CLICKS
ILNA VAN DYK
CLINIC SISTER
CLICKS GROUP
LIMITED
ANNUAL FINANCIAL STATEMENTS 2014

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Annual financial statements for the year ended 31 August 2014

These are the audited annual financial statements of the group and the company for the year ended 31 August 2014. 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 2014, 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.

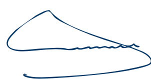
The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk 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 11 November 2014 and signed by:



DM Nurek
Chairman

DA Kneale
Chief Executive Officer

Cape Town
11 November 2014

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
11 November 2014

DIRECTORS' REPORT

The directors have pleasure in presenting their report for the year ended 31 August 2014.

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 632 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. The profit attributable to ordinary shareholders for the year is R865 million (2013: R751 million).

Share capital

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

22 185 735	cancelled on 7 February 2014

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

21 443 163	shares held by subsidiaries of the company as treasury shares at 1 September 2013
4 620 482	shares in terms of a general repurchase between 1 September 2013 and 31 August 2014 by a subsidiary of the company
(22 185 735)	shares bought back into the company and cancelled on 7 February 2014
3 877 910	shares held by subsidiaries of the company as treasury shares at 31 August 2014

Dividends to shareholders

Interim

The directors approved an interim ordinary dividend of 53.5 cents per ordinary share (2013: 48.5 cents per ordinary share) from distributable reserves. The dividend was paid on 7 July 2014 to shareholders registered on 4 July 2014.

Final

The directors have approved a final ordinary dividend of 136.5 cents per ordinary share (2013: 119.5 cents per ordinary share) and a dividend of 19.0 cents per "A" share (2013: 16.8 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 26 January 2015 to shareholders registered on 23 January 2015.

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
Keith Warburton

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") Fatima Abrahams, John Bester, Bertina Engelbrecht, and Michael Fleming retire by rotation at the forthcoming annual general meeting. The retiring directors, being eligible, offer themselves for re-election. Keith Warburton, having been appointed as a director subsequent to the 2014 AGM, retires as a director in accordance with the company's board charter and, being eligible, offers himself 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 22 January 2014 at a price of R58.33 per share: David Kneale purchased 37 852 shares, Michael Fleming purchased 14 844 shares, Bertina Engelbrecht purchased 9 038 shares and David Janks purchased 2 227 shares.

Incentive schemes

Information relating to the incentive schemes is set out on pages 40 to 42.

Special resolutions

Special resolutions passed at the annual general meeting held on 30 January 2014:

Special Resolution No. 1: General authority to repurchase shares

Special Resolution No. 2: Specific authority to repurchase shares from New Clicks South Africa Proprietary Limited

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 58 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 III 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 in 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 36 and 37 of the Integrated Report, with supplementary information contained in Annexure 2 to the Notice of Annual General Meeting on page 60 of the Integrated Report.

Fees paid to the committee members for 2014 and the proposed fees for 2015 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, which also determines and recommends remuneration for the position. 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 2014 year. The committee has also assessed information and explanations given by management and discussions with the external auditor on the results of the audit. Through this process no material matter has come to the attention of the audit and risk committee or 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

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. 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 R381 500 (2013: R375 000) for non-audit services, equating to 11.7% (2013: 12.0%) 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 2014 financial year and that its report to shareholders has been approved by the board.

John Bester
Chairman: Audit and risk committee

11 November 2014

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 58, which comprise the statements of financial position as at 31 August 2014, 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 2014, 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 2014, 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.
Director:
Malcolm Rapson
Chartered Accountant (SA)
Registered Auditor

11 November 2014

35 Lower Long Street
Cape Town
8001

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2014

	Notes	2014 R'000	Restated 2013 R'000
Revenue	1	**20 203 300**	18 460 571
Turnover	1	**19 149 524**	17 543 301
Cost of merchandise sold		**(15 026 159)**	(13 760 770)
Gross profit		**4 123 365**	3 782 531
Other income	1	**1 048 279**	911 735
Total income		**5 171 644**	4 694 266
Expenses		**(3 953 943)**	(3 590 481)
Depreciation and amortisation	2	**(219 871)**	(200 398)
Occupancy costs	3	**(564 469)**	(500 992)
Employment costs	4	**(2 033 605)**	(1 790 649)
Other costs	5	**(1 135 998)**	(1 098 442)
Operating profit		**1 217 701**	1 103 785
Profit/(loss) on disposal of property, plant and equipment		**29 687**	(7 854)
Profit before financing costs		**1 247 388**	1 095 931
Net financing costs	6	**(40 660)**	(46 369)
Financial income	1, 6	**5 497**	5 535
Financial expense	6	**(46 157)**	(51 904)
Profit before taxation		**1 206 728**	1 049 562
Income tax expense	7	**(341 883)**	(298 873)
Profit for the year		**864 845**	750 689
Other comprehensive (loss)/income:			
Items that will not be subsequently reclassified to profit or loss		**–**	879
Remeasurement of post-employment benefit obligations		**–**	1 221
Deferred tax on remeasurement		**–**	(342)
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign subsidiaries	21	**(236)**	2 009
Cash flow hedges		**(11 584)**	9 952
Change in fair value of effective portion	20	**(16 087)**	13 822
Deferred tax on movement of effective portion	7	**4 503**	(3 870)
Other comprehensive (loss)/income for the year, net of tax		**(11 820)**	12 840
Total comprehensive income for the year		**853 025**	763 529
Profit attributable to:			
Equity holders of the parent		**864 612**	750 292
Non-controlling interest		**233**	397
		864 845	750 689
Total comprehensive income attributable to:			
Equity holders of the parent		**852 792**	763 132
Non-controlling interest		**233**	397
		853 025	763 529
Earnings per share (cents)			
Basic	8	**352.4**	299.8
Diluted	8	**347.4**	296.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 August 2014

