CLICKS GROUP

LIMITED

ANNUAL FINANCIAL STATEMENTS 2013

CONTENTS

Annual financial statements for the year ended 31 August 2013

These are the audited annual financial statements of the group and the company for the year ended 31 August 2013. They have been prepared under the supervision of the Chief Financial Officer, M Fleming CA(SA).

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the annual financial statements and group annual financial statements of Clicks Group Limited, comprising the statements of financial position at 31 August 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and including the Audit and Risk Committee Report on page 4. In addition, the directors are responsible for preparing the Directors' Report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and the group to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead. The financial statements have accordingly been prepared on this basis.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of annual financial statements

The consolidated and separate annual financial statements of Clicks Group Limited, as identified in the first paragraph, were approved by the board of directors on 12 November 2013 and signed by:

DM Nurek
Chairman

DA Kneale
Chief Executive Officer

Cape Town
12 November 2013

CERTIFICATE BY THE COMPANY SECRETARY

I certify that Clicks Group Limited has filed all Clicks Group returns and notices as required by a public company in terms of section 88(2)e of the Companies Act No. 71 of 2008, as amended, and that such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

DW Janks
Company Secretary

Cape Town
12 November 2013

DIRECTORS' REPORT

The directors have pleasure in presenting their report for the year ended 31 August 2013.

Nature of business

The company is an investment holding company listed in the Food and Drug Retailers sector of the JSE Limited. Its subsidiaries include the country's leading provider of health and beauty merchandise through a network of 607 stores in southern Africa. The company's subsidiaries cover the pharmaceutical supply chain from wholesale and distribution to retail pharmacy, as well as beauty and cosmetic products. The company operates primarily in southern Africa.

Group financial results

The results of operations for the year are set out in the consolidated statement of comprehensive income on page 8 of the annual financial statements. The profit attributable to ordinary shareholders for the year is R751 million (2012: R689 million).

Share capital

The following ordinary shares of 1 cent each, held as treasury shares by a subsidiary of the company, were bought back by the company and cancelled.

7 800 000	cancelled on 29 January 2013

During the year under review the company continued with its share buy-back programme as set out below.

22 886 224	shares held by a subsidiary of the company as treasury shares at 1 September 2012
6 186 489	shares in terms of a general repurchase between 1 September 2012 and 31 August 2013 by a subsidiary of the company
(7 800 000)	shares bought back into the company and cancelled on 29 January 2013
21 272 713	shares held by a subsidiary of the company as treasury shares at 31 August 2013

Dividends to shareholders

Interim

The directors approved an interim ordinary dividend of 48.5 cents per ordinary share (2012: 44.1 cents per ordinary share) from distributable reserves. The dividend was paid on 1 July 2013 to shareholders registered on 28 June 2013.

Final

The directors have approved a final ordinary dividend of 119.5 cents per ordinary share (2012: 107.9 cents per ordinary share) and a dividend of 16.8 cents per "A" share (2012: 15.2 cents) for participants in the employee share ownership programme. The source of such dividends will be from distributable reserves. The dividend will be payable on 27 January 2014 to shareholders registered on 24 January 2014.

Events after the financial year-end

No significant events, other than the declaration of the final dividend, as set out above, took place between the end of the financial year under review and the date of this report.

Directors and secretary

The names of the directors in office at the date of this report are:

Independent non-executive directors

David Nurek (Chairman)
Fatima Abrahams
John Bester
Fatima Jakoet
Dr Nkaki Matlala
Martin Rosen

Executive directors

David Kneale (Chief Executive Officer)
Michael Fleming (Chief Financial Officer)
Bertina Engelbrecht

The company secretary's details are set out on the inside back cover.

Retirement and re-election of directors

In accordance with the company's memorandum of incorporation (MOI) Nkaki Matlala and Martin Rosen retire by rotation at the forthcoming annual general meeting. The retiring directors, being eligible, offer themselves for re-election.

Directors' interest in shares

In terms of the cash-settled long-term employee incentive scheme which requires all participants at the end of the three-year incentive performance period to purchase shares on the open market to the equivalent of 25% of the after-tax cash settlement value, the executive directors and company secretary made the following purchases on 11 December 2012 at a price of R66.83 per share: David Kneale purchased 27 197 shares, Bertina Engelbrecht purchased 8 503 shares and David Janks purchased 2 842 shares.

Incentive schemes

Information relating to the incentive schemes is set out on pages 40 and 41.

Special resolutions

Special resolutions passed at the annual general meeting held on 23 January 2013:

Special Resolution No. 1: Adoption of MOI

Special Resolution No. 2: General authority to repurchase shares

Special Resolution No. 3: Approval of directors' fees

Special Resolution No. 4: General approval to provide financial assistance

Subsidiary companies

The names of the company's main subsidiaries and financial information relating thereto appear on page 56 of the annual financial statements.

AUDIT AND RISK COMMITTEE REPORT

The Clicks Group audit and risk committee is a formal statutory committee in terms of the Companies Act and sub-committee of the board. The committee functions within documented terms of reference and complies with relevant legislation, regulation and governance codes. This report of the audit and risk committee is presented to shareholders in compliance with the requirements of the Companies Act and the King Code of Governance Principles (King III).

Role of the committee

The audit and risk committee (the committee) has an independent role with accountability to both the board and to shareholders. The committee's responsibilities include the statutory duties prescribed by the Companies Act, activities recommended by King Ill, as well as additional responsibilities assigned by the board.

The responsibilities of the committee are as follows:

Integrated reporting

- Review the annual financial statements, interim report, preliminary results announcement and summarised integrated information and ensure compliance with International Financial Reporting Standards
- Consider the frequency of interim reports and whether interim results should be assured
- Review and approve the appropriateness of accounting policies, disclosure policies and the effectiveness of internal financial controls
- Perform an oversight role on the group's integrated reporting and consider factors and risks that could impact on the integrity of the integrated report
- Review sustainability disclosure in the integrated report and ensure it does not conflict with financial information
- Consider external assurance of material sustainability issues
- Recommend the integrated report for approval by the board

Combined assurance

- Ensure the combined assurance model addresses all significant risks facing the group
- Monitor the relationship between external and internal assurance providers and the group

Finance function

- Consider the expertise and experience of the chief financial officer
- Consider the expertise, experience and resources of the group's finance function

Internal audit

- Oversee the functioning of the internal audit department and approve the appointment and performance assessment of the group head of internal audit
- Approve the annual internal audit plan
- Ensure the internal audit function is subject to independent quality review as appropriate

Risk management

- Ensure the group has an effective policy and plan for risk management
- Oversee the development and annual review of the risk management policy and plan
- Monitor implementation of the risk management policy and plan
- Make recommendations to the board on levels of risk tolerance and risk appetite
- Ensure risk management is integrated into business operations
- Ensure risk management assessments are conducted on a continuous basis
- Ensure frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks
- Ensure that management considers and implements appropriate risk responses
- Express the committee's opinion on the effectiveness of the system and process of risk management
- Ensure risk management reporting in the integrated report is comprehensive and relevant

External audit

- Nominate the external auditor for appointment by shareholders
- Approve the terms of engagement and remuneration of the auditor
- Ensure the appointment of the auditor complies with relevant legislation
- Monitor and report on the independence of the external auditor
- Define a policy for non-audit services which the auditor may provide and approve non-audit service contracts
- Review the quality and effectiveness of the external audit process
- Ensure a process is in place for the committee to be informed of any reportable irregularities identified by the external auditor

Composition of the committee

The committee comprised three independent non-executive directors during the period. These directors include suitably skilled directors having recent and relevant financial experience. The committee is elected by shareholders at the annual general meeting.

The following directors served on the committee during the period under review:

Independent non-executive director	Qualifications
John Bester (Chairman)	B Com (Hons), CA (SA), CMS (Oxon)
Fatima Jakoet	B Sc, CTA, CA (SA), Higher certificate in financial markets
Nkaki Matlala	B Sc, M Sc, M D, M Med (Surgery), FCS

Biographical details of the committee members appear on pages 12 and 13 of the Integrated Report, with supplementary information contained in Annexure 1 to the Notice of Annual General Meeting on page 62 of the Integrated Report.

Fees paid to the committee members for 2013 and the proposed fees for 2014 are disclosed in the Remuneration Report on page 45 of the Integrated Report.

The chairman of the board, executive directors, group head of internal audit and senior management attend meetings at the invitation of the committee, together with the external auditor.

The committee also meets separately with the external and internal auditors, without members of executive management being present.

The effectiveness of the committee is assessed as part of the annual board and committee self-evaluation process.

Internal audit

The internal audit function provides information to assist in the establishment and maintenance of an effective system of internal control to manage the risks associated with the business. The role of internal audit is contained in the internal audit charter. The charter is reviewed annually and is aligned with the recommendations of King III.

Internal audit facilitates the combined assurance process and is responsible for the following:

- evaluating governance processes, including ethics;
- assessing the effectiveness of the risk methodology and internal financial controls; and
- evaluating business processes and associated controls in accordance with the annual audit plan and combined assurance model.

The internal audit function is established by the board and its responsibilities are determined by the committee. Administratively the group head of internal audit reports to the chief financial officer who, in turn, reports to the chief executive officer. The group head of internal audit has direct and unrestricted access to the chairman of the committee. The group head of internal audit is appointed and removed by the committee. The chairman of the committee meets with the group head of internal audit on a monthly basis.

Internal control

Systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against misstatement or loss.

While the board of directors is responsible for the internal control systems and for reviewing their effectiveness, responsibility for their actual implementation and maintenance rests with executive management. The systems of internal control are based on established organisational structures, together with written policies and procedures, and provide for suitably qualified employees, segregation of duties, clearly defined lines of authority and accountability. They also include cost and budgeting controls, and comprehensive management reporting.

Internal financial controls

The committee has considered the results of the formal documented review of the company's system of internal financial controls and risk management, including the design, implementation and effectiveness of the internal financial controls, conducted by the internal audit function during the 2013 year. The committee has also assessed information and explanations given by management and discussions with the external auditor on the results of the audit.

No material matter has come to the attention of the board that has caused the directors to believe that the company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

External audit

A review of the external auditor was undertaken by the board and four audit firms were invited to tender for the audit for the 2013 financial year. Following this process, the board proposed Ernst & Young Inc. (EY) for election as the group's external auditor and this was approved by shareholders at the AGM in January 2013.

The committee appraised the independence, expertise and objectivity of EY as the external auditor, as well as approving the terms of engagement and the fees paid to EY (refer to note 5 of the annual financial statements).

The external auditor has unrestricted access to the group's records and management. The auditor furnishes a written report to the committee on significant findings arising from the annual audit and is able to raise matters of concern directly with the chairman of the committee.

The group has received confirmation from the external auditor that the partners and staff responsible for the audit comply with all legal and professional requirements with regard to rotation and independence.

The committee is satisfied that the external auditor is independent of the company.

Policy on non-audit services

Non-audit services provided by the external auditor may not exceed 25% of the total auditors' remuneration. In addition, these services should exclude any work which may be subject to external audit and which could compromise the auditor's independence. All non-audit services undertaken during the year were approved in accordance with this policy.

During the year EY received fees of R375 000 (2012: (KPMG) R80 302) for non-audit services, equating to 13.7% (2012: (KPMG) 2.6%) of the total audit remuneration. These services related mainly to the assurance of the systems related to distribution services provided by UPD to third parties.

EY satisfied the committee that appropriate safeguards have been adopted to maintain the independence of the external auditor when providing non-audit services.

Activities of the committee

The committee met four times during the financial year and attendance at the meetings is detailed in the Corporate Governance Report on page 38 of the Integrated Report. Members of the committee, the external auditor and the group head of internal audit may request a non-scheduled meeting if they consider this necessary. The chairman of the committee will determine if such a meeting should be convened.

Minutes of the meetings of the committee, except those recording private meetings with the external and internal auditors, are circulated to all directors and supplemented by an update from the committee chairman at each board meeting. Matters requiring action or improvement are identified and appropriate recommendations made to the board.

The chairman of the committee attends all statutory shareholder meetings to answer any questions on the committee's activities.

The committee performed the following activities relating to the audit function during the year under review, with certain of these duties being required in terms of the Companies Act:

- recommended to the board and shareholders the appointment of the external auditors, approved their terms of engagement and remuneration, and monitored their independence, objectivity and effectiveness;
- determined the nature and extent of any non-audit services which the external auditor may provide to the group and preapproved any proposed contracts with the external auditors;
- reviewed the group's internal financial control and financial risk management systems;
- monitored and reviewed the effectiveness of the group's internal audit functions;
- reviewed and recommended to the board for approval the Integrated Annual Report and annual financial statements; and
- evaluated the effectiveness of the committee.

Refer to the Corporate Governance Report on the website for an overview of the risk management process and function.

Evaluation of chief financial officer and finance function

The committee is satisfied that the expertise and experience of the chief financial officer is appropriate to meet the responsibilities of the position. This is based on the qualifications, levels of experience, continuing professional education and the board's assessment of the financial knowledge of the chief financial officer.

The committee is also satisfied as to the appropriateness, expertise and adequacy of resources of the finance function and the experience of senior members of management responsible for the finance function.

Approval of the audit and risk committee report

The committee confirms that it has functioned in accordance with its terms of reference for the 2013 financial year and that its report to shareholders has been approved by the board.

John Bester
Chairman: Audit and risk committee

12 November 2013

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Clicks Group Limited

We have audited the consolidated and separate financial statements of Clicks Group Limited set out on pages 8 to 56, which comprise the statements of financial position as at 31 August 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Clicks Group Limited as at 31 August 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 August 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst + Young Inc.

