
Clicks	3 557 189	3 083 129	15.4	6 147 634
Musica	538 245	521 157	3.3	940 650
The Body Shop	57 633	52 786	9.2	96 957
UPD*	2 362 050	2 323 219	1.7	4 864 586
Intragroup elimination	(520 582)	(379 486)	37.2	(856 250)
Continuing operations	5 994 535	5 600 805	7.0	11 193 577
Discontinued operations	–	50 140		50 140
Total	5 994 535	5 650 945	6.1	11 243 717
Operating profit				
Clicks	236 254	185 773	27.2	373 586
Musica	36 208	36 915	(1.9)	50 178
The Body Shop	10 553	9 683	9.0	15 602
Style Studio	–	357		532
UPD*	73 950	66 007	12.0	154 295
Intragroup elimination	(2 382)	422		(3 745)
Continuing operations	354 583	299 157	18.5	590 448
Discontinued operations	–	8 108		7 277
Total	354 583	307 265	15.4	597 725

* Includes Direct Medicines

Supplementary Information

	28 February 2009 (unaudited)	29 February 2008 (unaudited) (restated)	31 August 2008 (audited) (restated)
Number of ordinary shares in issue ('000)	302 639	325 957	324 139
Number of ordinary shares in issue (net of treasury shares) ('000)	284 472	295 491	290 325
Weighted average number of shares in issue (net of treasury shares) ('000)	286 949	306 053	298 166
Weighted average diluted number of shares in issue (net of treasury shares) ('000)	288 590	309 581	303 847
Net asset value per share (cents)	396	373	393
Net tangible asset value per share (cents)	256	246	260
Depreciation and amortisation (R'000)	59 363	49 687	102 648
Capital expenditure (R'000)	82 473	65 696	174 300
Capital commitments (R'000)	140 800	95 300	246 600

Notes
Accounting policies

These interim financial results have been prepared in accordance with the recognition and measurement requirements of IFRS and the disclosure requirements of IAS 34. The accounting policies are consistent with those used in the annual financial statements for the financial period ended 31 August 2008 with the following exception – IFRIC 13: Customer Loyalty Programmes, all related items in the group are now presented in accordance with this statement. The group adopted IFRIC 13, "Customer Loyalty Programmes", on 1 September 2008.

The interpretation applies to customer loyalty award credits that an entity grants to its customers as part of a sales transaction, in terms of IAS 18, and subject to meeting any further qualifying conditions, the customer can redeem in the future for free or discounted goods or services. The interpretation requires that an entity recognises credits that it awards to customers as a separately identifiable component of revenue, which would be deferred at the date of the initial sale.

The results for the year ended 31 August 2008 have been restated accordingly. The net impact on the income statement for the six months ended 29 February 2008 is a R0.6 million decrease to profit after tax. The net impact on the balance sheet as at 31 August 2008 is a R2.9 million decrease in shareholders' equity, and a R2.9 million increase in total liabilities.

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