	Notes	2014 R'000	Restated 2013 R'000
ASSETS			
Non-current assets		**1 771 636**	1 601 461
Property, plant and equipment	9	**1 135 007**	1 058 967
Intangible assets	10	**371 623**	349 018
Goodwill	11	**103 510**	103 510
Deferred tax assets	12	**126 335**	59 098
Loans receivable	13	**12 540**	12 105
Financial assets at fair value through profit or loss	14	**22 621**	18 763
Current assets		**4 420 621**	3 843 317
Inventories	15	**2 614 196**	2 225 372
Trade and other receivables	16	**1 607 659**	1 507 766
Cash and cash equivalents		**195 631**	92 166
Derivative financial assets	17	**3 135**	18 013
Total assets		**6 192 257**	5 444 778
EQUITY AND LIABILITIES			
Equity		**1 566 973**	1 376 838
Share capital	18	**2 754**	2 976
Share premium	18	**3 497**	3 497
Treasury shares	18	**(237 863)**	(954 553)
Share option reserve	19	**135 091**	79 549
Cash flow hedging reserve	20	**1 958**	13 542
Foreign currency translation reserve	21	**1 554**	1 790
Distributable reserve		**1 659 982**	2 229 232
Equity attributable to equity holders of the parent		**1 566 973**	1 376 033
Non-controlling interest		**–**	805
Non-current liabilities		**286 465**	252 305
Employee benefits	23	**115 336**	91 489
Deferred tax liabilities	12	**2 782**	9 208
Operating lease liability	24	**168 347**	151 608
Current liabilities		**4 338 819**	3 815 635
Trade and other payables	25	**4 041 261**	3 255 567
Employee benefits	23	**190 494**	148 402
Provisions	26	**9 882**	6 596
Interest-bearing borrowings	22	**–**	344 355
Tax payable		**94 342**	58 605
Derivative financial liabilities	17	**2 840**	2 110
Total equity and liabilities		**6 192 257**	5 444 778

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2014

	Number of shares (Note 18) '000	Share capital (Note 18) R'000	Share premium (Note 18) R'000	Share option reserve (Note 19) R'000
Balance at 1 September 2012	253 042	3 054	3 497	55 905
Transactions with owners, recorded directly in equity				
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	–	–	–	–
Remeasurement of post-employment benefit obligations*	–	–	–	–
Cash flow hedge reserve	–	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–	–
Balance at 31 August 2013	246 880	2 976	3 497	79 549
Transactions with owners, recorded directly in equity				
Dividends paid to shareholders	**–**	**–**	**–**	**–**
Acquisition of non-controlling interest	**–**	**–**	**–**	**–**
Share-based payment reserve movement	**–**	**–**	**–**	**55 542**
Treasury shares cancelled and related costs	**–**	**(222)**	**–**	**–**
Net cost of own shares purchased	**(4 620)**	**–**	**–**	**–**
Total transactions with owners	**(4 620)**	**(222)**	**–**	**55 542**
Total comprehensive income for the year	**–**	**–**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**–**
Cash flow hedge reserve	**–**	**–**	**–**	**–**
Exchange differences on translation of foreign subsidiaries	**–**	**–**	**–**	**–**
Balance at 31 August 2014	**242 260**	**2 754**	**3 497**	**135 091**

* As a result of the implementation of IAS 19 (Revised) – Employee Benefits.

Treasury shares (Note 18) R'000	Cash flow hedging reserve (Note 20) R'000	Foreign currency translation reserve (Note 21) 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
(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
–	–	–	750 292	750 292	397	750 689
–	–	–	879	879	–	879
–	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
–	**–**	**–**	**(429 277)**	**(429 277)**	**–**	**(429 277)**
–	**–**	**–**	**273**	**273**	**(1 038)**	**(765)**
–	**–**	**–**	**–**	**55 542**	**–**	**55 542**
1 001 836	**–**	**–**	**(1 004 858)**	**(3 244)**	**–**	**(3 244)**
(285 146)	**–**	**–**	**–**	**(285 146)**	**–**	**(285 146)**
716 690	**–**	**–**	**(1 433 862)**	**(661 852)**	**(1 038)**	**(662 890)**
–	**(11 584)**	**(236)**	**864 612**	**852 792**	**233**	**853 025**
–	**–**	**–**	**864 612**	**864 612**	**233**	**864 845**
–	**(11 584)**	**–**	**–**	**(11 584)**	**–**	**(11 584)**
–	**–**	**(236)**	**–**	**(236)**	**–**	**(236)**
(237 863)	**1 958**	**1 554**	**1 659 982**	**1 566 973**	**–**	**1 566 973**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 August 2014

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

	Note	2014 R'000	Restated 2013 R'000
Cash effects from operating activities			
Profit before working capital changes		**1 490 840**	1 346 850
Working capital changes		**354 925**	25 824
Cash generated by operations		**1 845 765**	1 372 674
Interest received		**5 497**	5 124
Interest paid		**(36 475)**	(41 418)
Taxation paid		**(350 204)**	(328 647)
Cash inflow from operating activities before dividends paid		**1 464 583**	1 007 733
Dividends paid to shareholders	27	**(429 277)**	(394 005)
Net cash effects from operating activities		**1 035 306**	613 728
Cash effects from investing activities			
Investment in property, plant and equipment and intangible assets to maintain operations		**(81 354)**	(103 400)
Investment in property, plant and equipment and intangible assets to expand operations		**(255 500)**	(206 486)
Proceeds from disposal of property, plant and equipment		**38 193**	885
(Increase)/decrease in loans receivable		**(435)**	4 510
Net cash effects from investing activities		**(299 096)**	(304 491)
Cash effects from financing activities			
Purchase of treasury shares		**(285 146)**	(354 158)
Share cancellation expenses		**(3 244)**	–
Proceeds from disposal of treasury shares		**–**	158
Interest-bearing borrowings (repaid)/raised		**(344 355)**	129 789
Net cash effects from financing activities		**(632 745)**	(224 211)
Net increase in cash and cash equivalents		**103 465**	85 026
Cash and cash equivalents at the beginning of the year		**92 166**	7 140
Cash and cash equivalents at the end of the year		**195 631**	92 166