Ernst & Young Inc.
Director:
Malcolm Rapson
Chartered Accountant (SA)
Registered Auditor

12 November 2013

35 Lower Long Street
Cape Town
8001

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2013

	Notes	2013 R'000	2012 R'000
Revenue	1	**18 463 420**	16 243 377
Turnover	1	**17 543 301**	15 436 947
Cost of merchandise sold		**(13 760 770)**	(11 961 536)
Gross profit		**3 782 531**	3 475 411
Other income	1	**913 431**	800 554
Total income		**4 695 962**	4 275 965
Expenses		**(3 592 109)**	(3 264 637)
Depreciation and amortisation	2	**(200 398)**	(171 535)
Occupancy costs	3	**(500 992)**	(471 897)
Employment costs	4	**(1 789 428)**	(1 582 459)
Other costs	5	**(1 101 291)**	(1 038 746)
Operating profit		**1 103 853**	1 011 328
Loss on disposal of property, plant and equipment		**(7 854)**	(6 578)
Profit before financing costs		**1 095 999**	1 004 750
Net financing costs	6	**(45 216)**	(46 396)
Financial income	1, 6	**6 688**	5 876
Financial expense	6	**(51 904)**	(52 272)
Profit before taxation		**1 050 783**	958 354
Income tax expense	7	**(299 215)**	(269 974)
Profit for the year		**751 568**	688 380
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries		**2 009**	1 615
Cash flow hedges		**9 952**	1 485
Change in fair value of effective portion	19	**13 822**	2 063
Deferred tax on movement of effective portion	7	**(3 870)**	(578)
Other comprehensive income for the year, net of tax		**11 961**	3 100
Total comprehensive income for the year		**763 529**	691 480
Profit/(loss) attributable to:			
Equity holders of the parent		**751 171**	688 687
Non-controlling interest		**397**	(307)
		751 568	688 380
Total comprehensive income attributable to:			
Equity holders of the parent		**763 132**	691 787
Non-controlling interest		**397**	(307)
		763 529	691 480
Earnings per share (cents)			
Basic	8	**300.1**	272.0
Diluted	8	**296.4**	271.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 August 2013

	Notes	2013 R'000	2012 R'000
ASSETS			
Non-current assets		**1 582 698**	1 490 348
Property, plant and equipment	9	**1 058 967**	1 010 657
Intangible assets	10	**349 018**	306 286
Goodwill	11	**103 510**	103 510
Deferred tax assets	12	**59 098**	57 401
Loans receivable	13	**12 105**	12 494
Current assets		**3 866 710**	3 286 064
Inventories	14	**2 225 372**	2 080 375
Trade and other receivables	15	**1 507 766**	1 171 541
Loans receivable	13	**–**	3 710
Cash and cash equivalents		**115 559**	25 451
Derivative financial assets	16	**18 013**	4 987
Total assets		**5 449 408**	4 776 412
EQUITY AND LIABILITIES			
Equity		**1 376 838**	1 348 904
Share capital	17	**2 976**	3 054
Share premium	17	**3 497**	3 497
Treasury shares	17	**(954 553)**	(927 963)
Share option reserve	18	**79 549**	55 905
Cash flow hedging reserve	19	**13 542**	3 590
Foreign currency translation reserve	20	**1 790**	(219)
Distributable reserve		**2 229 232**	2 210 632
Equity attributable to equity holders of the parent		**1 376 033**	1 348 496
Non-controlling interest		**805**	408
Non-current liabilities		**252 305**	286 601
Employee benefits	22	**91 489**	105 989
Deferred tax liabilities	12	**9 208**	39 555
Operating lease liability	23	**151 608**	141 057
Current liabilities		**3 820 265**	3 140 907
Trade and other payables	24	**3 260 197**	2 768 759
Employee benefits	22	**148 402**	109 861
Provisions	25	**6 596**	8 828
Interest-bearing borrowings	21	**344 355**	214 566
Tax payable		**58 605**	37 536
Derivative financial liabilities	16	**2 110**	1 357
Total equity and liabilities		**5 449 408**	4 776 412

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2013

	Number of shares '000	Share capital (Note 17) R'000	Share premium (Note 17) R'000	Share option reserve (Note 18) R'000
Balance at 1 September 2011	252 959	2 999	–	40 943
Transactions with owners, recorded directly in equity				
Contributions by and dividends/distributions paid to owners				
Additional shares issued	–	55	246 486	–
Dividends/distributions paid to shareholders	–	–	(242 989)	–
Share-based payment reserve movement	–	–	–	39 562
Transfer of share option reserve to distributable reserve	–	–	–	(24 600)
Net cost of own shares purchased	83	–	–	–
Treasury shares purchased	(217)	–	–	–
Disposal of treasury shares	300	–	–	–
Total transactions with owners	83	55	3 497	14 962
Total comprehensive income for the year	–	–	–	–
Profit for the year	–	–	–	–
Cash flow hedging reserve	–	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–	–
Balance at 31 August 2012	253 042	3 054	3 497	55 905
Transactions with owners, recorded directly in equity				
Contributions by and dividends paid to owners				
Dividends paid to shareholders	**–**	**–**	**–**	**–**
Withholding tax on dividends*	**–**	**–**	**–**	**–**
Share-based payment reserve movement	**–**	**–**	**–**	**23 644**
Treasury shares cancelled and related costs	**–**	**(78)**	**–**	**–**
Net cost of own shares purchased	**(6 162)**	**–**	**–**	**–**
Treasury shares purchased	**(6 187)**	**–**	**–**	**–**
Disposal of treasury shares	**25**	**–**	**–**	**–**
Total transactions with owners	**(6 162)**	**(78)**	**–**	**23 644**
Total comprehensive income for the year	**–**	**–**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**–**
Cash flow hedging reserve	**–**	**–**	**–**	**–**
Exchange differences on translation of foreign subsidiaries	**–**	**–**	**–**	**–**
Balance at 31 August 2013	**246 880**	**2 976**	**3 497**	**79 549**

* Relating to retrospective withholding tax on 2012 interim dividend

Treasury shares (Note 17) R'000	Cash flow hedging reserve (Note 19) R'000	Foreign currency translation reserve (Note 20) R'000	Distributable reserve R'000	Equity attributable to equity holders of the parent R'000	Non-controlling interest R'000	Total equity R'000
(703 070)	2 105	(1 834)	1 623 329	964 472	715	965 187
(246 541)	–	–	–	–	–	–
30 322	–	–	(124 618)	(337 285)	–	(337 285)
–	–	–	–	39 562	–	39 562
–	–	–	24 600	–	–	–
(8 674)	–	–	(1 366)	(10 040)	–	(10 040)
(12 013)	–	–	–	(12 013)	–	(12 013)
3 339	–	–	(1 366)	1 973	–	1 973
(224 893)	–	–	(101 384)	(307 763)	–	(307 763)
–	1 485	1 615	688 687	691 787	(307)	691 480
–	–	–	688 687	688 687	(307)	688 380
–	1 485	–	–	1 485	–	1 485
–	–	1 615	–	1 615	–	1 615
(927 963)	3 590	(219)	2 210 632	1 348 496	408	1 348 904
–	**–**	**–**	**(394 005)**	**(394 005)**	**–**	**(394 005)**
–	**–**	**–**	**(11 234)**	**(11 234)**	**–**	**(11 234)**
–	**–**	**–**	**–**	**23 644**	**–**	**23 644**
327 318	**–**	**–**	**(327 240)**	**–**	**–**	**–**
(353 908)	**–**	**–**	**(92)**	**(354 000)**	**–**	**(354 000)**
(354 158)	**–**	**–**	**–**	**(354 158)**	**–**	**(354 158)**
250	**–**	**–**	**(92)**	**158**	**–**	**158**
(26 590)	**–**	**–**	**(732 571)**	**(735 595)**	**–**	**(735 595)**
–	**9 952**	**2 009**	**751 171**	**763 132**	**397**	**763 529**
–	**–**	**–**	**751 171**	**751 171**	**397**	**751 568**
–	**9 952**	**–**	**–**	**9 952**	**–**	**9 952**
–	**–**	**2 009**	**–**	**2 009**	**–**	**2 009**
(954 553)	**13 542**	**1 790**	**2 229 232**	**1 376 033**	**805**	**1 376 838**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 August 2013

The statement of cash flows has been prepared by applying the indirect method.

	Note	2013 R'000	2012 R'000
Cash effects from operating activities			
Profit before working capital changes		**1 350 885**	1 235 114
Working capital changes		**25 718**	(161 586)
Cash generated by operations		**1 376 603**	1 073 528
Interest received		**6 277**	5 787
Interest paid		**(41 418)**	(39 252)
Taxation paid		**(328 647)**	(276 458)
Cash inflow from operating activities before dividends/distributions paid		**1 012 815**	763 605
Dividends/distributions paid to shareholders	26	**(394 005)**	(337 285)
Net cash effects from operating activities		**618 810**	426 320
Cash effects from investing activities			
Investment in property, plant and equipment and intangible assets to maintain operations		**(103 400)**	(84 322)
Investment in property, plant and equipment and intangible assets to expand operations		**(206 486)**	(171 467)
Proceeds from disposal of property, plant and equipment		**885**	2 651
Repayment of loans receivable		**4 510**	5 189
Net cash effects from investing activities		**(304 491)**	(247 949)
Cash effects from financing activities			
Purchase of treasury shares		**(354 158)**	(12 013)
Proceeds from disposal of treasury shares		**158**	1 973
Interest-bearing borrowings raised/(repaid)		**129 789**	(160 670)
Net cash effects from financing activities		**(224 211)**	(170 710)
Net increase in cash and cash equivalents		**90 108**	7 661
Cash and cash equivalents at the beginning of the year		**25 451**	17 790
Cash and cash equivalents at the end of the year		**115 559**	25 451

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 August 2013

	2013 R'000	2012 R'000
Cash flow information		
Profit before working capital changes		
Profit before taxation	**1 050 783**	958 354
Adjustment for:	**254 886**	230 364
Depreciation and amortisation	**210 105**	181 102
Reversal of previous unrealised foreign exchange differences	**–**	(3 237)
Movement in operating lease liability	**10 551**	15 415
Loss on disposal of property, plant and equipment	**7 854**	6 578
Impairment of financial assets	**–**	2 330
Equity-settled share option costs	**26 376**	28 176
Net financing costs	**45 216**	46 396
	1 350 885	1 235 114
Working capital changes		
Increase in inventories	**(144 997)**	(277 818)
Increase in trade and other receivables	**(335 603)**	(171 427)
Increase in trade and other payables	**493 451**	338 360
Increase/(decrease) in employee benefits	**15 099**	(54 312)
(Decrease)/increase in provisions	**(2 232)**	3 611
	25 718	(161 586)
Taxation paid		
Income tax payable at the beginning of the year	**(36 969)**	(43 476)
Normal tax charged to profit or loss	**(337 861)**	(269 951)
Withholding tax on dividends	**(11 234)**	–
Income tax payable at the end of the year	**57 417**	36 969
	(328 647)	(276 458)
Cash and cash equivalents at the end of the year		
Current accounts	**115 559**	25 451
	115 559	25 451

SEGMENTAL ANALYSIS

for the year ended 31 August 2013

	Retail	
R'000	**2013**	2012*
Statement of financial position		
Property, plant and equipment	**862 958**	848 774
Intangible assets	**337 008**	297 797
Goodwill	**6 529**	6 529
Inventories	**1 613 406**	1 521 949
Trade and other receivables	**249 379**	167 923
Cash and cash equivalents	**143 990**	21 953
Other assets	**483 288**	470 933
Total assets	**3 696 558**	3 335 858
Employee benefits – non-current	**86 638**	98 193
Operating lease liability	**151 608**	141 057
Trade and other payables	**1 719 457**	1 494 466
Employee benefits – current	**128 664**	99 676
Other liabilities	**846 325**	617 129
Total liabilities	**2 932 692**	2 450 521
Net assets	**763 866**	885 337
Statement of comprehensive income		
Turnover	**12 292 106**	11 395 623
Gross profit	**3 623 003**	3 330 496
Other income	**474 410**	433 274
Total income	**4 097 413**	3 763 770
Expenses	**(3 190 814)**	(2 911 124)
Operating profit	**906 599**	852 646
Ratios		
Increase in turnover	**7.9**	8.4
Selling price inflation	**3.1**	0.7
Comparable stores' turnover growth	**5.8**	5.5
Gross profit margin	**29.5**	29.2
Total income margin	**33.3**	33.0
Operating expenses as a percentage of turnover	**26.0**	25.5
Increase in operating expenses	**9.6**	8.3
Increase in operating profit	**6.3**	5.9
Operating profit margin	**7.4**	7.5
Inventory days	**68**	69
Trade debtor days	**9**	7
Trade creditor days	**51**	46
Number of stores	**607**	595
as at 31 August 2012/2011	**595**	590
opened	**30**	31
closed	**(18)**	(26)
Number of pharmacies	**331**	306
as at 31 August 2012/2011	**306**	283
new/converted	**26**	26
closed	**(1)**	(3)
Total leased area	**313 193**	302 886
Weighted retail trading area	**242 070**	234 443
Weighted annual sales per m^2	**50 760**	48 607
Number of permanent employees	**7 868**	7 564

* The segmental analysis for the year to 31 August 2013 has been consolidated due to a change in the composition of its reportable segments. Clicks, Musica and The Body Shop are reported as part of the Retail reportable segment. In addition, in the current financial year Clicks Direct Medicines has been included in the Distribution business which now comprises UPD and Clicks Direct Medicines. This change was made due to a change in management reporting lines as the business has been incorporated within the Distribution business. In the prior year, the business was reported as part of Retail. This has resulted in a decrease in total assets in Retail of R47.4 million, a decrease in total liabilities of R35.8 million and a decrease in operating profit of R1.9 million for 2012. Within Distribution, total assets increased by R21.2 million, total liabilities increased by R9.6 million and operating profit increased by R1.9 million for 2012.

Distribution		Intragroup elimination		Total operations	
2013	2012*	2013	2012*	2013	2012
196 009	161 883	–	–	1 058 967	1 010 657
12 010	8 489	–	–	349 018	306 286
96 981	96 981	–	–	103 510	103 510
618 797	567 564	(6 831)	(9 138)	2 225 372	2 080 375
1 587 825	1 322 141	(329 438)	(318 523)	1 507 766	1 171 541
44 214	37 452	(72 645)	(33 954)	115 559	25 451
358 942	257 739	(753 014)	(650 080)	89 216	78 592
2 914 778	2 452 249	(1 161 928)	(1 011 695)	5 449 408	4 776 412
4 851	7 796	–	–	91 489	105 989
–	–	–	–	151 608	141 057
1 872 366	1 592 816	(331 626)	(318 523)	3 260 197	2 768 759
19 738	10 185	–	–	148 402	109 861
398 020	368 747	(823 471)	(684 034)	420 874	301 842
2 294 975	1 979 544	(1 155 097)	(1 002 557)	4 072 570	3 427 508
619 803	472 705	(6 831)	(9 138)	1 376 838	1 348 904
7 710 270	6 277 104	(2 459 075)	(2 235 780)	17 543 301	15 436 947
157 221	143 302	2 307	1 613	3 782 531	3 475 411
497 921	416 303	(58 900)	(49 023)	913 431	800 554
655 142	559 605	(56 593)	(47 410)	4 695 962	4 275 965
(460 195)	(402 686)	58 900	49 173	(3 592 109)	(3 264 637)
194 947	156 919	2 307	1 763	1 103 853	1 011 328
22.8	10.7	10.0	9.6	13.6	9.2
1.8	0.1			2.6	0.5
				5.8	5.5
2.0	2.3			21.6	22.5
8.5	8.9			26.8	27.7
6.0	6.4			20.5	21.1
14.3	11.4			10.0	8.5
24.2	22.4			9.1	7.9
2.5	2.5			6.3	6.6
30	34			59	63
62	64			48	46
72	76			64	61
				607	595
				595	590
				30	31
				(18)	(26)
				331	306
				306	283
				26	26
				(1)	(3)
				313 193	302 886
				242 070	234 443
				50 760	48 607
517	499			8 385	8 063

Clicks Group Limited is a company domiciled in South Africa. The consolidated financial statements as at and for the year ended 31 August 2013 comprise the company, its subsidiaries and other entities that it controls (collectively referred to as "the group").

Basis of preparation

The consolidated financial statements for the group and for the company are prepared in accordance with International Financial Reporting Standards ("IFRS"), its interpretations adopted by the International Accounting Standards Board ("IASB") and the South African Companies Act 71 of 2008 as amended and the JSE Listings Requirements.

The financial statements are presented in South African Rands ("Rands"), rounded to the nearest thousand. They are prepared on the basis that the group and the company are going concerns, using the historical cost basis of measurement unless otherwise stated.

The accounting policies set out below have been applied consistently in all material respects to all periods presented in these consolidated financial statements.

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant accounting estimates and judgements

Estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below and disclosed in the relevant notes to the financial statements.

Allowance for net realisable value of inventories

The group evaluates its inventory to ensure that it is carried at the lower of cost or net realisable value. Provision is made against slow moving, obsolete and damaged inventories. Damaged inventories are identified and written down through the inventory counting procedures conducted within each business. Allowance for slow moving and obsolete inventories is assessed by each business as part of their ongoing financial reporting. Obsolescence is assessed based on comparison of the level of inventory holding to the projected likely future sales using factors existing at the reporting date.

