

Interim group res

for the six months ended 29 Feb

Turnover from continuing operations **+38%**

Operating Profit from continuing operations **+34%**

Headline Earnings from continuing operations **+36%**

Diluted Headline EPS from continuing operations **+26%**

Consolidated Income Statement

	6 months to 29 February 2004 (unaudited) R'000	6 months to 28 February 2003 (unaudited) R'000	% change	Year to 31 August 2003 (audited) R'000
Continuing operations				
Revenue	3 708 406	2 694 233		6 156 569
Turnover	3 523 462	2 545 892	38.4	5 747 958
Cost of merchandise	2 778 345	1 932 166		4 501 107
Gross profit	745 117	613 726		1 246 851
Other revenue	184 944	148 341		408 611
Expenditure	702 554	592 285		1 322 806
Operating profit	227 507	169 782	34.0	332 656
Net interest (paid)/received	(30 978)	(29 021)	6.7	(57 450)
Interest paid – normal operations	(30 978)	(29 021)		(57 450)
Interest accrued – Purchase Milton & Associates (PM&A)	24 986	28 835		59 265
Provision against interest accrued – PM&A	(24 986)	(28 835)		(59 265)
Net profit before exceptional items	196 529	140 761	39.6	275 206
Exceptional items				
Profit on sale of Intercare	587	–		–
Loss on disposal of property, plant and equipment	(546)	–		(141)
Goodwill amortised	(5 485)	(2 097)		(7 618)
Profit before taxation	191 085	138 664		267 447
Taxation	58 561	39 413	48.6	68 411
Net profit from continuing operations	132 524	99 251	33.5	199 036
Discontinued operations				
Revenue	725 929	952 288		1 739 431
Operating profit	41 606	44 778		49 347
Net interest paid	(5 317)	(13 733)		(26 667)
Net profit before exceptional items	36 289	31 045		22 680
Exceptional items				
Profit on the sale of stores	–	–		26 454
Profit on sale of Australian operations	4 477	–		–
Loss on disposal of property, plant and equipment	(361)	–		(2 469)
Goodwill amortised	(5 301)	(8 422)		(16 101)
Profit before taxation	35 104	22 623		30 564
Taxation	11 012	8 693		15 332
Net profit from discontinued operations	24 092	13 930		15 232
Headline earnings				
Total profit attributable to ordinary shareholders	156 616	113 181		214 268
Adjustments for				
Profit on the sale of stores	–	–		(18 518)

Consolidated Balance Sheet

	As at 29 February 2004 (unaudited) R'000
Assets	
Non-current assets	1 259 9
Property, plant and equipment	636 2
Trademarks	6 7
Goodwill	106 8
Deferred taxation assets	80 9
Loans	429 0
Current assets	1 918 1
Inventories	1 187 8
Accounts receivable	414 2
Taxation prepaid	
Cash on hand	316 0
Total assets	3 178 1
Equity and liabilities	
Capital and reserves	
Ordinary shareholders' interest	1 698 7
Non-current liabilities	
Long-term liabilities	374 5
Deferred taxation liabilities	27 3
Current liabilities	1 077 5
Short-term borrowings	6 9
Accounts payable	1 041 8
Taxation payable	28 7
Total equity and liabilities	3 178 1

Consolidated Changes in Equity

	6 months to 29 February 2004 (unaudited) R'000
Increase in share capital and premium	23 6
Decrease in non-distributable reserve	(35 6)
Net profit for the period	156 6
Prior period adjustment	(9)
Distributions to shareholders	(53 5)
Net increase in shareholders' funds	90 1
Opening shareholders' interest	1 608 5
Closing shareholders' interest	1 698 7
Percentage increase in closing shareholders' interest	9

Segmental Analysis

The geographical split and split per brand of turnover and

	6 months to 29 February 2004 R'000
Turnover	
Clicks	1 693 2
Discom	452 1
Music division	284 3
The Body Shop	28 4
Link Investment Trust	9 8
New United Pharmaceutical Distributors	1 055 4

Results

29 February 2004

NEW CLICKS HOLDINGS LIMITED

Commentary

Financial performance

New Clicks Holdings is pleased to report an improved financial performance, highlighted by encouraging signs of a turnaround in its two core brands, Clicks and Discom.

The group lifted turnover from continuing operations by 38.4% to R3.5 billion in the six-month period. This performance was enhanced by the inclusion of New United Pharmaceutical Distributors (UPD), which was acquired by New Clicks with effect from 1 January 2003, for the full six months as opposed to two months in the corresponding reporting period. Comparable turnover growth – excluding UPD – was 11.3%.