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 August 2014

	2014 R'000	Restated 2013 R'000
Cash flow information		
Profit before working capital changes		
Profit before taxation	**1 206 728**	1 049 562
Adjustment for:	**243 452**	250 919
Depreciation and amortisation	**229 703**	210 105
Movement in operating lease liability	**16 739**	10 551
(Profit)/loss on disposal of property, plant and equipment	**(29 687)**	7 854
Equity-settled share option costs	**30 555**	26 376
Increase in financial assets at fair value through profit or loss	**(3 858)**	(3 967)
Net financing costs	**40 660**	46 369
	1 490 840	1 346 850
Working capital changes		
Increase in inventories	**(388 824)**	(144 997)
Increase in trade and other receivables	**(100 006)**	(335 603)
Increase in trade and other payables	**784 212**	492 336
Increase in employee benefits	**56 257**	16 320
Increase/(decrease) in provisions	**3 286**	(2 232)
	354 925	25 824
Taxation paid		
Income tax payable at the beginning of the year	**(57 417)**	(36 969)
Normal tax charged to profit or loss	**(386 056)**	(337 861)
Withholding tax on dividends	**–**	(11 234)
Income tax payable at the end of the year	**93 269**	57 417
	(350 204)	(328 647)
Cash and cash equivalents at the end of the year		
Current accounts	**195 631**	92 166
	195 631	92 166

SEGMENTAL ANALYSIS

for the year ended 31 August 2014

R'000		Retail (Note 34) 2014	Restated 2013
Statement of financial position			
Property, plant and equipment		**916 616**	862 958
Intangible assets		**359 985**	337 008
Goodwill		**6 529**	6 529
Inventories		**1 799 242**	1 613 406
Trade and other receivables		**228 074**	249 379
Cash and cash equivalents		**172 117**	120 597
Other assets		**565 371**	502 051
Total assets		**4 047 934**	3 691 928
Employee benefits – non-current		**106 929**	86 638
Operating lease liability		**168 347**	151 608
Trade and other payables		**2 177 223**	1 714 827
Employee benefits – current		**171 598**	128 664
Other liabilities		**671 355**	846 325
Total liabilities		**3 295 452**	2 928 062
Net assets		**752 482**	763 866
Statement of comprehensive income			
Turnover*		**13 369 083**	12 292 106
Gross profit		**3 961 682**	3 623 003
Other income		**551 302**	472 714
Total income		**4 512 984**	4 095 717
Expenses		**(3 512 865)**	(3 189 186)
Operating profit		**1 000 119**	906 531
Ratios			
Increase in turnover	(%)	**8.8**	7.9
Selling price inflation	(%)	**3.4**	3.1
Comparable stores' turnover growth	(%)	**6.3**	5.8
Gross profit margin	(%)	**29.6**	29.5
Total income margin	(%)	**33.8**	33.3
Operating expenses as a percentage of turnover	(%)	**26.3**	25.9
Increase in operating expenses	(%)	**10.1**	9.6
Increase in operating profit	(%)	**10.3**	6.3
Operating profit margin	(%)	**7.5**	7.4
Inventory days		**70**	68
Trade debtor days		**7**	9
Trade creditor days		**51**	51
Number of stores		**632**	607
as at 31 August 2013/2012		**607**	595
opened		**35**	30
closed		**(10)**	(18)
Number of pharmacies		**339**	331
as at 31 August 2013/2012		**331**	306
new/converted		**18**	26
closed		**(10)**	(1)
Total leased area	(m^2)	**327 582**	313 193
Weighted retail trading area	(m^2)	**251 730**	242 070
Weighted annual sales per m^2	(R)	**53 038**	50 760
Number of permanent employees		**8 089**	7 868

* The intragroup turnover elimination for the year comprises R2 765.0 million (2013: R2 454.5 million) of sales from Distribution to Retail and R17.7 million (2013: R4.6 million) of sales from Retail to Distribution.