Rebates received from vendors

The group enters into agreements with many of its vendors providing for inventory purchase rebates based upon achievement of specified volumes of purchases, with many of these agreements applying to the calendar year. For certain agreements the rebates increase as a proportion of purchases as higher quantities or values of purchases are made relative to the prior period. The group accrues the receipt of vendor rebates as part of its cost of sales for products sold, taking into consideration the cumulative purchases of inventory to date. Rebates are accrued monthly, with an extensive reassessment of the rebates earned being performed at the reporting date. Consequently the rebates actually received may vary from that accrued in the financial statements.

Impairment of financial assets

At the reporting date, the group assesses whether objective evidence exists that a financial asset or group of financial assets is impaired.

Trade receivables: An allowance for impairment loss is made against accounts that in the estimation of management may be impaired. The impairment is assessed monthly, with a detailed formal review of balances and security being conducted at the reporting date. Determining the recoverability of an account involves estimation as to the likely financial condition of the customer and their ability to make payment.

Impairment of non-financial assets

Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually. Intangible assets with a finite useful life and property, plant and equipment are considered for impairment when an indication of possible impairment exists. An asset is impaired when its carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use.

Goodwill: Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable pre-tax discount rate that is reflective of the cash-generating unit's risk profile, in order to calculate the value in use.

Assessment of useful lives and residual values of property, plant and equipment: Items of property, plant and equipment are depreciated over their useful lives taking into account residual values. Assessments of useful lives and residual values are performed annually after considering factors such as technological innovation, maintenance programmes, relevant market information and management consideration. In assessing residual values the group considers the remaining life of the asset, its projected disposal value and future market conditions.

Income taxes

The group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the provision for tax as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax issues based on estimates of the taxes that are likely to become due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision for employee benefits

Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are performed to assess the financial position of the relevant funds and are based on assumptions which include mortality rates, healthcare inflation, the expected long-term rate of return on investments, the discount rate and current market conditions.

Measurement of share-based payments

The cumulative expense recognised in terms of the group's share-based payment schemes reflects the extent, in the opinion of management, to which the vesting period has expired and the number of rights to equity instruments granted that will ultimately vest. At the end of each reporting date, the unvested rights are adjusted by the number forfeited during the period to reflect the actual number of instruments outstanding. Management is of the opinion that this represents the most accurate estimate of the number of instruments that will ultimately vest.

Basis of consolidation

The group financial statements include the financial statements of the company, its subsidiaries and other entities that it controls.

Subsidiaries are those entities over whose financial and operating policies the group has the power, directly or indirectly, to exercise control, so as to obtain benefits from their activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial results of subsidiaries are included in the consolidated financial statements from the date that control was obtained and, where applicable, up to the date that control ceased.

Special purpose entities ("SPEs") are consolidated if, based on an evaluation of the substance of its relationship with the group and the SPEs' risks and rewards, the group concludes that it controls the SPE. SPEs controlled by the group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incidental to the SPEs' activities, or retaining the majority of the residual or ownership risks related to the SPEs or their assets.

All intragroup transactions and balances, including any unrealised gains and losses arising from intragroup transactions, are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The company carries its investments in subsidiaries at cost less accumulated impairment.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the group acquires a business it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the fair value at the acquisition date of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which are deemed to be an asset or liability, will be recognised in accordance with IAS 39 – Financial Instruments: Recognition and Measurement, either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Transactions and non-controlling interests

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company. When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to distributable reserve).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Non-controlling interests continue to be recognised as they retain present access to the economic benefits underlying ownership interests. Dividends paid to non-controlling interests are recognised in equity as transactions with equity holders.

Foreign currency

Functional and presentation currency

All items in the financial statements of the group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ("the functional currency"). The group's consolidated financial statements are presented in Rands, which is the company's functional and the group's presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to functional currency at the rates of exchange ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign exchange differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to South African Rands at exchange rates at the reporting date. The income and expenses of foreign operations are translated to South African Rands at the average exchange rates for the period.

Gains and losses on translation are recognised in other comprehensive income and presented within equity in the Foreign Currency Translation Reserve ("FCTR").

When a foreign operation is disposed of in part or in full, the related amount in the FCTR is transferred to profit or loss.

Financial instruments

Non-derivative financial instruments are initially recognised at fair value plus directly attributable transaction costs except for financial instruments that are classified as being carried at fair value through profit or loss. Subsequent to initial recognition these instruments are measured according to their nature.

Financial instruments are classified at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

The group has not designated any financial assets. It has derivatives that are classified at fair value through profit or loss.

Trade and other receivables and loans receivable

Trade and other receivables and loans receivable are categorised as loans and receivables. These financial assets originate by the group providing goods, services or money directly to a debtor and, subsequent to initial recognition, are measured at amortised cost using the effective interest method less any accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents are categorised in the statement of financial position as loans and receivables and, subsequent to initial recognition, are measured at amortised cost.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in money market instruments, net of bank overdrafts, all of which are available for use by the group unless otherwise stated.

Outstanding payments are included in trade and other payables.

Interest-bearing borrowings

Interest-bearing borrowings are financial liabilities with fixed or determinable payments. Subsequent to initial recognition these financial instruments are measured at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Trade and other payables

Subsequent to initial recognition, trade and other payables are measured at amortised cost.

Derivative financial instruments and hedging activities

The group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investing activities, as well as market risk arising on cash-settled share-based compensation schemes and employee benefits. In accordance with its treasury policy the group does not hold or issue derivative financial instruments for trading purposes. Subsequent to initial recognition, derivatives are measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Where a derivative financial instrument is used to hedge the variability in cash flows of the foreign exchange exposure of a recognised monetary asset or liability, hedge accounting may be applied. These derivatives are designated as cash flow hedges.

Cash flow hedges

Hedge relationships are formally documented and designated at inception. The documentation includes identification of the hedged item and the hedging instrument, and details the risk that is being hedged and the way in which effectiveness will be assessed at inception and during the period of the hedge. If the hedge is not highly effective in off-setting changes in fair values or cash flows attributable to the hedged risk, consistent with the documented risk management strategy, hedge accounting is discontinued.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The ineffective portion is recognised in profit or loss.

When the forecast transaction results in the recognition of a financial asset or financial liability, the cumulative gain or loss is reclassified from other comprehensive income in the same period in which the hedged forecast cash flows/hedged item affect profit or loss. Otherwise the cumulative gain or loss is removed from other comprehensive income and recognised in profit or loss at the same time as the hedged transaction.

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in case of inventory or in depreciation in the case of property, plant and equipment.

Hedge accounting is discontinued if the hedge no longer meets the criteria for hedge accounting; if the hedging instrument expires or is sold, terminated or exercised; if the forecast transaction is no longer expected to occur; or if hedge designation is revoked. On the discontinuance of hedge accounting (except where a forecast transaction is no longer expected to occur) the cumulative unrealised gain or loss recognised in other comprehensive income is recognised in profit or loss when the forecast transaction occurs and affects profit or loss. Where a forecast transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised immediately in profit or loss.

Derivatives not qualifying for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership, or control of the financial asset, are transferred.

Where the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offset

Financial assets and financial liabilities are off-set and the net amount reported in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment, including owner-occupied buildings, are stated at historical cost less accumulated depreciation and accumulated impairment losses. Land is stated at cost less impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Installation and other costs, which comprise materials and direct labour costs necessarily incurred in order to acquire property, plant and equipment, are also included in cost.

When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Borrowing costs are capitalised in line with the accounting policy outlined under financial expenses.

Gains or losses on the disposal of property, plant and equipment, comprising the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss.

Subsequent costs
Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits embodied within the item will flow to the group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of the asset in order to reduce the cost of the asset to its residual value. Residual value is the amount that an entity could receive for the asset at the reporting date if the asset were already of the age and the condition that it will be in when the entity expects to dispose of it. Residual value does not include expected future inflation. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Computer equipment	3 to 7 years
Equipment	3 to 10 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Leases
Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Minimum lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The resulting difference arising from the straight-line basis and contractual cash flows is recognised as an operating lease obligation or asset. Contingent rental escalations, such as those relating to turnover, are expensed in the year in which the escalation is determined.

Intangible assets (other than goodwill)
Intangible assets (other than goodwill) are initially recognised at cost if acquired externally, or at fair value if acquired as part of a business combination. Expenditure on internally generated development activity is capitalised if the product or process is technically and commercially feasible, the group has sufficient resources to complete development, the group has intention to complete and use or sell it, it is probable that future economic benefits relating to the asset will flow to the group and the cost can be measured reliably. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the associated intangible asset. Other research and development expenditure is recognised in profit or loss as an expense when incurred.

No value is attached to internally developed and maintained trademarks or brand names. Expenditure incurred to maintain trademarks and brand names is recognised in profit or loss as incurred.

Intangible assets which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment. Intangible assets that are assessed as having a finite useful life are amortised over their useful lives on a straight-line basis from the date they become available for use and are tested for impairment if indications exist that they may be impaired. Intangible assets with indefinite useful lives are not amortised and are tested annually for impairment.

The estimated useful lives of intangible assets with finite lives for the current and comparative periods are as follows:

Capitalised software development	5 to 10 years
Purchased computer software	3 to 5 years
Contractual rights	5 years
Purchased trademarks	on the basis of the anticipated benefits expected to arise from each trademark

Amortisation methods, residual values and remaining useful lives of intangible assets with finite useful lives are reassessed annually.

Inventories
Merchandise for resale is valued on the weighted average cost basis and is stated at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition and is stated net of purchase incentives. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete and sell the product. The cost of merchandise sold includes normal shrinkage, wastage and inventory losses. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their net realisable value. The carrying amount of inventory is recognised as an expense in the period in which the related revenue is recognised.

Impairment of assets
Non-financial assets
The carrying amounts of the group's non-financial assets other than inventories (see accounting policy note for inventories), and deferred tax assets (see accounting policy note for deferred tax), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

Whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

As goodwill is not capable of generating cash flows independently of other assets, in assessing the recoverable amount of goodwill, it is allocated to cash-generating units on a reasonable and consistent basis. Where appropriate, corporate assets are also allocated to cash-generating units on a reasonable and consistent basis. The recoverable amount of the cash-generating unit (including an allocation of goodwill and corporate assets) is assessed with reference to the future cash flows of the cash-generating unit. Where an impairment is identified for a cash-generating unit, the impairment is applied first to the goodwill allocated to the cash-generating unit and then to other assets on a pro rata basis comprising the cash-generating unit provided that each identifiable asset is not reduced to below its recoverable amount.

Recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost to sell and its value in use. Recoverable amounts are estimated for individual assets or, if an asset does not generate largely independent cash flows, for a cash-generating unit. A cash-generating unit is the smallest collection of assets capable of generating cash flows independent of other assets or other cash-generating units.

The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. The estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversal of impairment losses

Impairment losses recognised in prior years are assessed at each reporting date for any indicators that the losses have decreased or no longer exist. Reversal of impairment losses recognised in prior years are recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased, either as a result of an event occurring after the impairment loss was recognised or if there has been a change in the estimates used to calculate the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of the affected asset is not increased to an amount higher than the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior years. The reversal is recorded as income in profit or loss.

An impairment loss in respect of goodwill is never reversed.

Financial assets

At the reporting date an assessment is made as to whether objective evidence exists that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Share capital

Share capital

Ordinary share capital represents the par value of ordinary shares issued.

Share premium

Share premium represents the excess consideration received by the company over the par value of ordinary shares issued and is classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from share premium, net of any tax effect.

Treasury shares

Ordinary shares in Clicks Group Limited which have been acquired by the group in terms of an approved share repurchase programme, held by the Share Incentive Trust or held by the Clicks Group Employee Share Ownership Trust are classified as treasury shares. The cost of these shares is deducted from equity and the number of shares is deducted from the weighted average number of shares. Dividends received on treasury shares are eliminated on consolidation.

When treasury shares are sold or reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is transferred to or from distributable reserves.

Upon settlement (take-up) of the share options by employees, the difference between the proceeds received from the employees and the cost price of shares is accounted for directly in equity.

Capitalisation share awards and cash distributions

The full value of capitalisation share awards and cash distributions are recorded as a liability and as a deduction from equity in the statement of changes in equity when declared. Upon allotment of shares in terms of a capitalisation award, the election amounts are transferred to the share capital account and share premium account.

Capital distributions received on treasury shares are recorded as a reduction in the cost of the treasury shares.

Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service.

Accruals for employee entitlements to wages, salaries, bonuses and annual leave represent the amount which the group has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

Other long-term employee benefits

Liabilities for long-term employee benefits, other than pension plans, which are not due to be settled within twelve months, are discounted to present value using the market yields at the reporting date on high quality bonds with maturity dates that most closely match the terms of maturity of the group's related liabilities.

Defined contribution retirement funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The group operates a retirement scheme comprising a number of defined contribution funds in South Africa, the assets of which are held in separate trustee-administered funds. The retirement schemes are funded by payments from employees and the relevant group entity. Obligations for contributions to these funds are recognised as an expense in profit or loss as incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

Post-retirement medical aid benefits – defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The group's obligation to provide post-retirement medical aid benefits to certain employees is calculated by estimating the amount of future benefit that qualifying employees have earned in return for their service in the current and prior periods. This benefit is discounted to determine its present value, using a discount rate based on the market yields at the reporting date on high quality bonds with maturity dates that most closely match the terms of maturity of the group's obligation. The calculation is performed by a qualified actuary using the projected unit credit method.

The portion of benefits relating to past service by employees is recognised as an expense on a straight-line basis over the average vesting period. To the extent that the benefits are already vested, past service costs are recognised immediately.

The group recognises actuarial gains or losses from defined benefit plans immediately in profit or loss.

Equity-settled share-based compensation benefits

The group grants share options to certain employees under an employee share plan. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted up to August 2005 is measured using the Binomial option pricing model, while the fair value of options granted as part of the Clicks Group employee share option plan is measured using the Monte Carlo option pricing model, taking into account the terms and conditions under which the options were granted. The amount recognised as an expense with a corresponding increase in equity is adjusted at each reporting date to reflect the actual number of share options that vest or are expected to vest.

Group share scheme recharge arrangements

A recharge arrangement exists whereby the cost of acquiring shares, issued in accordance with certain share schemes granted by the parent company, is funded by way of contributions from subsidiary companies in respect of participants who are their employees. The recharge arrangement is accounted for separately from the underlying equity-settled share-based payment upon initial recognition, as follows:

- The subsidiary recognises a recharge liability and a corresponding adjustment against equity for the capital contribution recognised in respect of the share-based payment.
- The parent recognises a recharge asset and a corresponding adjustment to the carrying amount of the investment in the subsidiary.

The recharge arrangement is eliminated on consolidation.

Subsequent to initial recognition the recharge arrangement is remeasured at fair value at each subsequent reporting date until settlement date to the extent vested. The amount of the recharge in excess of the capital contribution recognised in respect of a share-based payment (in subsidiary's financial statements) or the cost of investment in the subsidiary (in parent's accounts) is recognised as a return of capital. In the parents' accounts the recharge is recognised as a reduction in the cost of the investment in the subsidiary and the excess of the recharge reduces the cost of the investment in the subsidiary until it has a balance of zero. Any further decreases in the cost of investment in subsidiary will be recognised by the parent as dividend income in profit or loss. In the subsidiary's financial statements, the excess is treated as a distribution/dividend to its parent.