The group increased operating profit from continuing operations by 34% from R169,8 million to R227.5 million. Operating profit excluding UPD rose by 24.6%.

New Clicks announced the sale of its wholly-owned subsidiary, New Clicks Australia (NCA), to a consortium of private equity funders on 5 January 2004. The results of NCA have been incorporated in the New Clicks results for the four months to 31 December 2003, and have been reflected separately in the income statement as discontinued operations.

In line with generally accepted accounting practice, the group has disclosed the financial performance from continuing operations to provide shareholders with a more meaningful basis of comparison for evaluating the performance of the business.

Headline earnings from continuing operations were 36% higher at R137,8 million, while diluted headline earnings per share from continuing operations rose by 26.1% to 38.2 cents per share.

Stock levels in South Africa at the interim stage were 17% up on the corresponding period in 2003, with the stock turn in the retail divisions decreasing from 5.1 to 4.7 times.

Expenses, excluding UPD, increased by 8.6%.

Trading performance

The group's flagship brand Clicks increased turnover by 11.2%, with the lifestyle category reflecting a turnaround as a result of a significantly improved homewares range. The health and beauty categories continued to show strong real growth. The change in the merchandise mix lifted the brand's margin, which was a contributing factor in the 28.3% increase in operating profit.

Discom showed a 15,4% increase in turnover and made a long-awaited return to profitability. The brand turned a loss of R4.8 million in 2003 into a profit of R2.7 million. Discom recorded strong growth in fast moving consumer goods (FMCG) merchandise while reversing a five-year downward trend in the sale of lifestyle merchandise.

Despite a 6.1% increase in turnover, the Music Division showed a R9 million decline in profit as the global slowdown in high margin CD sales affected the business. The division's repositioning into broader entertainment merchandise is having a positive effect, with sales of gaming, DVDs and lifestyle products growing from 8.3% to 16.5% of sales. The strategy of moving into entertainment is expected to restore the performance of the division in the longer term.

The Body Shop showed a 31.1% increase in profit from its 21 stores nationally, and continues to show an improvement in cost control and stock turns.

As at 29 February 2004 (unaudited) R'000	As at 28 February 2003 (unaudited) R'000	As at 31 August 2003 (audited) R'000
1 259 991	1 365 727	1 452 501
636 269	686 980	747 263
6 780	4 905	4 580
106 898	245 924	235 288
80 998	69 900	81 363
429 046	358 018	384 007
1 918 157	1 755 058	2 001 329
1 187 893	1 288 652	1 401 061
414 207	466 406	417 305
316 057	–	3 754
–	–	179 209
3 178 148	3 120 785	3 453 830
1 698 700	1 558 789	1 608 510
374 582	235 037	412 532
27 331	2 488	15 252
1 077 535	1 324 471	1 417 536
6 944	139 984	33 005
1 041 803	1 163 406	1 373 743
28 788	21 081	10 788
3 178 148	3 120 785	3 453 830

6 months to 29 February 2004 (unaudited) R'000	6 months to 28 February 2003 (unaudited) R'000	Year to 31 August 2003 (audited) R'000
23 679	336 651	340 187
(35 689)	(69 727)	(86 097)
156 616	113 181	214 268
(901)	–	–
(53 515)	(43 073)	(81 605)
90 190	337 032	386 753
1 608 510	1 221 757	1 221 757
1 698 700	1 558 789	1 608 510
9.0		

of turnover and profit is as follows:

6 months to 29 February 2004 R'000	6 months to 28 February 2003 R'000	% change
1 693 253	1 522 393	11.2
452 164	391 732	15.4
284 333	268 041	6.1
28 433	24 903	14.2
9 870	9 431	4.7
1 055 409	329 392*	

Net profit from discontinued operations	24 092	13 930		15 332
Headline earnings				
Total profit attributable to ordinary shareholders	156 616	113 181		214 268
Adjustments for				
Profit on the sale of stores	-	-		(18 518)
Profit on sale of Australian operations	(4 477)	-		-
Profit on sale of Intercare	(587)	-		-
Loss on disposal of property, plant and equipment	635	-		1 827
Goodwill amortised	10 786	10 519		23 719
Headline earnings	162 973	123 700	31.7	221 296
Comprises:				
Headline earnings from continuing operations	137 804	101 348	36.0	206 753
Headline earnings from discontinued operations	25 169	22 352		14 543
Undiluted headline earnings per share (cents)				
All operations	45.9	38.5	19.2	65.6
Continuing operations	38.8	31.5	23.2	61.2
Diluted headline earnings per share (cents)				
All operations	45.2	37.0	22.2	64.5
Continuing operations	38.2	30.3	26.1	60.3
Undiluted earnings per share (cents)				
All operations	44.1	35.2	25.3	63.5
Continuing operations	37.3	30.9	20.7	59.0
Diluted earnings per share (cents)				
All operations	43.5	33.9	28.3	62.5
Continuing operations	36.8	29.7	23.9	58.0
Distributions per share (cents)				
Proposed/paid – July	12.5	10.9	14.7	10.9
Paid – December				15.1