Distribution (Note 34)		Intragroup elimination		Total operations	
2014	Restated 2013	2014	Restated 2013	2014	Restated 2013
218 391	196 009	–	–	1 135 007	1 058 967
11 638	12 010	–	–	371 623	349 018
96 981	96 981	–	–	103 510	103 510
825 163	618 797	(10 209)	(6 831)	2 614 196	2 225 372
1 752 422	1 587 825	(372 837)	(329 438)	1 607 659	1 507 766
23 514	44 214	–	(72 645)	195 631	92 166
564 138	358 942	(964 878)	(753 014)	164 631	107 979
3 492 247	2 914 778	(1 347 924)	(1 161 928)	6 192 257	5 444 778
8 407	4 851	–	–	115 336	91 489
–	–	–	–	168 347	151 608
2 236 853	1 872 366	(372 815)	(331 626)	4 041 261	3 255 567
18 896	19 738	–	–	190 494	148 402
403 391	398 020	(964 900)	(823 471)	109 846	420 874
2 667 547	2 294 975	(1 337 715)	(1 155 097)	4 625 284	4 067 940
824 700	619 803	(10 209)	(6 831)	1 566 973	1 376 838
8 563 104	7 710 270	(2 782 663)	(2 459 075)	19 149 524	17 543 301
165 061	157 221	(3 378)	2 307	4 123 365	3 782 531
563 582	497 921	(66 605)	(58 900)	1 048 279	911 735
728 643	655 142	(69 983)	(56 593)	5 171 644	4 694 266
(507 683)	(460 195)	66 605	58 900	(3 953 943)	(3 590 481)
220 960	194 947	(3 378)	2 307	1 217 701	1 103 785
11.1	22.8	13.2	10.0	9.2	13.6
3.0	1.8	–	–	3.2	2.6
–	–	–	–	6.3	5.8
1.9	2.0	–	–	21.5	21.6
8.5	8.5	–	–	27.0	26.8
5.9	6.0	–	–	20.6	20.5
10.3	14.3	–	–	10.1	10.1
13.3	24.2	–	–	10.3	9.1
2.6	2.5	–	–	6.4	6.3
36	30	–	–	64	59
60	62	–	–	44	48
79	72	–	–	68	64
–	–	–	–	632	607
–	–	–	–	607	595
–	–	–	–	35	30
–	–	–	–	(10)	(18)
–	–	–	–	339	331
–	–	–	–	331	306
–	–	–	–	18	26
–	–	–	–	(10)	(1)
–	–	–	–	327 582	313 193
–	–	–	–	251 730	242 070
–	–	–	–	53 038	50 760
536	517	–	–	8 625	8 385

Clicks Group Limited is a company domiciled in South Africa. The consolidated financial statements as at and for the year ended 31 August 2014 comprise the company and its subsidiaries (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") and its interpretations adopted by the International Accounting Standards Board ("IASB"), the South African Institute of Chartered Accountants' Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, 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, except for certain financial instruments which have been measured at fair value.

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

The following new or revised standards have effective dates applicable to the group's current financial year-end:

- IAS 19 – Employee Benefits (Revised)
- IFRS 10 – Consolidated Financial Statements

The application of these standards have impacted these financial statements. The comparative information has been retrospectively restated and disclosed in note 35 of the financial statements.

Other new or revised standards and amendments with effective dates applicable to the current financial year-end were not applicable to the business of the group and had no significant impact on these 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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.

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 less selling costs using factors existing at the reporting date. Refer to note 15 for further detail.

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. Refer to note 16 for further detail.

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 of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Details of the assumptions used in the intangible assets' impairment test are detailed in note 10.

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. Details of the assumptions used in the impairment test are detailed in note 11.

Assessment of useful lives and residual values of property, plant and equipment

Assessments of estimated 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.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted. Refer to notes 7 and 12 for further detail.

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. Refer to note 23 for further detail, including a sensitivity analysis.

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. The fair value attached to share options granted is valued using the Monte Carlo option pricing model. The key assumptions used in the calculation include estimates of the group's expected share price volatility, dividend yield, risk-free interest rate and forfeiture rate. Refer to note 19 for further detail.

Clicks ClubCard customer loyalty scheme

The fair value of the credits awarded recognised as deferred income includes an expected redemption rate based on historical experience.

Basis of consolidation

The group financial statements include the financial statements of the company and subsidiaries that it controls. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The group considers all relevant facts and circumstances in assessing whether it has the power over an investee and reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. 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.

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 financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

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.

Fair value measurement

The group measures financial instruments, such as derivatives and certain investments, at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are disclosed should it be determined that the carrying value of these instruments does not reasonably approximate their fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between the levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 group elects whether 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 and subsequent settlement is accounted for 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

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.

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.

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 and balances

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 the 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

Initial recognition and measurement

The group recognises a financial asset or financial liability when it becomes a party to the contractual provisions of the instrument. It initially measures the financial instrument at fair value, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

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. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in 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.

Financial assets at fair value through profit or loss

The net investment in the insurance cell captive is designated as a financial asset at fair value through profit and loss. This is classified at fair value with any fair value gains and losses recognised in other costs.

Cash and cash equivalents

Cash and cash equivalents are categorised 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 the 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
Clicks trademark	Indefinite useful life
Other trademarks	10 years

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 costs of disposal 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 costs of disposal is the amount obtainable from the sale of an asset or cash-generating unit in an orderly transaction between market participants at the measurement date. 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

The group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial

assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost the group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the statement of comprehensive income. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

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 over the cost of these shares 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.

Past service costs are recognised in profit or loss at the earlier of the date of the plan amendment or curtailment, and the date that the group recognises restructuring-related costs.

The group recognises actuarial gains or losses from defined benefit plans immediately in other comprehensive income.

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 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. Where an option is cancelled (other than by forfeiture when vesting conditions are not satisfied), it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the option is recognised immediately.

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 the subsidiary's financial statements) or the cost of investment in the subsidiary (in the parent's financial statements) is recognised as a return of capital. In the parent's financial statements 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 gain or loss 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 and dividend income. 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 and unwinding of the discount on provisions and long-term employee benefits.

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.

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 for 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.

Dividends withholding tax

Dividends withholding tax replaced STC effective 1 April 2012. It is a tax levied on the beneficial owner of the shares instead of the group. The tax is withheld by the group and paid over to the South African Revenue Service ("SARS") on the beneficiaries' behalf. The resultant tax expense and liability has been transferred to the shareholder and is no longer accounted for as part of the tax charge for the group. Amounts not yet paid over to SARS are included in trade and other payables and the measurement of the dividend amount is not impacted by the withholding tax.

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 issued but 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. The group has elected not to early adopt any of these standards.

Standard	Standard's name and effective date	Description
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.