Long-term incentive scheme

The group grants cash-settled appreciation rights to management in terms of a long-term incentive scheme. The liability which is not expected to be settled within twelve months is discounted to present value using market yields, at the reporting date, on high quality bonds with maturity dates that most closely match the terms of maturity of the group's related liabilities. Any difference between projected performance and actual performance is recognised through an actuarial loss/gain based on the projected unit credit method which is recognised immediately in profit or loss.

Provisions

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is determined by discounting the anticipated future cash flows expected to be required to settle the obligation at a pre-tax rate that reflects the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the asset associated with that contract.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Guarantees

A financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A liability is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the contract and a reliable estimate can be made of the amount of the obligation. The amount recognised is the best estimate of the expenditure required to settle the contract at the reporting date. Where the effect of discounting is material, the liability is discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The group performs liability adequacy tests on financial guarantee contract liabilities to ensure that the carrying amount of the liability is sufficient in view of estimated future cash flows. When performing the liability adequacy test, the group discounts all expected contractual cash flows and compares this amount to the carrying value of the liability. Where a shortfall is identified, an additional provision is made.

Revenue

Turnover

Turnover comprises net sales to customers. Turnover is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, discounts on ClubCard and volume rebates, and is stated exclusive of value-added and general sales tax. Revenue from sales is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing managerial involvement, costs can be measured reliably and receipt of the future economic benefits is probable.

Revenue recognition – ClubCard

The group operates a loyalty scheme through Clicks ClubCard. The card allows customers to accumulate clubcard points that entitle them, subject to certain criteria, to vouchers that may be used in-store. The fair value which includes the expected redemption rate attributed to the credits awarded, is deferred as a liability and recognised as revenue on redemption of the vouchers by customers.

Financial income

Financial income comprises interest income, dividend income and gains from changes in fair value of financial instruments at fair value through profit or loss. Interest income is recognised in profit or loss on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period to maturity, when it is probable that such income will accrue to the group.

Dividend income is recognised when the right to receive payment is established.

Distribution and logistics fee income

Revenue in respect of services rendered is recognised in profit or loss as the services are rendered.

Other recovery income

Other recovery income is recognised in profit or loss when the group becomes entitled to the income or when it is virtually certain that the conditions required to be fulfilled before payment is received will be fulfilled.

Rental income

Income from operating leases in respect of property is recognised in profit or loss on a straight-line basis over the lease term.

Financial expenses

Financial expenses comprise interest payable on borrowings calculated using the effective interest method, unwinding of the discount on provisions and long-term employee benefits, losses from changes in fair value of financial instruments at fair value through profit or loss, and gains and losses on interest rate swaps.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

Income taxes

Income tax expense on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in other comprehensive income or in equity respectively.

Current tax is the expected tax payable on the taxable profit for the current year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for all temporary differences between the tax value of an asset or liability and the carrying amount for financial reporting purposes, except the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are off-set if there is a legally enforceable right to off-set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for all deductible temporary differences and tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Segment reporting

The group has adopted the "management approach" to reporting segment information, basing this on the group's internal management reporting data used internally by the chief operating decision-maker ("CODM").

An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Earnings per share

The group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the dilutive effects of all share options granted to employees.

Recent accounting developments

Standards, amendments and interpretations not yet effective and under review as to their effect on the group

The International Accounting Standards Board ("IASB") and IFRIC issued the following standards, amendments and interpretations, with an effective date after the date of these financial statements, which management believes could impact the group in future periods.

Standard	Standard's name and effective date	Description
IAS 19	Employee Benefits Effective for periods beginning on or after 1 January 2013	Amendments to the standard include measuring expected returns on plan assets based on rates used to discount the defined benefit, past service cost to be expensed when plan amendments occur whether or not they have vested, and short and long-term benefits will be distinguished based on expected timing of settlement, rather than employee entitlement. Actuarial gains and losses are to be recognised in other comprehensive income and not recycled through profit or loss. The impact of this standard on the 2013 financial year would have been to decrease the reported operating profit by R1.2 million as a result of the reclassification of the actuarial gain related to the post-retirement medical scheme within other comprehensive income.
IFRS 9	Financial Instruments Effective date yet to be determined	IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases the IASB will address hedge accounting and impairment of financial assets. The group will quantify the effect of any possible impact in conjunction with the other phases, when the final standard including all phases is issued.
IFRS 12	Disclosure of Interests in Other Entities Effective for periods beginning on or after 1 January 2013	IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the group's financial position or performance.
IFRS 13	Fair Value Measurement Effective for periods beginning on or after 1 January 2013	IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The group is currently assessing the impact that this standard will have on the financial position and performance, but based on preliminary analysis, no material impact is expected.

The following standards, amendments and interpretations issued but not yet effective have been assessed for applicability to the group and management has concluded that they are not applicable to the business of the group and are not expected to have a significant impact on future financial statements:

IAS 27 – Consolidated and Separate Financial Statements

IAS 28 – Investments in Associates and Joint Ventures

IAS 32 – Off-setting Financial Assets and Financial Liabilities – amendments to IAS 32

IFRS 7 – Disclosures: Off-setting Financial Assets and Financial Liabilities – amendments to IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

for the year ended 31 August 2013

	Group 2013 R'000	2012 R'000
1 Revenue		
Turnover	**17 543 301**	15 436 947
Finance income	**6 688**	5 876
Other income	**913 431**	800 554
Distribution and logistics fees	**526 015**	413 741
Rental income	**271**	207
Advertising income, cost recoveries and other	**387 145**	386 606
	18 463 420	16 243 377
2 Depreciation and amortisation		
Depreciation of property, plant and equipment (see note 9)	**192 331**	167 357
Amortisation of intangible assets (see note 10)	**17 774**	13 745
Total depreciation and amortisation	**210 105**	181 102
Depreciation included in cost of merchandise sold and inventories	**(9 707)**	(9 567)
Depreciation and amortisation included in expenses	**200 398**	171 535
3 Occupancy costs		
Operating leases	**476 245**	431 431
Turnover rental expense	**16 428**	21 440
Movement in operating lease liability (see note 23)	**10 551**	15 415
Movement in provision for onerous contracts (see note 25)	**(2 232)**	3 611
	500 992	471 897
4 Employment costs		
Directors' emoluments	**15 540**	19 189
Non-executive fees	**2 264**	2 092
Executive	**13 276**	17 097
Salary	**11 545**	13 079
Other benefits	**1 731**	4 018
Restraint of trade	**–**	3 255
Equity-settled share option costs (see note 18)	**26 376**	28 176
Long-term incentive scheme (see note 22)	**23 714**	42 128
Staff salaries and wages	**1 622 452**	1 414 215
Contributions to defined contribution plans	**89 156**	81 987
Leave pay costs (see note 22)	**17 155**	17 795
Bonuses (see note 22)	**64 450**	42 433
Increase in liability for defined benefit plans (see note 22)	**189**	1 294
Total employment costs	**1 859 032**	1 650 472
Employment costs included in cost of merchandise sold and inventories	**(69 604)**	(68 013)
Employment costs included in expenses	**1 789 428**	1 582 459

For further detail of directors' emoluments refer to the Remuneration Report on page 44 of the Integrated Report.

Included in total employment costs are the following aggregate amounts (including directors' emoluments) relating to transactions with key management personnel:

	2013 R'000	2012 R'000
	43 800	49 100
Short-term employee benefits	**19 148**	19 154
Post-employment benefits	**2 231**	2 171
Other benefits	**12**	5 236
Long-term incentive scheme	**22 364**	22 539
Share-based payments	**45**	–
Non-executive directors' fees	**2 264**	2 092
	46 064	51 192

4 Employment costs (continued)

4.1 Directors' remuneration

Executive directors' remuneration – 2013

Director	Salary R'000	Performance-based long-term incentive** R'000	Pension fund R'000	Other benefits R'000	Total R'000
Bertina Engelbrecht	2 184	3 514	314	2	6 014
Michael Fleming	3 351	5 772	490	59	9 672
David Kneale	6 010	14 719	864	2	21 595
Total	11 545	24 005	1 668	63	37 281

Executive directors' remuneration – 2012

Director	Salary R'000	Performance-based long-term incentive** R'000	Pension fund R'000	Other benefits R'000	Total R'000
Bertina Engelbrecht	1 993	3 800	286	1	6 080
Michael Fleming	3 185	–	466	59	3 710
Michael Harvey*	2 284	5 001	210	2 188	9 683
David Kneale	5 617	12 155	807	1	18 580
Total	13 079	20 956	1 769	2 249	38 053

* Resigned as an executive director on 12 June 2012

** Payments relating to the performance for the year ended 31 August are paid in November. The expense is provided for over the three-year vesting period in the relevant financial year

The total number of ordinary shares in issue is 268 323 498 (2012: 276 123 498). Percentage of issued share capital held by directors is 0.22% (2012: 0.20%).

Details of all dealings in Clicks Group shares by directors during the financial year are contained in the Directors' Report on page 3.

Non-executive directors' remuneration

Director	**2013 Directors' fees (R'000)**	2012 Directors' fees (R'000)
David Nurek	740	692
Fatima Abrahams***	310	281
John Bester	407	379
Fatima Jakoet	275	256
Nkaki Matlala	319	295
Martin Rosen	213	189
Total	2 264	2 092
Total directors' remuneration		
Executive directors	37 281	38 053
Non-executive directors	2 264	2 092
Total directors' remuneration	39 545	40 145

*** The fees paid to Professor Abrahams include an amount of R16 464 (2012: R15 000) for performing the role of chairman of The Clicks Group Employee Share Ownership Trust

for the year ended 31 August 2013

	Group 2013 R'000	Group 2012 R'000
5 Other costs		
Other operating costs include:		
Auditor's remuneration	**3 115**	3 194
Audit fees	**2 740**	3 114
Other services and expenses	**375**	80
Fees paid for outside services		
Technical services	**19 173**	23 260
Foreign exchange losses/(gains) – realised	**1 460**	(7 202)
Foreign exchange losses – unrealised	**2 110**	1 357
Additional impairment allowances made – trade receivables (see note 15)	**7 288**	3 006
Water and electricity	**114 135**	102 757
Retail	**107 716**	97 505
Distribution	**6 419**	5 252
6 Net financing costs		
Recognised in profit or loss:		
Interest income on bank deposits	**6 277**	4 762
Other interest income	**411**	89
Interest income on loans and receivables measured at amortised cost	**–**	1 025
Financial income	**6 688**	5 876
Interest expense on financial liabilities measured at amortised cost	**51 904**	52 272
Cash interest expense	**41 418**	39 252
Other interest expense	**10 486**	13 020
Financial expense	**51 904**	52 272
Net financing cost	**(45 216)**	(46 396)

	Group		Company	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000

7 Income tax expense

	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
South African normal tax				
Current tax				
Current year	**332 552**	266 267	**1 602**	–
Prior-year overprovision	**(5 297)**	(4 716)	**–**	–
Secondary tax on companies				
Current year	**–**	364	**–**	364
Deferred tax				
Current year	**(47 732)**	668	**–**	–
Capital gains tax	**10 046**	–	**–**	–
Prior-year under/(over)provision	**191**	(352)	**–**	–
Foreign tax				
Current tax				
Current year	**8 184**	3 619	**–**	–
Prior-year underprovision	**86**	677	**–**	–
Withholding tax	**2 336**	3 740	**–**	–
Deferred tax				
Current year	**(1 149)**	(293)	**–**	–
Prior-year overprovision	**(2)**	–	**–**	–
Taxation per income statement	**299 215**	269 974	**1 602**	364
Current year	**17 836**	(10 808)	**–**	–
Cash flow hedge recognised in other comprehensive income	**3 870**	578	**–**	–
Equity-settled transaction	**2 732**	(11 386)	**–**	–
Withholding tax on dividends	**11 234**	–	**–**	–
Total income tax expense	**317 051**	259 166	**1 602**	364
Reconciliation of rate of tax	**%**	%	**%**	%
Standard rate – South Africa	**28.00%**	28.00%	**28.00%**	28.00%
Adjusted for:				
Capital gains tax	**0.96%**	–	**–**	–
Disallowable expenditure	**0.26%**	0.28%	**–**	–
Exempt income and allowances	**(0.45%)**	(0.09%)	**(27.89%)**	(28.00%)
Foreign tax rate variations	**(0.03%)**	0.01%	**–**	–
Foreign withholding tax	**0.22%**	0.39%	**–**	–
Prior-year net overprovision	**(0.48%)**	(0.46%)	**–**	–
Secondary tax on companies	**–**	0.04%	**–**	–
Effective tax rate	**28.48%**	28.17%	**0.11%**	–

Two subsidiaries of the group have estimated tax losses of R8.9 million (2012: R8.8 million) available for set-off against future taxable income of those subsidiaries. A deferred tax asset of R2.6 million (2012: R2.5 million) has been recognised in respect of the total estimated tax losses (see note 12).

for the year ended 31 August 2013

	Group 2013 R'000	2012 R'000
8 Earnings per share		
The calculation of basic and headline earnings per share at 31 August 2013 was based on profit for the year attributable to ordinary shareholders of Clicks Group Limited of R751.2 million (2012: R688.7 million) and headline earnings of R756.8 million (2012: R692.4 million) divided by the weighted average number of ordinary shares as follows:		
Reconciliation of headline earnings		
Profit attributable to equity holders of the parent	**751 171**	688 687
Adjustments:		
Loss on disposal of property, plant and equipment	**5 655**	4 736
Loss before tax	**7 854**	6 578
Tax	**(2 199)**	(1 842)
Insurance recovery income	**–**	(1 018)
Profit before tax	**–**	(1 416)
Tax	**–**	398
Headline earnings	**756 826**	692 405

	2013 cents	2012 cents
Earnings per share	**300.1**	272.0
Headline earnings per share	**302.4**	273.5
Diluted earnings per share	**296.4**	271.9
Diluted headline earnings per share	**298.6**	273.4

	2013 R'000	2012 R'000
Reconciliation of shares in issue to weighted average number of shares in issue		
Total number of shares in issue at the beginning of the year	**276 123**	270 652
Treasury shares held for the full year and/or cancelled	**(23 081)**	(17 693)
Treasury shares purchased during the year weighted for the period held	**(2 745)**	(8)
Treasury shares utilised for share options weighted for the period in issue	**–**	203
Weighted average number of shares in issue for the year	**250 297**	253 154
Reconciliation of weighted average number of shares to weighted average diluted number of shares in issue		
Weighted average number of shares in issue for the year (net of treasury shares)	**250 297**	253 154
Dilutive effect of share options (net of treasury shares)	**3 137**	104
Weighted average diluted number of shares in issue for the year	**253 434**	253 258

	Group					
	2013		2012		2011	
	Cost R'000	**Accumulated depreciation and impairment losses R'000**	Cost R'000	Accumulated depreciation and impairment losses R'000	Cost R'000	Accumulated depreciation and impairment losses R'000
9 Property, plant and equipment						
Land	**25 809**	**–**	25 809	–	25 809	–
Buildings	**342 065**	**40 023**	332 055	37 223	331 656	33 861
Computer equipment	**294 419**	**185 449**	284 187	162 128	223 811	120 255
Equipment	**219 268**	**115 677**	183 077	105 854	160 198	92 002
Furniture and fittings	**1 006 800**	**508 261**	896 248	429 642	776 635	342 337
Motor vehicles	**44 002**	**23 986**	45 777	21 649	38 948	18 696
	1 932 363	**873 396**	1 767 153	756 496	1 557 057	607 151

All group property is owner-occupied.