Supplementary Information

	29 February 2004
Number of ordinary shares in issue ('000)	359 100
Weighted average number of shares in issue ('000)	355 000
Weighted average diluted number of shares in issue ('000)	360 400
Net asset value per share (cents)	4.00
Net tangible asset value per share (cents)	4.00
Depreciation and amortisation (R'000)	60 000
Capital expenditure (R'000)	91 100
Capital commitments (R'000)	124 600

Notes

Accounting policies

These interim financial statements have been prepared in accordance with the Statements of Generally Accepted Accounting Practice, and are consistent with those applicable for the 2003 annual financial statements.

Discontinued operations

It was announced on 5 January 2004 that New Clicks Holding subsidiary New Clicks International Holdings NV ("New Clicks") has entered into an agreement to dispose of New Clicks' interest in New Clicks Australia ("NCA") to Synapse Holdings (Proprietary) Limited, a company controlled by private equity funders (the "consortium"). NCA was a wholly-owned subsidiary of New Clicks and operates in the Australian retail market, trading under the brands Priceline Pharmacy, Price Attack and House.

The sale proceeds were an amount of Australian \$107 million. New Clicks was obliged to retire certain bank debts and financial guarantees of 28 December 2003, which amounted to Australian \$19.7 million. NCA were obliged to redeem redeemable preference shares with a redemption consideration of Australian \$67.2 million.

New Clicks therefore received sale proceeds from the disposal of NCA, including the redemption consideration in respect of the preference dividend of Australian \$1.5 million, which was received on the completion date of 13 February 2004. This represents a surplus of net assets as at 31 August 2003. These proceeds were used to realise a profit on sale of R4.5 million.

The results of the NCA operations were incorporated in the financial statements for the period ended 31 December 2003, and have been disclosed separately as discontinued operations.

Registered address Cnr Searle and Pontac Streets, Cape Town 8001, PO Box 5142, Cape Town 8000 **Directors** D.M. Nuro

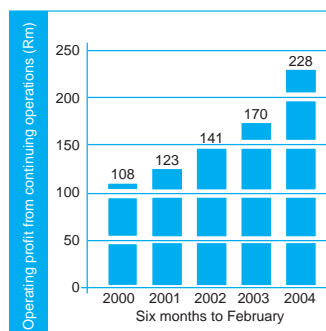
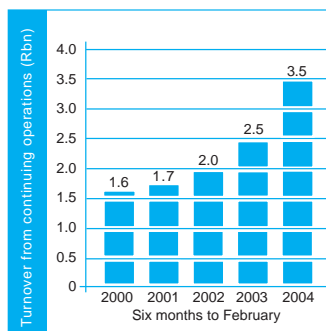
Transfer Secretaries Computershare Limited, 70 Marshall Street, Johannesburg 2001, PO Box 100

This information, together with additional detail is available on the New Clicks website

Registration Number 1996/000645/06 Share Code: NCL ISIN: ZAE000000000

Consolidated Cash Flow Statement

	6 months to 29 February 2004 (unaudited) R'000	6 months to 28 February 2003 (unaudited) R'000	Year to 31 August 2003 (audited) R'000
Net cash flow from operations	324 345	269 051	513 820
Movement in working capital	(215 750)	(105 235)	38 893
Net interest paid	(36 295)	(42 754)	(84 117)
Taxation paid	(37 719)	(35 937)	(87 145)
Cash effects of operating activities	34 581	85 125	381 451
Distributions to ordinary shareholders	(53 515)	(8 596)	(44 243)
Net cash effects of operating activities	(18 934)	76 529	337 208
Net cash effects of investing activities	180 858	(104 667)	(267 501)
Net cash effects of financing activities	5 002	(7 186)	188 949
Net increase/(decrease) in cash and cash equivalents	166 926	(35 324)	258 656