The following standards, amendments and interpretations that have been issued but are not yet effective have been assessed for applicability to the group. 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.

IFRS 10, IFRS 12 and IAS 27 – Investment Entities (Amendments): effective for periods on or after 1 January 2014

IFRS 14 – Regulatory Deferral Accounts: effective for periods on or after 1 January 2016

IAS 19 – Defined Benefit Plans: Employee Contributions – Amendments to IAS 19: effective for periods on or after 1 July 2014

IAS 32 – Off-setting Financial Assets and Financial Liabilities – Amendments to IAS 32: effective for periods on or after 1 January 2014

IAS 36 – Recoverable Amount Disclosures for Non-financial Assets – Amendments to IAS 36: effective for periods on or after 1 January 2014

IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39: effective for periods on or after 1 January 2014

IFRIC 21 – Levies: effective for periods on or after 1 January 2014

for the year ended 31 August 2014

	Group	
	2014 R'000	Restated 2013 R'000
1 Revenue		
Turnover	19 149 524	17 543 301
Finance income	5 497	5 535
Other income	1 048 279	911 735
Distribution and logistics fees	532 800	526 015
Rental income	505	271
Advertising income, cost recoveries and other	514 974	385 449
	20 203 300	18 460 571
2 Depreciation and amortisation		
Depreciation of property, plant and equipment (see note 9)	201 769	192 331
Amortisation of intangible assets (see note 10)	27 934	17 774
Total depreciation and amortisation	229 703	210 105
Depreciation included in cost of merchandise sold and inventories	(9 832)	(9 707)
Depreciation and amortisation included in expenses	219 871	200 398
3 Occupancy costs		
Operating leases	530 573	476 245
Turnover rental expense	13 871	16 428
Movement in operating lease liability (see note 24)	16 739	10 551
Movement in provision for onerous contracts (see note 26)	3 286	(2 232)
	564 469	500 992
4 Employment costs		
Directors' emoluments	18 815	15 540
Non-executive fees	2 449	2 264
Executive	16 366	13 276
Salary	14 316	11 545
Other benefits	2 050	1 731
Equity-settled share option costs (see note 19)	30 555	26 376
Long-term incentive scheme (see note 23)	46 770	23 714
Staff salaries and wages	1 786 115	1 622 452
Contributions to defined contribution plans	96 463	89 156
Leave pay costs (see note 23)	7 927	17 155
Bonuses (see note 23)	121 450	64 450
Increase in liability for defined benefit plans (see note 23)	1 341	1 410
Total employment costs	2 109 436	1 860 253
Employment costs included in cost of merchandise sold and inventories	(75 831)	(69 604)
Employment costs included in expenses	2 033 605	1 790 649

For further detail of directors' emoluments refer to the Remuneration Report on page 40 of the Integrated Report or note 4.1.

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

	2014 R'000	Restated 2013 R'000
	63 865	43 800
Short-term employee benefits	24 146	19 148
Post-employment benefits	2 608	2 231
Other benefits	2	12
Short-term incentive scheme	11 826	–
Long-term incentive scheme	25 193	22 364
Share-based payments	90	45
Non-executive directors' fees	2 449	2 264
	66 314	46 064

4 Employment costs (continued)

4.1 Directors' remuneration

Executive directors' remuneration – 2014

Director	Salary R'000	RONA short-term incentive scheme R'000	Performance-based long-term incentive* R'000	Pension fund R'000	Other benefits R'000	Total R'000
Bertina Engelbrecht	**2 405**	**1 100**	**3 185**	**345**	**–**	**7 035**
Michael Fleming	**3 593**	**1 670**	**5 181**	**524**	**57**	**11 025**
David Kneale	**6 491**	**4 455**	**13 461**	**933**	**2**	**25 342**
Keith Warburton**	**1 827**	**1 500**	**n/a**	**157**	**32**	**3 516**
Total	**14 316**	**8 725**	**21 827**	**1 959**	**91**	**46 918**

Executive directors' remuneration – 2013

Director	Salary R'000	RONA short-term incentive scheme 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

* 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.

** Appointed as an executive director on 18 February 2014 with remuneration disclosed from this date.

The total number of ordinary shares in issue is 246 137 763 (2013: 268 323 498). Percentage of issued share capital held by directors is 0.26% (2013: 0.22%).

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	2014 Directors' fees (R'000)	2013 Directors' fees (R'000)
David Nurek	**798**	740
Fatima Abrahams***	**337**	310
John Bester	**437**	407
Fatima Jakoet	**297**	275
Nkaki Matlala	**344**	319
Martin Rosen	**236**	213
Total	**2 449**	2 264
Total directors' remuneration		
Executive directors	**46 918**	37 281
Non-executive directors	**2 449**	2 264
Total directors' remuneration	**49 367**	39 545

*** The fees paid to Professor Abrahams include an amount of R18 082 (2013: R16 464) for performing the role of chairman of The Clicks Group Employee Share Ownership Trust.

for the year ended 31 August 2014

	Group	
	2014 R'000	Restated 2013 R'000
5 Other costs		
Other operating costs include:		
Auditor's remuneration	**3 270**	3 115
Audit fees	**2 888**	2 740
Other services and expenses	**382**	375
Fees paid for outside services		
Technical services	**18 813**	19 173
Gain in financial assets at fair value through profit or loss	**(3 858)**	(3 967)
Foreign exchange (gains)/losses – realised	**(542)**	1 460
Foreign exchange losses – unrealised	**2 840**	2 110
Additional impairment allowances made – trade receivables (see note 16)	**12 638**	7 288
Water and electricity	**122 249**	114 135
Retail	**115 671**	107 716
Distribution	**6 578**	6 419
6 Net financing costs		
Recognised in profit or loss:		
Interest income on bank deposits	**5 062**	5 124
Other interest income	**435**	411
Financial income	**5 497**	5 535
Interest expense on financial liabilities measured at amortised cost	**46 157**	51 904
Cash interest expense	**36 475**	41 418
Other interest expense	**9 682**	10 486
Financial expense	**46 157**	51 904
Net financing cost	**(40 660)**	(46 369)