The carrying amount of the group's property, plant and equipment is reconciled as follows:

	Land R'000	Buildings R'000	Computer equipment R'000	Equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Total R'000
Carrying amount at 1 September 2011	25 809	297 795	103 556	68 196	434 298	20 252	949 906
Additions	–	994	63 121	25 676	135 738	11 506	237 035
Disposals	–	(595)	(869)	(225)	(5 686)	(1 854)	(9 229)
Depreciation	–	(2 671)	(44 012)	(17 137)	(97 776)	(5 761)	(167 357)
Transfers	–	(691)	263	713	32	(15)	302
Carrying amount value at 31 August 2012	**25 809**	**294 832**	**122 059**	**77 223**	**466 606**	**24 128**	**1 010 657**
Additions	**–**	**9 958**	**38 818**	**43 996**	**153 269**	**2 840**	**248 881**
Disposals	**–**	**(99)**	**(732)**	**(463)**	**(6 065)**	**(881)**	**(8 240)**
Depreciation	**–**	**(2 649)**	**(51 175)**	**(17 165)**	**(115 271)**	**(6 071)**	**(192 331)**
Carrying amount value at 31 August 2013	**25 809**	**302 042**	**108 970**	**103 591**	**498 539**	**20 016**	**1 058 967**

for the year ended 31 August 2013

	Group					
	2013		2012		2011	
	Cost R'000	**Accumulated depreciation and impairment losses R'000**	Cost R'000	Accumulated depreciation and impairment losses R'000	Cost R'000	Accumulated depreciation and impairment losses R'000
10 Intangible assets						
Clicks trademark (see note 10.1)	**272 000**	**–**	272 000	–	272 000	–
Link trademark	**6 000**	**6 000**	6 000	6 000	6 000	6 000
Other trademarks	**1 097**	**135**	1 040	30	35	1
Capitalised and purchased computer software development	**168 831**	**98 183**	85 492	61 028	67 744	50 415
Contractual rights (see note 10.2)	**17 020**	**11 612**	17 020	8 208	17 018	4 802
	464 948	**115 930**	381 552	75 266	362 797	61 218

The carrying amount of the group's intangible assets is reconciled as follows:

	Clicks trademark R'000	Other trademarks R'000	Capitalised software development R'000	Contractual rights R'000	Total R'000
Carrying amount at 1 September 2011	272 000	34	17 329	12 216	301 579
Additions	–	1 005	17 749	–	18 754
Amortisation	–	(29)	(10 312)	(3 404)	(13 745)
Transfers	–	–	(302)	–	(302)
Carrying amount at 31 August 2012	**272 000**	**1 010**	**24 464**	**8 812**	**306 286**
Additions	**–**	**57**	**60 948**	**–**	**61 005**
Amortisation	**–**	**(105)**	**(14 265)**	**(3 404)**	**(17 774)**
Disposals	**–**	**–**	**(499)**	**–**	**(499)**
Carrying amount at 31 August 2013	**272 000**	**962**	**70 648**	**5 408**	**349 018**

10.1 The Clicks trademark is part of the Clicks cash-generating unit and is considered to have an indefinite useful life. There is no apparent legal or other restriction to the use of the trademark or risk of technical or other obsolescence. Given the strategic importance of the trademark to the future sustainability of the group, the group's intention is to continue to use the trademark indefinitely. The directors consider that there is no foreseeable limit to the period over which this asset is expected to generate cash inflows for the group and, on this basis, the directors have concluded that the indefinite useful life assumption is appropriate.

In accordance with the group's accounting policy, an impairment test was performed on the carrying values of intangible assets with indefinite useful lives at year-end.

Budgeted operating cash flows for the related business units were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that the trademarks were not impaired.

The following key assumptions were made in determining the value in use:

i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2013 financial year, whereafter a perpetuity growth rate of 2% is used.

ii) The values assigned to the three-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.

iii) The key assumptions for the recoverable amount are the long-term growth rate and the discount rate.

The long-term growth rate used is purely for the impairment testing of intangible assets under IAS 36 – Impairment of Assets and does not reflect long-term planning assumptions used by the group for investment proposals or for any other assessments.

iv) A discount rate of 12.2% per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the distribution business, both businesses largely operate within South Africa and are subject to similar market risks.

10.2 The group acquired the pharmacy business of Amalgamated Pharmacy Group Proprietary Limited in 2010.

As part of the acquisition, the group acquired the contractual rights to certain medical aid contracts. These contractual rights are being amortised over five years.

	Group	
	2013 R'000	2012 R'000
11 Goodwill		
Goodwill	**103 510**	103 510
Goodwill comprises:		
United Pharmaceutical Distributors Proprietary Limited ("UPD") (see note 11.1)	**96 277**	96 277
Kalahari Medical Distributors Proprietary Limited ("Kalahari") (see note 11.2)	**704**	704
Amalgamated Pharmacy Group Proprietary Limited ("Amalgamated Pharmacy Group") (see note 11.3)	**6 529**	6 529

11.1 Budgeted operating cash flows for the UPD business unit were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that the goodwill was not impaired.

The following key assumptions were made in determining the value in use:

i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2013 financial year, whereafter a perpetuity growth rate of 2% is used.

ii) The values assigned to the three-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.

iii) The key assumptions for the recoverable amount are the long-term growth rate and the discount rate.

The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36 – Impairment of Assets and does not reflect long-term planning assumptions used by the group for investment proposals or for any other assessments.

iv) A discount rate of 12.2% per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Clicks business, both businesses largely operate within South Africa and are subject to similar market risks.

11.2 The same assumptions were applied to Kalahari as this company is in the same business as UPD and accordingly none of the assumptions would change significantly. The fact that Kalahari operates out of Botswana was considered, but this is also not expected to change the assumptions.

11.3 Due to the synergies that arose on acquisition, the goodwill relating to the purchase of the pharmacy business from Amalgamated Pharmacy Group has been attributed to the Clicks business as a cash-generating unit, which represents the lowest level within the group at which the goodwill is monitored for internal management purposes. Applying IAS 36, goodwill relating to the above acquisition has been tested for impairment at the same level as the Clicks business unit.

Budgeted operating cash flows for the related business units were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that goodwill was not impaired.

The following key assumptions were made in determining the value in use:

i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2013 financial year, whereafter a perpetuity growth rate of 2% is used.

ii) The values assigned to the three-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.

iii) The key assumptions for the recoverable amount are the long-term growth rate and the discount rate.

The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36 – Impairment of Assets and does not reflect long-term planning assumptions used by the group for investment proposals or for any other assessments.

iv) A discount rate of 12.2% per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the distribution business, both businesses largely operate within South Africa and are subject to similar market risks.

The tests performed on all cash-generating units did not indicate any impairment as at year-end.

for the year ended 31 August 2013

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
12 Deferred tax assets/(liabilities)				
Deferred tax assets	**59 098**	57 401	**–**	–
Deferred tax liabilities	**(9 208)**	(39 555)	**–**	–
	49 890	17 846	**–**	–
Balance at the beginning of the year	**17 846**	7 061	**–**	–
Current deferred tax credit/(charge) to profit or loss (see note 7)	**38 646**	(23)	**–**	–
Current deferred tax (credit)/charge to other comprehensive income (see note 7)	**(6 602)**	10 808	**–**	–
Balance at the end of the year	**49 890**	17 846	**–**	–
Arising as a result of:				
Capital gains tax	**(40 099)**	(30 053)	**–**	–
Employee obligations	**101 843**	91 805	**–**	–
Income and expense accrual	**80 618**	53 491	**–**	–
Inventory	**29 240**	23 788	**–**	–
Onerous leases	**706**	1 845	**–**	–
Operating lease liability	**42 592**	39 645	**–**	–
Prepayments	**(15 180)**	(14 069)	**–**	–
Property, plant and equipment	**(68 199)**	(66 837)	**–**	–
Tax losses	**2 610**	2 472	**–**	–
Trademarks	**(76 172)**	(76 172)	**–**	–
Other	**(8 069)**	(8 069)	**–**	–
Balance at the end of the year	**49 890**	17 846	**–**	–

The capital gains deferred tax liability arises on the revaluation of a forward purchase of shares by the company in a subsidiary company.

In respect of the deferred tax asset recognised by two (2012: two) subsidiary companies, the directors consider that sufficient future taxable income will be generated by those subsidiary companies to utilise the deferred tax assets recognised.

	Group 2013 R'000	Group 2012 R'000
13 Loans receivable		
New Clicks Foundation Trust (see note 13.1)	**5 021**	5 021
Sign and Seal Trading 205 Proprietary Limited	**–**	803
Triton Pharmacare Capital Investments Proprietary Limited (Triton) (see note 13.2)	**7 084**	10 380
Total loans receivable	**12 105**	16 204
Short-term portion included in current assets	**–**	(3 710)
Non-current loans receivable	**12 105**	12 494

13.1 The loan to New Clicks Foundation Trust is unsecured, interest free and no fixed date for repayment has been determined.

13.2 The loan to Triton consists of a long-term loan of R7.1 million repayable on 31 August 2017.

The long-term loan is interest free and is carried at amortised cost discounted at a market-related rate of 6.0% over five years.

A second mortgage bond over property purchased by Triton and a special notarial bond over movable assets serve as security for the loan.

	Group 2013 R'000	Group 2012 R'000

14 Inventories

	2013 R'000	2012 R'000
Inventories comprise:		
Goods for resale	**2 095 551**	1 991 815
Goods in transit	**129 821**	88 560
	2 225 372	2 080 375
Inventories stated at net realisable value	**42 974**	45 183

The value of inventories stated at net realisable value is determined based on management's best estimate of the likely selling price at which the inventories in question could be sold in the ordinary course of business less the directly attributable selling costs.

15 Trade and other receivables

	2013 R'000	2012 R'000
Trade and other receivables comprise:		
Trade receivables	**1 285 526**	1 016 342
Less: impairment of trade receivables	**(25 158)**	(23 229)
Trade receivables – net	**1 260 368**	993 113
Prepayments	**62 388**	53 720
Income accruals	**100 000**	73 292
Income tax receivable	**1 188**	567
Other (refer to note 15.1)	**83 822**	50 849
	1 507 766	1 171 541

The carrying amount of trade and other receivables approximate their fair value. Trade and other receivables are predominantly non-interest bearing. Refer to note 28.5 for the credit risk management of trade and other receivables.

The movement in the doubtful debt provision in respect of trade receivables during the year was as follows:

	2013 R'000	2012 R'000
Balance at 1 September	**23 229**	20 708
Impairment provision raised	**7 288**	3 006
Impairment loss recognised	**(5 359)**	(485)
Balance at 31 August	**25 158**	23 229

Trade receivables were reclassified to other receivables in the prior year (refer to note 34).

15.1 Other receivables consist of staff loans, sundry customer receivables and logistics fees charged to clients.

16 Derivative financial instruments

	Group 2013 Assets R'000	Group 2013 Liabilities R'000	Group 2012 Assets R'000	Group 2012 Liabilities R'000
Forward exchange contracts	**18 013**	**(2 110)**	4 987	(1 357)

All derivatives noted above are classified as held for trading.

For currency derivatives, fair values are calculated using standard market calculation conventions with reference to the relevant closing market spot rates, forward foreign exchange and interest rates. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 August 2013 was R246.2 million (2012: R215.8 million).

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17 Share capital and share premium

	Group and Company 2013 R'000	Group and Company 2012 R'000
Authorised – group and company		
600 million (2012: 600 million) ordinary shares of one cent each	**6 000**	6 000
50 million (2012: 50 million) "A" ordinary shares of one cent each	**500**	500
Issued ordinary shares – group and company		
268.323 million (2012: 276.123 million) ordinary shares of one cent each and 29.153 million (2012: 29.153 million) "A" ordinary shares of one cent each	**2 976**	3 054
Share premium – group	**3 497**	3 497
Share premium – company	**14 089**	14 089

The company and the group have different values for share premium due to preliminary expenses of R2.1 million being written off against the share premium of a subsidiary company on the acquisition of certain businesses in 1996. The balance of the difference is due to the difference in value between the cancellation of shares at a holding company level at market value while on consolidation the cancellation is carried out at cost.

	Ordinary shares '000	"A" Ordinary shares '000	Group and Company Total 2013 '000	Group and Company Total 2012 '000
Reconciliation of total number of shares in issue to net number of shares in issue				
Total number of shares in issue at the end of the year	**268 323**	**29 153**	**297 476**	305 276
Treasury shares held at the end of the year	**(21 443)**	**(29 153)**	**(50 596)**	(52 234)
Net number of shares in issue at the end of the year	**246 880**	**–**	**246 880**	253 042

Of the shares in issue, the group holds the following treasury shares:

	2013 R'000	2012 R'000
Shares held by a subsidiary – 21.273 million (2012: 22.886 million) ordinary shares of one cent each – cost	**952 811**	925 971
Shares held by the New Clicks Holdings Share Trust – 0.170 million (2012: 0.195 million) ordinary shares of one cent each – cost	**1 450**	1 700
Shares held by the Clicks Group Employee Share Ownership Trust – 29.153 million (2012: 29.153 million) "A" ordinary shares of one cent each – cost	**292**	292
	954 553	927 963

7.8 million ordinary shares were cancelled during the current financial year (2012: nil).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

In respect of the company's shares held by entities within the group, all voting rights are suspended until those shares are reissued.

The unlisted "A" ordinary shares have the same rights and rank *pari passu* with the ordinary shares in all respects except for distribution rights.

The holders of "A" ordinary shares are entitled to an annual distribution equal to 10% of the cumulative distribution declared in relation to an ordinary share in a financial year.

18 Share option reserve

Options issued up to August 2005

The group granted options to qualifying employees based on performance at an option price which was not less than the market price of the share at the date of the grant. The options are subject to a three-year and five-year vesting period. Upon vesting, options may be exercised at any time until the 10th anniversary.

New Clicks Holdings Share Trust ("the Share Trust")

The aggregate number of shares and share options that may be utilised for the purposes of the Share Trust is 20% of the aggregate of the company's issued share capital and the number of share options granted.

No further grants of options under the share option plan have been made subsequent to August 2005.

	Group and Company Number of shares	
	2013 '000	2012 '000
Shares allocated and options granted to employees up to August 2005		
Options		
Balance at the beginning of the year	**25**	353
Delivered to participants	**(25)**	(300)
Options forfeited by participants	**–**	(28)
Balance at the end of the year	**–**	25

Details of share option allocations:

Grant date	Option price	Balance at the beginning of the year	Granted during the year	Delivered during the year	Forfeited during the year	**Balance at the end of the year**	**Weighted average exercise price 2013**
August 2003	R6.30	25 000	–	(25 000)	–	**–**	
Total		25 000	–	(25 000)	–	**–**	**R6.30**

The weighted average share price at the date of exercise (15 August 2013) was R57.00.

The share option scheme operates on a deferred delivery basis, with participants entitled to take delivery of 50% of the shares after three years and the balance after five years, subject to a maximum of 10 years.

Options issued in terms of the Employee Share Ownership Programme ("ESOP")

In October 2010 Clicks Group Limited announced an employee share ownership programme.

In terms of the Clicks Group Employee Share Ownership Trust deed, the group issued unlisted "A" ordinary shares ("A" shares), equating to 10% of the issued share capital of the group, net of treasury shares.

Upon vesting, options are converted into Clicks Group ordinary shares, 50% in February 2018 and 50% in February 2019 after the repayment of the notional debt.