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	284 333	268 041	6.1
	28 433	24 903	14.2
	9 870	9 431	4.7
	1 055 409	329 392*	
	3 523 462	2 545 892	38.4
	654 651	890 787**	
	4 178 113	3 436 679	21.6
	177 521	138 327	28.3
	2 693	(4 820)	155.9
	10 929	19 999	-45.4
	7 282	5 556	31.1
	852	987	-13.7
	(327)	(362)	9.7
	28 557	10 095*	
	227 507	169 782	34.0
	41 606	44 778**	
	269 113	214 560	25.4

03
months in 2004

	29 February 2004	28 February 2003	31 August 2003
	359 186	353 468	354 118
Issue ('000)	355 092	321 246	337 587
res in	360 429	334 075	342 906
	473	441	454
	441	371	388
	60 071	52 418	103 726
	91 109	80 998	203 005
	124 635	116 966	286 183

been prepared in accordance with South African Accounting Practice, and the accounting policies used in the 2003 annual financial statements.

New Clicks Holdings Limited and its wholly-owned subsidiary New Clicks Australia (Proprietary) Limited (New Clicks Australia) had entered into an agreement with New Clicks Australia (Proprietary) Limited (New Clicks Australia), a company owned by a consortium of shareholders. New Clicks Australia was a wholly-owned subsidiary of New Clicks Holdings Limited, trading under the brand names of Priceline, Clicks and Clicks Pharmacy.

Australian \$107 million. Out of these proceeds, New Clicks Australia has used \$107 million to settle bank debts and financial lease liabilities as at 31 August 2003 of Australian \$19.7 million; and the consortium and New Clicks Australia have used \$87.3 million to purchase 67.2 million preference shares held by New Clicks for a total of Australian \$67.2 million.

Proceeds from the disposal of Australian \$87.3 million, net of Australian \$19.7 million, in respect of the preference shares, and a further Australian \$107 million, which was declared and paid prior to the completion of the transaction, represents a surplus over the ungeared tangible net assets. The net proceeds were received on 17 February 2004, and are incorporated in the New Clicks results until 31 August 2004, and are disclosed separately in the income statement as follows:

Directors D.M. Nurek*, T.C. Honneysett, R.B. Godfrey, E. Osrin*, L.A. Swartz*, P.E.I. Swartz*, A. Zimble* * non-executive
 Johannesburg 2001, PO Box 61051, Marshalltown 2107 **Sponsor:** Investec Bank Limited
More information on the New Clicks Holdings website: <http://www.newclicks.co.za>

Share Code: NCL ISIN: ZAE000014585

term.

The Body Shop showed a 31.1% increase in profit from its 21 stores nationally, and continues to show an improvement in cost control and stock turns.

UPD posted an operating profit of R28,6 million, which is 11.5% up on the corresponding period in the previous year. The wholesale distributor continues to show growth in turnover from independent pharmacies and the PM&A group, and to contain its costs.

Pharmacy progress

While the group's pharmacy implementation plans were further frustrated by delays in the approval of the transfer of licences from the Purchase Milton & Associates (PM&A) group to Clicks, the initial 33 licences were approved in early March. The first five Clicks Pharmacies have been opened, with a further four planned to be opened in June/July. The performance of these stores in the first six weeks of trading has been encouraging.

The performance of the PM&A group, which will be consolidated into New Clicks with effect from 1 March 2004, is still disappointing. The delay in integrating the chain into Clicks has been the prime reason for this performance.

The value of the investment in PM&A will be reviewed in the second half of the year once there is certainty around single exit pricing.

As a result of the changes in pharmacy ownership legislation, New Clicks has sold its stake in Intercare to the other shareholders. The impact of this transaction is not material.

Prospects

New Clicks aims to show a consistent improvement in performance which will translate into improved returns to shareholders. The focus in the second half of the financial year will be on the integration of pharmacy into Clicks, the continued focus on the lifestyle category, the ongoing turnaround in Discom and improving the performance of the music business. Management is also committed to improving stock management, expense control and the completion of the implementation of the new financial systems.

The outcome of the proposed single exit pricing legislation is likely to impact the group's healthcare interests, but the board is confident that the group's business model of developing an integrated channel to market for pharmacy will be sustainable in the long term.

Dividend declaration

The board of directors has declared an interim cash dividend of 12.5 cents per share payable on Monday, 5 July 2004 to shareholders recorded in the register of the company at the close of business on Friday, 2 July 2004. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Friday, 25 June 2004 and the shares will trade "ex dividend" from the commencement of business on Monday, 28 June 2004. The record date will be Friday, 2 July 2004.

Share certificates may not be dematerialised or rematerialised between Monday, 28 June 2004 and Friday, 2 July 2004, both dates inclusive.

By order of the Board

ALLAN SCOTT

Company Secretary

21 April 2004