	Group		Company	
	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000

7 Income tax expense

	2014 R'000	Restated 2013 R'000	**2014 R'000**	2013 R'000
South African normal tax				
Current tax				
Current year	**376 368**	332 552	**285**	1 602
Capital gains tax	**5 571**	–	**5 571**	–
Prior-year overprovision	**(7 727)**	(5 297)	**–**	–
Deferred tax				
Current year	**(58 395)**	(48 074)	**–**	–
Capital gains tax	**–**	10 046	**–**	–
Prior-year underprovision	**15 473**	191	**–**	–
Foreign tax				
Current tax				
Current year	**9 618**	8 184	**–**	–
Prior-year underprovision	**6**	86	**–**	–
Withholding tax	**2 220**	2 336	**–**	–
Deferred tax				
Current year	**(1 282)**	(1 149)	**–**	–
Change in foreign tax rate	**46**	–	**–**	–
Prior-year overprovision	**(15)**	(2)	**–**	–
Taxation per income statement	**341 883**	298 873	**5 856**	1 602
Current year	**(29 490)**	18 178	**–**	–
Cash flow hedge recognised in other comprehensive income	**(4 503)**	3 870	**–**	–
Equity-settled transaction	**(24 987)**	2 732	**–**	–
Remeasurement of post-employment benefit obligations	**–**	342	**–**	–
Withholding tax on dividends	**–**	11 234	**–**	–
Total income tax expense	**312 393**	317 051	**5 856**	1 602
Reconciliation of rate of tax	**%**	%	**%**	%
Standard rate – South Africa	**28.00**	28.00	**28.00**	28.00
Adjusted for:				
Capital gains tax	**0.46**	0.96	**3.05**	–
Disallowable expenditure	**0.28**	0.26	**0.16**	–
Exempt income and allowances	**(1.21)**	(0.45)	**(28.00)**	(27.89)
Foreign tax rate variations	**(0.01)**	(0.03)	**–**	–
Foreign withholding tax	**0.18**	0.22	**–**	–
Prior-year net under/(over)provision	**0.63**	(0.48)	**–**	–
Effective tax rate	**28.33**	28.48	**3.21**	0.11

Two subsidiaries of the group have an estimated tax losses of R6.2 million (2013: R8.9 million) available for set-off against future taxable income of those subsidiaries. A deferred tax asset of R1.7 million (2013: R2.6 million) has been recognised in respect of the total estimated tax losses (see note 12).

for the year ended 31 August 2014

	Group	
	2014 R'000	Restated 2013 R'000

8 Earnings per share

The calculation of basic and headline earnings per share at 31 August 2014 was based on profit for the year attributable to ordinary shareholders of Clicks Group Limited of R864.6 million (2013: R750.3 million) and headline earnings of R838.4 million (2013: R755.9 million) divided by the weighted average number of ordinary shares as follows:

	2014 R'000	Restated 2013 R'000
Reconciliation of headline earnings		
Profit attributable to equity holders of the parent	**864 612**	750 292
Adjustments:		
(Profit)/loss on disposal of property, plant and equipment	**(26 250)**	5 655
(Profit)/loss before tax	**(29 687)**	7 854
Tax	**3 437**	(2 199)
Headline earnings	**838 362**	755 947

	2014 cents	Restated 2013 cents
Earnings per share	**352.4**	299.8
Headline earnings per share	**341.7**	302.0
Diluted earnings per share	**347.4**	296.1
Diluted headline earnings per share	**336.8**	298.3

	2014 R'000	2013 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	**268 323**	276 123
Treasury shares held for the full year and/or cancelled	**(21 443)**	(23 081)
Treasury shares purchased during the year weighted for the period held	**(1 516)**	(2 745)
Weighted average number of shares in issue for the year	**245 364**	250 297
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)	**245 364**	250 297
Dilutive effect of share options (net of treasury shares)	**3 528**	3 137
Weighted average diluted number of shares in issue for the year	**248 892**	253 434

9 Property, plant and equipment

	Group					
	2014		2013		2012	
	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
Land	**25 809**	**–**	25 809	–	25 809	–
Buildings	**368 168**	**43 720**	342 065	40 023	332 055	37 223
Computer equipment	**324 245**	**222 167**	294 419	185 449	284 187	162 128
Equipment	**228 724**	**132 542**	219 268	115 677	183 077	105 854
Furniture and fittings	**1 184 438**	**614 548**	1 006 800	508 261	896 248	429 642
Motor vehicles	**44 064**	**27 464**	44 002	23 986	45 777	21 649
	2 175 448	**1 040 441**	1 932 363	873 396	1 767 153	756 496

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 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 at 31 August 2013	**25 809**	**302 042**	**108 970**	**103 591**	**498 539**	**20 016**	**1 058 967**
Additions	**–**	**26 815**	**38 878**	**12 532**	**204 864**	**2 794**	**285 883**
Disposals	**–**	**(723)**	**(1 832)**	**(163)**	**(4 684)**	**(672)**	**(8 074)**
Depreciation	**–**	**(3 686)**	**(43 938)**	**(19 778)**	**(128 829)**	**(5 538)**	**(201 769)**
Carrying amount at 31 August 2014	**25 809**	**324 448**	**102 078**	**96 182**	**569 890**	**16 600**	**1 135 007**