	Group Number of shares	
	2013 '000	2012 '000
"A" Shares issued in terms of the ESOP	**29 153 295**	29 153 295

Details of share option allocations

Grant date	**Option price**	**Balance at the beginning of the year**	**Granted during the year**	**Delivered during the year**	**Forfeited during the year**	**Balance at the end of the year**
2013						
February 2011	**R41.54**	**20 505 722**	**–**	**–**	**(2 780 466)**	**17 725 256**
February 2012	**R41.11**	**4 238 232**	**–**	**–**	**(928 889)**	**3 309 343**
February 2013	**R60.00**	**–**	**6 383 945**	**–**	**(766 211)**	**5 617 734**
Unallocated share options						**2 500 962**
						29 153 295
2012						
February 2011	R41.54	25 190 049	–	–	(4 684 327)	20 505 722
February 2012	R41.11	–	4 846 796	–	(608 564)	4 238 232
Unallocated share options						4 409 341
						29 153 295

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18 Share option reserve (continued)

Fair value of share-based payments in respect of options

Options granted have been valued using the Monte Carlo option pricing model by an independent, external valuator. The fair value of the options determined at the grant date is amortised over the vesting period to the extent that the options are ultimately exercised or are expected to be exercised.

The assumptions used in estimating the fair values at grant date are listed below:

	Share price at grant date	Risk-free rate (%)	Expected dividend yield (%)	Expected volatility (%)	Expected forfeiture rate (%)
February 2011 – seven-year vesting period	R41.54	8.45%	3.89%	24.56%	15.33%
February 2011 – eight-year vesting period	R41.54	8.60%	4.11%	24.56%	15.33%
February 2012 – six-year vesting period	R41.11	7.38%	2.80%	27.00%	14.20%
February 2012 – seven-year vesting period	R41.11	7.38%	2.80%	27.00%	14.20%
February 2013 – five-year vesting period	R60.00	7.17%	2.70%	24.00%	14.20%
February 2013 – six-year vesting period	R60.00	7.17%	2.70%	24.00%	14.20%

The risk-free rate is the implied yield available on zero-coupon South African government bonds, with a remaining term equal to the expected term of the option being valued (based on the option's remaining contractual life and taking into account the effects of expected early exercise). Bond yields used are those published by the Bond Exchange of South Africa.

The dividend yield is the historical two-year average dividend yield as of the grant date, which has been converted to a continuously compounded dividend yield.

The expected volatility is the historic annualised standard deviation of the continuously compounded rates of return on the share, based on the most recent period as of the grant date that is commensurate with the expected term of the share option.

The expected exercise rate is based on the historic trend of option forfeitures and excludes options already exercised. The options already exercised are reflected in the share option reserve in addition to the value of options that are expected to be exercised based on the expected exercise rate.

The share option reserve recognises the cost at the fair value of the options on the date issued to employees, accrued over the vesting period.

	Group	
	2013 R'000	2012 R'000
Share option reserve		
Balance at the beginning of the year	**55 905**	40 943
Transfer to distributable reserve	**–**	(24 600)
	23 644	39 562
Equity-settled share-based payment expense	**26 376**	28 176
Deferred tax recorded directly in equity arising on consolidation	**(2 732)**	11 386
Balance at the end of the year	**79 549**	55 905
Represented by:		
Estimate of options not yet vested but expected to vest	**79 549**	55 905

	Group 2013 R'000	2012 R'000
19 Cash flow hedging reserve		
The cash flow hedging reserve represents the effective portion of fair value gains or losses in respect of cash flow hedges.		
Reconciliation of cash flow hedging reserve		
Balance at the beginning of the year	**3 590**	2 105
Movement in cash flow hedge	**13 822**	2 063
Deferred tax recognised in other comprehensive income	**(3 870)**	(578)
Balance at the end of the year	**13 542**	3 590

The cash flow hedging reserve represents the cumulative portion of gains or losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects profit or loss. During the year there was a mark-to-market gain of R43.7 million (2012: R28.6 million) and R29.9 million was recycled to the income statement (2012: R26.5 million).

	Group 2013 R'000	2012 R'000
20 Foreign currency translation reserve		
Unrealised gain/(loss) on the translation of assets and liabilities of subsidiaries whose financial statements are denominated in foreign currencies	**1 790**	(219)
	1 790	(219)
Reconciliation of foreign currency translation reserve		
Balance at the beginning of the year	**(219)**	(1 834)
Exchange differences on translation of foreign subsidiaries	**2 009**	1 615
Balance at the end of the year	**1 790**	(219)
21 Interest-bearing borrowings		
Current		
Bank borrowings	**344 355**	214 566

The contractual terms of the group's interest-bearing borrowings are detailed below.

More information about the group's treasury, foreign exchange and interest-rate risk policies is provided in note 27.

	Contractual interest rate	Year of maturity	**Carrying amount 2013 R'000**	Carrying amount 2012 R'000
Unsecured bank loan repayable	Overnight borrowing rate	On demand	**(344 355)**	(214 566)

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22 Employee benefits

	Long-term incentive scheme (note 22.1) R'000	Post-retirement medical obligations (note 22.2) R'000	Total R'000
Long-term employee benefits			
Balance at 1 September 2011	53 706	38 767	92 473
Current service cost	63 522	1 294	64 816
Benefit payments	–	(789)	(789)
Interest cost	9 440	3 491	12 931
Actuarial gain	(21 394)	–	(21 394)
Reclassification to short-term employee benefits	(42 048)	–	(42 048)
Balance at 31 August 2012	63 226	42 763	105 989
Current service cost	**49 710**	**1 410**	**51 120**
Benefit payments	**–**	**(846)**	**(846)**
Interest cost	**5 803**	**3 200**	**9 003**
Actuarial gain	**(25 996)**	**(1 221)**	**(27 217)**
Reclassification to short-term employee benefits	**(46 560)**	**–**	**(46 560)**
Balance at 31 August 2013	**46 183**	**45 306**	**91 489**

22.1 Long-term incentive scheme

During 2013 the group issued 4.6 million (2012: 4.6 million) cash-settled appreciation rights to management. The value of these appreciation rights are linked to the performance of diluted headline earnings per share ("HEPS") over a three-year period. The amount to be provided in the current year is based on a three-year projection of diluted HEPS.

Any difference between projected performance and actual performance is recognised through an actuarial (gain)/loss based on the projected unit credit method which is taken to profit or loss.

The exercise price of each appreciation right was determined as R32.82 (2012: R29.96) per right ("base value"). In order to determine the amount to be provided a fixed factor of 12 is applied to the HEPS at the end of the three-year period. The differential between the factor x HEPS and the base value is the amount that will be paid out per right.

Should employees leave during the vesting period the rights will be forfeited.

22.2 Post-retirement medical obligations

The group subsidises a portion of the medical aid contributions of certain retired employees.

An actuarial valuation of the Clicks post-retirement medical aid scheme has determined that the unfunded liability in respect of pensioner post-retirement medical benefits amounts to R45.3 million (2012: R42.8 million). Provision has been made for the full unfunded liability.

The principal actuarial assumptions at the last valuation date (31 August 2013) are:

i) a discount rate of 8.4% per annum;
ii) general increases to medical aid contributions of 7.0%;
iii) a retirement age of 65;
iv) husbands are on average three years older than their spouses;
v) mortality of pensioners determined in accordance with PA90 ultimate tables; and
vi) mortality of in-service members determined in accordance with SA 85-90 ultimate table, with females rated down three years.

The post-retirement medical aid provision is sensitive to assumptions around medical aid inflation and retirement age. A change in either of those factors would have a significant impact on the amount to be provided (expense/(credit) to profit or loss):

	2013 R'000	2012 R'000
– Medical aid inflation increases by 1% per annum over assumptions made	**4 666**	7 954
– Medical aid inflation decreases by 1% per annum over assumptions made	**(3 236)**	(6 286)
– Retirement age decreases by two years	**4 336**	5 113

22 Employee benefits (continued)

22.2 Post-retirement medical obligations (continued)

Amounts for the current and previous four periods are as follows:

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Defined benefit obligation	**45 306**	42 763	38 767	34 830	31 185
Experience adjustments on plan liabilities	**(1 221)**	–	823	–	2 765

	Long-term incentive scheme (note 22.1) R'000	Leave pay accrual (note 22.3) R'000	Bonus accrual (note 22.4) R'000	Overtime accrual (note 22.5) R'000	Total R'000
Short-term employee benefits					
Balance at 1 September 2011	53 181	47 639	62 971	878	164 669
Reclassification from long-term employee benefits	42 048	–	–	–	42 048
Benefit payments	(63 568)	(14 399)	(78 327)	(4 551)	(160 845)
Charge included in profit or loss	–	17 795	42 433	3 761	63 989
Balance at 31 August 2012	**31 661**	**51 035**	**27 077**	**88**	**109 861**
Reclassification from long-term employee benefits	**46 560**	**–**	**–**	**–**	**46 560**
Benefit payments	**(34 851)**	**(11 689)**	**(45 557)**	**(447)**	**(92 544)**
Charge included in profit or loss	**–**	**17 155**	**64 450**	**2 920**	**84 525**
Balance at 31 August 2013	**43 370**	**56 501**	**45 970**	**2 561**	**148 402**

22.3 The leave pay accrual is based on actual leave days by employee multiplied by the employee's current total daily cost to company.

22.4 The bonus accrual includes a guaranteed thirteenth cheque and an incentive bonus based on the business or group's performance. The bonus is provided for all employees who qualify in respect of the expected cash payment. During the current year certain qualifying business incentive bonuses have been provided. No incentive bonuses were provided in the prior financial year.

22.5 The overtime accrual is in respect of overtime worked in August 2013 which is paid in September 2013.

Pension and provident funds

Three funds, which are registered and governed in terms of the Pension Funds Act, 24 of 1956, are operated by the group.

These funds are:

- the Clicks Group Retirement Fund;
- the Clicks Group Negotiated Pension Fund; and
- the Clicks Group Negotiated Provident Fund.

The group's employees based in Namibia are all members of the Namflex Umbrella Pension Fund.

All permanent full-time staff members are obliged to join, at their choice, one of the funds.

The funds are all defined contribution schemes and the group carries no liability in relation to these funds. All funds provide death and disability cover, while the negotiated funds also include a funeral benefit. Combined membership across the funds was 8 351 (2012: 8 043) at year-end.

Medical aid funds

Membership of one of the Horizon Medical Aid Scheme benefit options is actively encouraged and all existing members of Discovery Health may continue their membership.

At year-end 842 employees were principal members with Horizon and 708 employees were principal members of a Discovery Health medical aid scheme. At year-end 19.2% (2012: 18%) of the permanent full-time employees were members of a medical aid scheme. Increasing the health benefits available to employees will be a focus area for the group in the years ahead.

Employee and company contributions to the above funds are included in employment costs detailed in note 4.

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	Group 2013 R'000	2012 R'000
23 Lease commitments		
Operating lease liability	**151 608**	141 057
Operating leases with fixed escalations are charged to the statement of comprehensive income on a straight-line basis.		
The associated liability will reverse during the latter part of each lease term when the actual cash flow exceeds the profit or loss charge.		
Operating lease commitments The group leases all its retail premises and certain of its pharmaceutical distribution centre sites under operating leases. The lease agreements provide for minimum payments together, in certain instances, with contingent rental payments determined on the basis of achieving a specified threshold turnover.		
Future minimum lease payments under non-cancellable operating leases due:		
– Not later than one year	**406 892**	377 944
– Later than one year, not later than five years	**1 132 702**	1 013 829
– Later than five years	**515 967**	413 820
	2 055 561	1 805 593
Future minimum lease payments receivable under non-cancellable operating leases due, these relate to Intercare Management Healthcare Proprietary Limited:		
– Not later than one year	**16 131**	14 799
– Later than one year, not later than five years	**27 979**	44 110
	44 110	58 909
The net future minimum lease payments under non-cancellable operating leases due:		
– Not later than one year	**390 761**	363 145
– Later than one year, not later than five years	**1 104 723**	969 719
– Later than five years	**515 967**	413 820
	2 011 451	1 746 684
Generally, leases are taken out on five or ten-year lease terms with an option to extend for a further five years in the instance of Clicks while shorter periods are committed to for Musica and The Body Shop.		
24 Trade and other payables		
The following are included in trade and other payables:		
Trade payables	**2 764 873**	2 206 548
Other loyalty programme deferred income (see note 24.1)	**89 666**	74 026
Non-trade payables and accruals (see note 24.2)	**405 658**	488 185
	3 260 197	2 768 759

24.1 Other loyalty programme deferred income

The deferred income relating to points is determined based on the value of unredeemed vouchers in issue, as well as the value of points on qualifying sales that have not been converted into vouchers.

Estimates are made based on historic trends regarding the value of points on qualifying sales that will ultimately convert into vouchers issued.

24.2 Non-trade payables and accruals consist of expense and payroll accruals, value-added tax and unredeemed gift cards.

25 Provisions

	Group 2013 R'000	Group 2012 R'000
Provision for onerous contracts		
Balance at the beginning of the year	**8 828**	5 217
Movement in provision during the year recognised in occupancy costs	**(2 232)**	3 611
Balance at the end of the year	**6 596**	8 828

Onerous contracts are identified where the present value of future obligations in terms of the contracts in question exceeds the estimated benefits accruing to the group from the contracts.

The provision relates to certain leases where the site is either vacant or the commercial activity on the site is incurring losses.

Future cash flows are determined in accordance with the contractual lease obligations and are adjusted by market-related sub-let rentals and discounted at the group's risk-adjusted pre-tax weighted average cost of capital rate.

The provision is further reduced to the extent that a straight-line operating lease accrual has already been recognised (see note 23).

	Onerous contracts 2013 R'000	Onerous contracts 2012 R'000
At 1 September	**8 828**	5 217
Movement in the year	**(2 232)**	3 611
At 31 August	**6 596**	8 828
Current	**6 596**	8 828
Non-current	**–**	–
	6 596	8 828

26 Dividends/distributions to shareholders

	2013 R'000	2012 R'000
Previous year final cash dividend out of distributable reserves – 107.9 cents per share paid 25 January 2013 (2012: 88.0 cents per share distribution paid 27 January 2012 out of share premium)	**297 937**	242 989
Current year interim cash dividend out of distributable reserves – 48.5 cents per share paid 1 July 2013 (2012: 44.1 cents per share paid 29 June 2012 out of distributable reserves)	**130 137**	121 774
"A" shares – Previous year final cash dividend out of distributable reserves – 15.2 cents per share paid 28 January 2013 (12.5 cents per share paid 27 January 2012)	**4 431**	3 644
Total dividends/distributions to shareholders	**432 505**	368 407
Dividends/distributions on treasury shares	**(37 210)**	(30 322)
Dividends on "A" shares held in trust	**(1 290)**	(800)
Dividends/distributions paid outside the group	**394 005**	337 285

On 22 October 2013 the directors approved the final proposed dividend of 119.5 cents per share and 16.8 cents per "A" share.

The source of such a dividend will be from distributable reserves and paid in cash and will be recognised in the statement of changes in equity in 2014.

Dividend policy
The dividend cover is 1.8 (2012: 1.8) times.

For further dividend details refer to the Directors' Report on page 3.

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27 Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

The group treasury functions within the parameters of the treasury policy and reports to a sub-committee of management.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The group buys derivatives to hedge economic exposures in the ordinary course of business and also incurs financial liabilities in order to manage market risks.

Currency risk

The group is exposed to foreign exchange risk through its imports of merchandise.