	Group					
	2014		2013		2012	
	Cost R'000	**Accumulated amortisation and impairment losses R'000**	Cost R'000	Accumulated amortisation and impairment losses R'000	Cost R'000	Accumulated amortisation 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	**1 116**	**246**	1 097	135	1 040	30
Capitalised and purchased computer software development	**219 350**	**122 601**	168 831	98 183	85 492	61 028
Contractual rights (see note 10.2)	**17 020**	**15 016**	17 020	11 612	17 020	8 208
	515 486	**143 863**	464 948	115 930	381 552	75 266

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 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**
Additions	**–**	**19**	**50 952**	**–**	**50 971**
Amortisation	**–**	**(111)**	**(24 419)**	**(3 404)**	**(27 934)**
Disposals	**–**	**–**	**(432)**	**–**	**(432)**
Carrying amount at 31 August 2014	**272 000**	**870**	**96 749**	**2 004**	**371 623**

Assessment of impairment of intangible assets:

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. The recoverable amount was determined based on the value in use.

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 2014 financial year, whereafter a perpetuity growth rate of 5.5% 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 12.3% 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	
	2014 R'000	2013 R'000

11 Goodwill

	2014 R'000	2013 R'000
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

Assessment of impairment of goodwill:

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 of the UPD cash-generating unit:

i) A forecast horizon of three years was used. The forecast horizon comprises the three year plan drafted in the last quarter of the 2014 financial year, whereafter a perpetuity growth rate of 5.5% 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 12.3% 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 5.5% 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 12.3% 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.

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

for the year ended 31 August 2014

	Group		Company	
	2014 R'000	Restated 2013 R'000	2014 R'000	2013 R'000
12 Deferred tax assets/(liabilities)				
Deferred tax assets	**126 335**	59 098	**–**	–
Deferred tax liabilities	**(2 782)**	(9 208)	**–**	–
	123 553	49 890	**–**	–
Balance at the beginning of the year	**49 890**	17 846	**–**	–
Current deferred tax credit to profit or loss (see note 7)	**44 173**	38 988	**–**	–
Current deferred tax credit to other comprehensive income (see note 7)	**29 490**	(6 944)	**–**	–
Balance at the end of the year	**123 553**	49 890	**–**	–
Arising as a result of:				
Capital gains tax	**(40 099)**	(40 099)	**–**	–
Employee obligations	**153 967**	101 843	**–**	–
Income and expense accrual	**97 077**	80 618	**–**	–
Inventory	**34 483**	29 240	**–**	–
Onerous leases	**915**	706	**–**	–
Operating lease liability	**47 354**	42 592	**–**	–
Prepayments	**(15 487)**	(15 180)	**–**	–
Property, plant and equipment	**(71 902)**	(68 199)	**–**	–
Tax losses	**1 731**	2 610	**–**	–
Trademarks	**(76 172)**	(76 172)	**–**	–
Other	**(8 314)**	(8 069)	**–**	–
Balance at the end of the year	**123 553**	49 890	**–**	–

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 (2013: 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	
	2014 R'000	2013 R'000
13 Loans receivable		
New Clicks Foundation Trust (see note 13.1)	**5 021**	5 021
Triton Pharmacare Capital Investments Proprietary Limited (Triton) (see note 13.2)	**7 519**	7 084
Total loans receivable	**12 540**	12 105
Short-term portion included in current assets	**–**	–
Non-current loans receivable	**12 540**	12 105

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 R7.5 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	
	2014 R'000	Restated 2013 R'000

14 Financial assets at fair value through profit or loss

	2014 R'000	Restated 2013 R'000
Investment in Guardrisk Insurance Company Limited (Cell number 171)	**22 621**	18 763
Total financial assets at fair value through profit or loss	**22 621**	18 763

This is the net investment in the group's insurance cell captive which is no longer deemed to be in the group's control due to the adoption of IFRS 10 – Consolidated Financial Statements.

This was previously consolidated and has now been retrospectively restated (see note 35).

15 Inventories

	2014 R'000	Restated 2013 R'000
Inventories comprise:		
Goods for resale	**2 496 653**	2 095 551
Goods in transit	**117 543**	129 821
	2 614 196	2 225 372
Inventories stated at net realisable value	**55 894**	42 974

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.

16 Trade and other receivables

	2014 R'000	Restated 2013 R'000
Trade and other receivables comprise:		
Trade receivables	**1 322 430**	1 285 526
Less: impairment of trade receivables	**(28 113)**	(25 158)
Trade receivables – net	**1 294 317**	1 260 368
Prepayments	**62 973**	62 388
Income accruals	**73 858**	100 000
Income tax receivable	**1 073**	1 188
Logistics fees receivable	**91 286**	69 074
Other (refer to note 16.1)	**84 152**	14 748
	1 607 659	1 507 766

The carrying amount of trade and other receivables approximates their fair values. Trade and other receivables are predominantly non-interest bearing. Refer to note 29.5 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:

	2014 R'000	Restated 2013 R'000
Balance at 1 September	**25 158**	23 229
Impairment provision raised	**12 638**	7 288
Impairment loss utilised	**(9 683)**	(5 359)
Balance at 31 August	**28 113**	25 158

16.1 Other receivables consist of staff loans and sundry customer receivables.

17 Derivative financial instruments

	Group			
	2014		2013	
	Assets R'000	Liabilities R'000	Assets R'000	Liabilities R'000
Forward exchange contracts	**3 135**	**(2 840)**	18 013	(2 110)

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 2014 was R226.7 million (2013: R246.2 million). Refer to note 20 detailing the foreign exchange hedging impact on profit or loss and other comprehensive income.