The currencies in which these transactions are primarily denominated are USD, Euro and GBP.

The group's treasury risk management policy is to take out forward exchange contracts, to cover committed exposures and anticipated exposures.

The impact of a 10% strengthening or weakening of the currency against the USD, Euro and GBP, with all other variables held constant, is disclosed in note 28. The effect of this movement is based on the outstanding forward foreign exchange contracts held by the group at year-end.

Interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

The group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. During 2012 and 2013 the group's borrowings at variable rates were denominated in Rand.

The impact of a 1% increase/decrease in variable interest rates on borrowings is disclosed in note 28.3.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the group's receivables. Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In relation to the retail business, trade receivables primarily relate to recoverables from vendors with which the group has a trading relationship and medical aids with respect to pharmacy recoverables, while in wholesale, customers (excluding intercompany) are primarily hospitals and independent pharmacists.

In relation to the wholesale business, the risk management has been delegated to the management of the subsidiary business. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers.

Credit Guarantee Insurance Corporation of Africa Limited is utilised to cover the majority of wholesale customers with a credit balance over a predetermined amount.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the group may have a secured claim. The group requires collateral in respect of certain trade and other receivables.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are specific loss components that relate to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics of similar financial assets.

The group has furnished guarantees to external parties – see note 30.

27 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The group's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the group's reputation. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by holding availability through credit lines. At year-end the group's total uncommitted facilities available was R1 676 million (2012: R1 560 million) of which R1 332 million remained undrawn (2012: R1 345 million).

See note 28.6 for details for maturity analysis of the group's financial liabilities.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The group's target of maintaining a ratio of shareholders' interest to total assets is in the range of 25% to 30%. This is obtained through achieving the group's earnings targets, management of working capital, share buy-backs and distributions.

In 2013 the shareholders' interest to total assets was 25.3% (2012: 28.2%).

28 Financial instruments

Market risk

28.1 Treasury risk management

The Treasury Committee meets on a regular basis to analyse currency and interest rate exposures and re-evaluate treasury management strategies.

28.2 Foreign exchange risk management

The group is exposed to foreign currency risk as it imports merchandise. This risk is mitigated by entering into forward exchange contracts. These contracts are matched with anticipated future cash flows in foreign currencies.

The group does not use forward exchange contracts for speculative purposes.

The group has measured these instruments at fair value (see note 16).

Exposure to currency risk – foreign exchange contracts

	31 August 2013			31 August 2012		
	USD '000	**GBP '000**	**Euro '000**	USD '000	GBP '000	Euro '000
Forecast purchases at the end of the year	**21 018**	**1 467**	**2 009**	18 602	2 117	3 042
Forward exchange contracts subject to cash flow hedging	**20 416**	**1 467**	**2 009**	18 602	2 117	3 042
Net exposure	**602**	**–**	**–**	–	–	–

The following exchange rates applied during the year:

	Average rate		**Reporting date mid-spot rate**	
	2013	2012	**2013**	2012
USD	**9.15**	8.00	**10.34**	8.48
GBP	**14.23**	12.59	**15.86**	13.39
Euro	**11.93**	10.44	**13.53**	10.61

Foreign exchange rate sensitivity analysis

The following table details the group's sensitivity to a 10% strengthening in the South African Rand against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and their adjusted translation for a 10% change in foreign currency rates.

	USD impact		**GBP impact**		**Euro impact**	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000	**2013 R'000**	2012 R'000
Decrease in equity	**(19 750)**	(15 579)	**(2 214)**	(2 774)	**(2 656)**	(3 224)

For a 10% weakening of the South African Rand against the relevant currency, there would be an equal but opposite increase in equity.

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28 Financial instruments (continued)

28.3 Interest rate risk

The group is exposed to interest rate risk as entities in the group borrow funds at floating interest rates.

The group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis have been determined based on the exposure to interest rates for financial instruments on the balance sheet. For floating rate liabilities the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant during the year, the group's profit for the year ended 31 August 2013 would be R7.0 million lower/higher (2012: R6.3 million lower/higher). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

28.4 Fair values of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		31 August 2013		31 August 2012	
		Carrying value R'000	**Fair value R'000**	Carrying value R'000	Fair value R'000
Financial assets					
Trade receivables (see note 15)	Loans and receivables	**1 260 368**	**1 260 368**	993 113	993 113
Loans receivable	Loans and receivables	**12 105**	**12 105**	16 204	16 204
Cash and cash equivalents	Loans and receivables	**115 559**	**115 559**	25 451	25 451
Forward exchange contracts used for cash flow hedging (see note 16)	Assets at fair value	**18 013**	**18 013**	4 987	4 987
Financial liabilities					
Unsecured bank loans (see note 21)	Financial liabilities measured at amortised cost	**344 355**	**344 355**	214 566	214 566
Forward exchange contracts used for hedging (see note 16)	Financial liabilities in a designated hedge relationship	**2 110**	**2 110**	1 357	1 357
Trade and other payables (see note 24)	Financial liabilities measured at amortised cost	**3 041 670**	**3 041 670**	2 642 033	2 642 033

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above:

Derivatives

Fair values of currency and interest rate derivatives are calculated using standard market calculation conventions with reference to the relevant closing market spot rates, forward foreign exchange and interest rates.

Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

28 Financial instruments (continued)

28.4 Fair values of financial instruments (continued)

Interest rates used in determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate constant credit spread, and were as follows:

	2013 %	2012 %
Borrowings	**8.5%**	8.5%
Leases	**n/a**	n/a

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques for assets and liabilities measured at fair value based on whether the inputs to those techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the group's market assumptions.

The table below provides the valuation method of financial instruments carried at fair value. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial assets and financial liabilities measured at fair value

	Level 2 R'000	**Total R'000**
Group		
2013		
Financial assets		
Forward exchange contracts used for cash flow hedging (see note 16)	**18 013**	**18 013**
Total	**18 013**	**18 013**
Financial liabilities		
Forward exchange contracts used for hedging (see note 16)	**2 110**	**2 110**
Total	**2 110**	**2 110**
2012		
Financial assets		
Forward exchange contracts used for cash flow hedging (see note 16)	4 987	4 987
Total	4 987	4 987
Financial liabilities		
Forward exchange contracts used for hedging (see note 16)	1 357	1 357
Total	1 357	1 357

28 Financial instruments (continued)

28.5 Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligation, resulting in financial loss to the group. The group is exposed to credit risk arising from cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. Management has a formal credit policy in place as a means of mitigating the risk of financial loss to the group.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2013 R'000	Carrying amount 2012 R'000
	1 375 927	1 018 564
Trade receivables (see note 15)	**1 260 368**	993 113
Cash and cash equivalents	**115 559**	25 451
Other loans	**12 105**	16 204
	1 388 032	1 034 768

Trade receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers who purchase from the group.

Trade receivables can be categorised into wholesale customers and retail customers.

The maximum exposure to credit risk, after impairment, for trade receivables at the reporting date by type of customer was:

	2013 R'000	2012 R'000
Retail customers	**87 943**	60 472
Wholesale customers	**1 172 425**	932 641
	1 260 368	993 113

Retail customers

The ageing of trade receivables at the reporting date was:

	2013 Gross R'000	2013 Impairment R'000	2013 Net R'000	2012 Gross R'000	2012 Impairment R'000	2012 Net R'000
Not past due	**85 363**	**–**	**85 363**	58 443	–	58 443
Past due 0 – 30 days	**2 600**	**(108)**	**2 492**	3 315	(1 720)	1 595
Past due more than 31 days	**4 480**	**(4 392)**	**88**	5 719	(5 285)	434
Total	**92 443**	**(4 500)**	**87 943**	67 477	(7 005)	60 472

Retail trade receivables mainly relate to receivables from medical aids with respect to pharmacy debtors.

Trade debtors are classified as past due when they have passed their payment date by one day.

28 Financial instruments (continued)

28.5 Credit risk management (continued)

Wholesale customers

The ageing of trade receivables at the reporting date was:

	2013			2012		
	Gross R'000	**Impairment R'000**	**Net R'000**	Gross R'000	Impairment R'000	Net R'000
Not past due	**1 025 679**	**–**	**1 025 679**	846 761	–	846 761
Past due 0 – 30 days	**95 455**	**(422)**	**95 033**	62 023	–	62 023
Past due more than 31 days	**71 949**	**(20 236)**	**51 713**	40 081	(16 224)	23 857
Total	**1 193 083**	**(20 658)**	**1 172 425**	948 865	(16 224)	932 641

Trade debtors are classified as past due when they have passed their payment date by one day.

Wholesale customers are primarily hospitals and independent pharmacists.

The Distribution business minimises its exposure to credit risk by insuring debtors with balances greater than a predetermined amount.

There is an excess (which varies between hospitals and independent pharmacists) that is carried by the Distribution business with the balance being covered by Credit Guarantee Insurance Corporation of Africa Limited.

The split between insured and uninsured debtors is as follows:

	Gross amount	
	2013 R'000	2012 R'000
Insured	**1 161 959**	876 988
Uninsured	**31 124**	71 877
	1 193 083	948 865

Uninsured debtors consist mainly of a concentration of debtors with a monthly turnover of less than R40 000 and low-risk debtors such as government debtors.

The exposure to credit risk in respect of these debtors is managed through credit evaluations and security taken out where appropriate.

Impairment loss

The impairment is determined based on information regarding the financial position of each trade receivable at year-end.

The group's trade receivables are stated net of impairment losses. An analysis of impairment losses are as follows:

	Retail		Wholesale	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
Balance at the beginning of the year	**(7 005)**	(10 005)	**(16 224)**	(10 703)
(Additional)/reduction in allowances made	**(1 545)**	2 515	**(5 743)**	(5 521)
Trade receivables written off during the year as uncollectible	**4 050**	485	**1 309**	–
Balance at the end of the year	**(4 500)**	(7 005)	**(20 658)**	(16 224)

The creation of impairment losses have been included in "other costs" in profit or loss (see note 5).

Amounts charged to the allowance account are generally written off to profit or loss when there is no expectation of recovery.

Cash and cash equivalents

The group's banking facilities are with reputable institutions all of which have a strong credit rating.

Other loans

Other loans are reviewed at least on an annual basis to assess their recoverability. None of the loans are considered to be impaired at the end of the financial year.

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28 Financial instruments (continued)

28.6 Liquidity risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the group's reputation.

Liquidity and interest risk tables

The following tables detail the group's remaining contractual maturity for its financial liabilities, including interest payments and excluding the impact of netting agreements:

	Interest terms	Carrying amount R'000	Contractual cash flows R'000	One year or less R'000
2013				
Non-derivative liabilities				
Interest-bearing borrowings (see note 21)	Variable in relation to prime	**344 355**	**344 407**	**344 407**
Trade and other payables (see note 24)		**3 041 670**	**3 041 670**	**3 041 670**
		3 386 025	**3 386 077**	**3 386 077**
Derivative financial liabilities				
Forward exchange contracts (see note 16)		**2 110**	**4 218**	**4 218**
Total financial liabilities		**3 388 135**	**3 390 295**	**3 390 295**
2012				
Non-derivative liabilities				
Interest-bearing borrowings (see note 21)	Variable in relation to prime	214 566	214 598	214 598
Trade and other payables (see note 24)		2 642 033	2 642 033	2 642 033
		2 856 599	2 856 631	2 856 631
Derivative financial liabilities				
Forward exchange contracts (see note 16)		1 357	3 092	3 092
Total financial liabilities		2 857 956	2 859 723	2 859 723

29 Capital commitments

	Group 2013 R'000	Group 2012 R'000
Capital expenditure approved by the directors		
Contracted	**13 807**	17 442
Not contracted	**324 043**	338 258
	337 850	355 700

The capital expenditure will be financed from borrowings and internally generated funds.

30 Financial guarantees

Group companies provide surety for other group companies to the value of R1 676 million (2012: R1 560 million) with respect to facilities held with various banks. At year-end overnight borrowings of R344 million (2012: R215 million) had been drawn down by group companies.

The group has given guarantees to Austro Group Limited and Centlec Proprietary Limited to the value of R285 000 and R110 700 in respect of rent and electrical services.

In the opinion of the directors the possibility of loss arising from these guarantees is remote.

31 Related party transactions

31.1 Group

Clicks Group Limited is the ultimate holding company of the group.

Transactions between group subsidiaries

During the year, in the ordinary course of business, certain companies within the group entered into transactions with one another. These intragroup transactions have been eliminated on consolidation. For a list of the group's subsidiaries, see page 56.

Directors and key management

Related party transactions include:

i) dividends paid and received from subsidiary companies;

ii) interest received from or paid to subsidiary companies; and

iii) loans to or from subsidiary companies.

Certain non-executive directors are also non-executive directors of other public companies which transact with the group.

The relevant directors do not believe that they have control, joint control or significant influence over the financial or operating policies of those companies.

Executive directors' employment contracts do not provide for a defined period of employment, but specify a notice period for the chief executive officer of 12 months and six months for the other executive directors. During this notice period all standard benefits accrue to the directors in question. Contracts do not provide for predetermined compensation on termination other than that accorded to employees in terms of the group's remuneration policies.

Employee benefits paid to directors and key management personnel are detailed in note 4.

Shares held by directors and their related entities

The percentage of shares held by directors of the company at year-end is disclosed on page 27.

Contributions to pension and provident funds

Contributions paid to pension and provident funds are included in note 4 and additional information in note 22.

31.2 Company

The company has the following related party transactions:

		2013	2012
31.2.1	Dividends received from subsidiary companies	**1 498 293**	400 000
	Total dividends received from related parties	**1 498 293**	400 000
31.2.2	Dividends paid		
	New Clicks South Africa Proprietary Limited	**37 210**	30 023
	Clicks Group Employee Share Ownership Trust	**4 431**	3 644
	New Clicks Holdings Share Trust	**303**	299
	Total dividends paid to related parties	**41 944**	33 966
31.2.3	Loans to subsidiary companies		
	New Clicks South Africa Proprietary Limited	**1 450 292**	569 645
	Clicks Group Employee Share Ownership Trust	**291**	291
	Clicks Centurion Proprietary Limited	**9 000**	9 000
		1 459 583	578 936

A schedule of the loans and investments in related parties is included on page 56.

The company received dividends from New Clicks South Africa Proprietary Limited, a wholly-owned subsidiary, of R1 498 million (2012: R400 million), comprising cash dividends of R1 498 million (2012: R400 million).

The company in turn paid dividends on treasury shares held by that subsidiary of R37.2 million (2012: R30 million).

In addition, the company paid dividends to the Share Trust on shares held by the Share Trust of R0.303 million (2012: R0.299 million) and to the Clicks Group Employee Share Ownership Trust on shares held by the Clicks Group Employee Share Ownership Trust of R4.4 million (2012: R3.6 million).

Details regarding distributions relating to treasury shares are included in note 26.

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31 Related party transactions (continued)

31.3 Special resolutions passed by subsidiary companies during the 2013 financial year

Special resolutions were passed by shareholders of:

- all South African subsidiary companies in the group, approving and adopting the memorandum of incorporation for each company in substitution of the previous memorandum and articles;
- New Clicks South Africa Proprietary Limited, Leon Katz Proprietary Limited, J & G Purchase and Associates Proprietary Limited, Milton & Associates Proprietary Limited, Unicorn Pharmaceuticals Proprietary Limited, Clicks Retailers Proprietary Limited, and The Clicks Group Finance Company Proprietary Limited, authorising such companies to provide direct or indirect financial assistance to related or interrelated companies; and
- Clicks Direct Medicines Proprietary Limited authorising the company to issue 75 ordinary shares in its authorised share capital and to issue and allot such shares to New Clicks South Africa Proprietary Limited.

32 Borrowing powers

In terms of the memorandum of incorporation, the borrowing powers of the company are unlimited.

33 Operating segments

The group has identified two reportable segments, as described below.

For each of the operating brands, the group's chief decision-makers review internal management reports on a monthly basis. The following describes the operations in each of the group's reportable segments:

Retail
Retail comprises Clicks, a specialist health, beauty and homeware retailer; Musica, a retailer of entertainment-related merchandise; and The Body Shop, which specialises in naturally inspired luxury toiletries, cosmetics, gifting and grooming, with stores in the Republic of South Africa, Namibia, Swaziland, Botswana and Lesotho.

Distribution
UPD is a national full-range pharmaceutical wholesaler and also provides distribution capability for the Clicks Group. UPD operates within the Republic of South Africa and in Botswana.

The information regarding the results of each reportable segment is included on page 14. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the group's chief operating decision-makers. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment transactions are on an arm's length basis.

Major customers
There are no external customers that account for more than 10% of the group revenue.

33.1 The segmental analysis for the year to 31 August 2013 has been consolidated due to a change in the composition of its reportable segments. Clicks, Musica and The Body Shop are reported as part of the Retail reportable segment. In addition, in the current financial year Clicks Direct Medicines has been included in the Distribution business which now comprises UPD and Clicks Direct Medicines. This change was made due to a change in management reporting lines as the business has been incorporated within the Distribution business. In the prior year the business was reported as part of Retail. This has resulted in a decrease in total assets in Retail of R47.4 million, a decrease in total liabilities of R35.8 million and a decrease in operating profit of R1.9 million for 2012. Within Distribution, total assets increased by R21.2 million, total liabilities increased by R9.6 million and operating profit increased by R1.9 million for 2012.

34 Comparative information restated

Receivables of R49.9 million have been reclassified from trade receivables to other receivables in the prior year. This reclassification was performed in order to reflect the nature of the receivable.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2013

	Note	2013 R'000	2012 R'000
Bank charges		**(3)**	(2)
Dividend income – subsidiary		**1 498 293**	400 000
Profit before financing cost		**1 498 290**	399 998
Financial income		**5 725**	–
Profit before taxation		**1 504 015**	399 998
Income tax expense	7	**(1 602)**	(364)
Profit for the year		**1 502 413**	399 634
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**1 502 413**	399 634

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 August 2013

	Note	2013 R'000	2012 R'000
Assets			
Non-current assets			
Interest in subsidiary companies (see page 56)		**1 826 500**	919 477
Current assets		**113**	278 927
Cash and cash equivalents		**113**	278 927
Total assets		**1 826 613**	1 198 404
Equity		**1 824 508**	1 196 459
Share capital	17	**2 976**	3 054
Share premium	17	**14 089**	14 089
Share option reserve		**69 878**	43 502
Distributable reserve		**1 737 565**	1 135 814
Current liabilities			
Trade and other payables		**2 105**	1 945
Total equity and liabilities		**1 826 613**	1 198 404

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2013

	Number of shares '000	Share capital (Note 17) R'000	Share premium (Note 17) R'000	Share option reserve (Note 18) R'000	Distributable reserve R'000	Total R'000
Balance at 1 September 2011	299 804	2 999	10 592	39 926	836 998	890 515
Additional shares issued	5 472	55	246 486	–	–	246 541
Equity-settled capital contribution to subsidiary	–	–	–	28 176	–	28 176
Transfer of share option reserve to distributable reserve	–	–	–	(24 600)	24 600	–
Total comprehensive income for the year	–	–	–	–	399 634	399 634
Dividends/distributions to shareholders (see note 26)	–	–	(242 989)	–	(125 418)	(368 407)
Balance at 31 August 2012	**305 276**	**3 054**	**14 089**	**43 502**	**1 135 814**	**1 196 459**
Treasury shares cancelled	**(7 800)**	**(78)**	**–**	**–**	**(468 157)**	**(468 235)**
Equity-settled capital contribution to subsidiary	**–**	**–**	**–**	**26 376**	**–**	**26 376**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**1 502 413**	**1 502 413**
Dividends to shareholders (see note 26)	**–**	**–**	**–**	**–**	**(432 505)**	**(432 505)**
Balance at 31 August 2013	**297 476**	**2 976**	**14 089**	**69 878**	**1 737 565**	**1 824 508**

7.8 million ordinary shares were cancelled during the year (2012: no shares were cancelled by the group).

See note 17 for an explanation of the difference between the share premium of the group and the company.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 August 2013

	2013 R'000	2012 R'000
Cash effects of operating activities		
Loss before working capital changes	(3)	(2)
Dividends received	1 498 293	400 000
Financial income	5 725	–
Working capital changes	160	1 745
Cash generated by operations	1 504 175	401 743
Taxation paid	(1 602)	(364)
Cash inflow from operating activities before dividends/distributions paid	1 502 573	401 379
Dividends/distributions paid to shareholders	(432 505)	(368 407)
Net cash effects of operating activities	1 070 068	32 972
Cash effects of investing activities		
Increase in loan receivables	(880 647)	(1 378)
Net cash effects of investing activities	(880 647)	(1 378)
Cash effects of financing activities		
Proceeds from the issue of share capital	–	246 541
Treasury shares cancelled	(468 235)	–
Net cash effects of financing activities	(468 235)	246 541
Net movement in cash and cash equivalents	(278 814)	278 135
Cash and cash equivalents at the beginning of the year	278 927	792
Cash and cash equivalents at the end of the year	113	278 927

NOTES TO THE COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 August 2013

	2013 R'000	2012 R'000
Loss before working capital changes		
Profit before taxation	1 504 015	399 998
Adjustment for:		
Dividends received	(1 498 293)	(400 000)
Financial income	(5 725)	–
	(3)	(2)
Working capital changes		
Increase in trade and other payables	160	1 745
	160	1 745
Taxation paid		
Income tax receivable at the beginning of the year	–	–
Current tax charge	1 602	364
Income tax payable at the end of the year	–	–
	1 602	364

INTEREST IN SUBSIDIARY COMPANIES

at 31 August 2013

Name of company/entity and nature of business	Country of incorporation	Ordinary issued share capital/trust capital	Shares at cost less amounts written off 2013 R'000	Shares at cost less amounts written off 2012 R'000	Amount owing by subsidiaries 2013 R'000	Amount owing by subsidiaries 2012 R'000
Directly held						
i) Trading						
New Clicks South Africa Proprietary Limited	South Africa	R500	**272 439**	272 439	**1 450 292**	569 645
ii) Clicks Group Employee Share Ownership Trust	South Africa	R1 000	**–**	–	**291**	291
iii) Property owning						
Clicks Centurion Proprietary Limited	South Africa	R10	*****	*	**9 000**	9 000
Indirectly held						
i) Trading						
Safeway (Swaziland) Proprietary Limited	Swaziland	E2	**–**	–	**–**	–
The Clicks Organisation (Botswana) Proprietary Limited	Botswana	BWP 3 000	**–**	–	**–**	–
Clicks Group (Namibia) Proprietary Limited	Namibia	N$100	**–**	–	**–**	–
The Clicks Group Finance Company Proprietary Limited	South Africa	R999	**–**	–	**–**	–
Unicorn Pharmaceutical Distributors Proprietary Limited	South Africa	R10	**–**	–	**–**	–
Clicks Retailers Proprietary Limited	South Africa	R200	**–**	–	**–**	–
Milton & Associates Proprietary Limited	South Africa	R200	**–**	–	**–**	–
Leon Katz Proprietary Limited	South Africa	R200	**–**	–	**–**	–
J & G Purchase & Associates Proprietary Limited	South Africa	R220	**–**	–	**–**	–
Kalahari Medical Distributors Proprietary Limited	Botswana	BWP 360	**–**	–	**–**	–
Clicks Direct Medicines Proprietary Limited	South Africa	R700	**–**	–	**–**	–
Direct Patient Support Proprietary Limited	South Africa	R100	**–**	–	**–**	–
ii) Name protection and dormant						
Nine companies (2012: eight companies)			**–**	–	**–**	–
			272 439	272 439	**1 459 583**	578 936
Shares at cost less amounts written off			**272 439**	272 439		
Amounts owing by/(to) subsidiary companies			**1 459 583**	578 936		
Share-based payments capitalised			**94 478**	68 102		
Interest in subsidiaries			**1 826 500**	919 477		

All subsidiary companies/entities are wholly owned with the exception of The Link Investment Trust ("Link") and Kalahari Distributors Proprietary Limited ("Kalahari").

Clicks Group Limited has a 56% interest in Link and 90% in Kalahari.

The loan and investment in Link were impaired in prior years as the carrying value of the loan and investment exceeded the present value of management's best estimate of likely future cash flows discounted at the group's risk-adjusted pre-tax weighted average cost of capital.

All other loans are interest free, and unsecured and an unconditional right to defer payment for 12 months exists.

* Values less than R1 000

ANALYSIS OF SHAREHOLDERS

at 31 August 2013

Public and non-public shareholders	Number of holders	Percentage of holders	Number of shares	Percentage of shares
Public shareholders	4 736	99.9%	246 291 691	91.8%
Non-public shareholders				
Shares held by directors	6	0.1%	588 644	0.2%
Treasury stock held by New Clicks South Africa Proprietary Limited	1	0.0%	21 272 713	7.9%
The New Clicks Holdings Share Trust	1	0.0%	170 450	0.1%
Total non-public shareholders	8	0.1%	22 031 807	8.2%
Total shareholders	4 744	100.0%	268 323 498	100.0%

According to the company's register of shareholders, read in conjunction with the company's register of disclosure of beneficial interests made by registered shareholders acting in a nominee capacity, the following shareholders held 3% or more of the issued share capital at 31 August 2013:

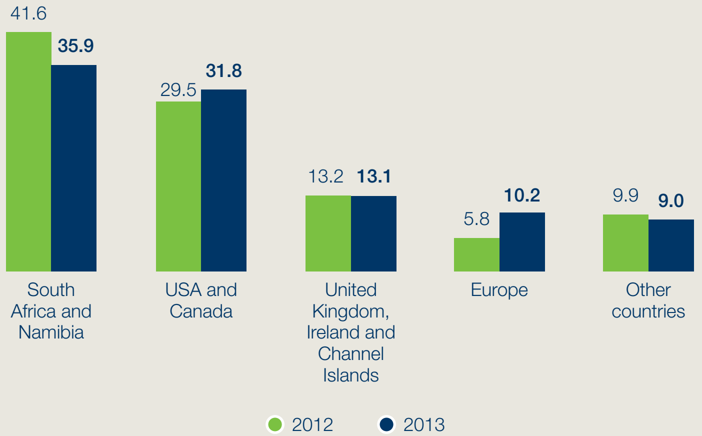
Major beneficial shareholders holding 3% or more	2013 Percentage of shares	2012 Percentage of shares
Government Employees Pension Fund	13.5%	13.8%
New Clicks South Africa Proprietary Limited	7.9%	8.3%
GIC Private Limited	3.4%	2.5%

Major fund managers managing 3% or more	2013 Percentage of shares	2012 Percentage of shares
Public Investment Corporation (SA)*	11.9%	12.2%
Baillie Gifford & Co (UK)*	10.4%	9.1%
Coronation Fund Managers (SA)*	7.7%	7.4%
Aberdeen Asset Managers (UK)	7.0%	3.7%
Fidelity Management & Research (US)/International (UK)	6.1%	3.0%
JPMorgan Asset Management (US, UK and Asia)	5.3%	3.6%
GIC (Singapore)	4.2%	3.0%
Mondrian Investment Partners (UK)	2.9%	3.2%
Morgan Stanley Investment Management (UK)	–	3.7%

* Subsequent to the year-end, Public Investment Corporation disclosed an increase in their holding to 15.2%, Coronation Fund Managers disclosed an increase in their holding to 16.5% and Baillie Gifford & Co disclosed a reduction in their holding to 2.4%.

Geographic distribution of shareholders

Percentage of ordinary shares in issue



at 31 August 2013

	Number of holders	Percentage of holders	Number of shares	Percentage of shares
Classification of registered shareholdings				
Banks	98	2.1%	116 805 883	43.5%
Mutual funds	123	2.6%	46 259 838	17.3%
Pension funds	110	2.3%	44 748 729	16.7%
Own holdings	1	0.0%	21 272 713	7.9%
Sovereign wealth funds	6	0.1%	12 789 361	4.8%
Depositary receipts	2	0.0%	9 118 872	3.4%
Individuals	3 296	69.5%	6 121 908	2.3%
Nominees and trusts	813	17.2%	5 157 807	1.9%
Insurance companies	13	0.3%	1 984 701	0.7%
Brokers	29	0.6%	1 418 749	0.5%
Endowment funds	43	0.9%	1 222 547	0.5%
Other	210	4.4%	1 422 390	0.5%
	4 744	100.0%	268 323 498	100.0%
Distribution of registered shareholdings				
1 – 1 000	2 608	55.0%	1 031 904	0.4%
1 001 – 10 000	1 662	35.0%	5 582 336	2.1%
10 001 – 100 000	318	6.7%	10 529 426	3.9%
100 001 – 1 000 000	112	2.4%	34 817 143	13.0%
1 000 001 shares and over	44	0.9%	216 362 689	80.6%
	4 744	100.0%	268 323 498	100.0%

Directors' shareholdings at 31 August

	2013			2012		
Director	**Direct beneficial shares**	**Indirect beneficial shares**	**Total**	Direct beneficial shares	Indirect beneficial shares	Total
David Nurek	**–**	**240 000**	**240 000**	–	240 000	240 000
John Bester	**12 000**	**10 000**	**22 000**	12 000	10 000	22 000
Bertina Engelbrecht	**76 522**	**–**	**76 522**	68 019	–	68 019
David Kneale	**248 122**	**–**	**248 122**	220 925	–	220 925
Martin Rosen	**–**	**2 000**	**2 000**	2 000	–	2 000
Total	**336 644**	**252 000**	**588 644**	302 944	250 000	552 944

The total number of ordinary shares in issue is 268 323 498 (2012: 276 123 498). Percentage of issued share capital held by directors is 0.22% (2012: 0.20%). Details of all dealings in Clicks Group shares by directors during the financial year are contained in the Directors' Report on page 3.

SHAREHOLDERS' DIARY

Annual general meeting	30 January 2014
Preliminary results announcements	
Interim results to February 2014	on or about 24 April 2014
Final results to August 2014	on or about 23 October 2014
Publication of 2014 Integrated Annual Report	November 2014
Ordinary share dividend	
2013 final dividend	
Last day to trade with dividend included	24 January 2014
Date of dividend payment	27 January 2014
2014 interim dividend	
Last day to trade with dividend included	July 2014
Date of dividend payment	July 2014
2014 final dividend	
Last day to trade with dividend included	January 2015
Date of dividend payment	January 2015

CORPORATE INFORMATION

Clicks Group Limited
Incorporated in the Republic of South Africa
Registration number 1996/000645/06
Income tax number 9061/745/71/8

JSE share code: CLS
ISIN: ZAE000134854
ADR ticker symbol: CLCGY
ADR CUSIP code: 18682W205

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Company secretary
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E-mail: David.Janks@clicksgroup.co.za

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The Standard Bank of South Africa

JSE sponsor
Investec Bank Limited

Transfer secretaries
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