	Group and Company	
	2014 R'000	2013 R'000
18 Share capital and share premium		
Authorised – group and company		
600 million (2013: 600 million) ordinary shares of one cent each	**6 000**	6 000
50 million (2013: 50 million) "A" ordinary shares of one cent each	**500**	500
Issued ordinary shares – group and company		
246.138 million (2013: 268.323 million) ordinary shares of one cent each and 29.153 million (2013: 29.153 million) "A" ordinary shares of one cent each	**2 754**	2 976
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.

			Group and Company	
	Ordinary shares '000	"A" ordinary shares '000	**Total 2014 '000**	Total 2013 '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	246 138	29 153	**275 291**	297 476
Treasury shares held at the end of the year	(3 878)	(29 153)	**(33 031)**	(50 596)
Net number of shares in issue at the end of the year	242 260	–	**242 260**	246 880

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

	2014 R'000	2013 R'000
Shares held by a subsidiary – 3.708 million (2013: 21.273 million) ordinary shares of one cent each – cost	**236 121**	952 811
Shares held by the New Clicks Holdings Share Trust – 0.170 million (2013: 0.170 million) ordinary shares of one cent each – cost	**1 450**	1 450
Shares held by the Clicks Group Employee Share Ownership Trust – 29.153 million (2013: 29.153 million) "A" ordinary shares of one cent each – cost	**292**	292
	237 863	954 553

22.2 million ordinary shares were cancelled during the current financial year (2013: 7.8 million).

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 entitiled to an annual distribution equal to 10% of the cumulative distribution declared in relation to an ordinary share in a financial year.

19 Share option reserve

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 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	
	2014 '000	2013 '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
2014						
February 2011	**R41.54**	**17 725 256**	**–**	**–**	**(2 565 156)**	**15 160 100**
February 2012	**R41.11**	**3 309 343**	**–**	**–**	**(466 138)**	**2 843 205**
February 2013	**R60.00**	**5 617 734**	**–**	**–**	**(839 600)**	**4 778 134**
February 2014	**R56.78**	**–**	**4 421 858**	**–**	**(123 081)**	**4 298 777**
Unallocated share options						**2 073 079**
						29 153 295
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

19 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
February 2014 – four-year vesting period	R56.78	8.55	2.50	23.00	11.00
February 2014 – five-year vesting period	R56.78	8.55	2.50	23.00	11.00

The risk-free rate is derived from the Swap BD curve 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	
	2014 R'000	2013 R'000
Share option reserve		
Balance at the beginning of the year	**79 549**	55 905
	55 542	23 644
Equity-settled share-based payment expense	**30 555**	26 376
Deferred tax recorded directly in equity arising on consolidation	**24 987**	(2 732)
Balance at the end of the year	**135 091**	79 549
Represented by:		
Estimate of options not yet vested but expected to vest	**135 091**	79 549
	135 091	79 549

	Group	
	2014 R'000	2013 R'000

20 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.

	2014 R'000	2013 R'000
Reconciliation of cash flow hedging reserve		
Balance at the beginning of the year	**13 542**	3 590
Movement in cash flow hedge	**(16 087)**	13 822
Deferred tax recognised in other comprehensive income	**4 503**	(3 870)
Balance at the end of the year	**1 958**	13 542

The cash flow hedging reserve represents the cumulative portion of gains or losses on forward exchange contracts deemed effective in cash flow hedges. The cumulative deferred gain or loss on the forward exchange contracts 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 R9.2 million (2013: R43.7 million) and R25.2 million was recycled to other costs in the income statement (2013: R29.9 million).

21 Foreign currency translation reserve

	2014 R'000	2013 R'000
Unrealised gain on the translation of assets and liabilities of subsidiaries whose financial statements are denominated in foreign currencies	**1 554**	1 790
	1 554	1 790
Reconciliation of foreign currency translation reserve		
Balance at the beginning of the year	**1 790**	(219)
Exchange differences on translation of foreign subsidiaries	**(236)**	2 009
Balance at the end of the year	**1 554**	1 790

22 Interest-bearing borrowings

	2014 R'000	2013 R'000
Current		
Bank borrowings	**–**	344 355

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 given in note 28.

	Contractual interest rate	Year of maturity	**Carrying amount 2014 R'000**	Carrying amount 2013 R'000
Unsecured bank loan repayable	Overnight borrowing rate	On demand	**–**	(344 355)

	Long-term incentive scheme (note 23.1) R'000	Post-retirement medical obligations (note 23.2) R'000	Total R'000
23 Employee benefits			
Long-term employee benefits			
Balance at 1 September 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 recognised in profit or loss	(25 996)	–	(25 996)
Actuarial gain recognised in other comprehensive income	–	(1 221)	(1 221)
Reclassification to short-term employee benefits	(46 560)	–	(46 560)
Balance at 31 August 2013	46 183	45 306	91 489
Current service cost	**55 052**	**1 341**	**56 393**
Benefit payments	**–**	**(1 136)**	**(1 136)**
Interest cost	**5 813**	**3 869**	**9 682**
Actuarial gain recognised in profit or loss	**(8 282)**	**–**	**(8 282)**
Reclassification to short-term employee benefits	**(32 810)**	**–**	**(32 810)**
Balance at 31 August 2014	**65 956**	**49 380**	**115 336**

The implementation of IAS 19 – Employee Benefits (Revised) has resulted in actuarial gains from the post-retirement medical obligations being retrospectively restated to other comprehensive income (see note 35).

23.1 Long-term incentive scheme

During 2014 the group issued 4.7 million (2013: 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 R35.83 (2013: R32.81) 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 multiplied by 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.

23.2 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 R49.4 million (2013: R45.3 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.

23 Employee benefits (continued)

23.2 Post-retirement medical obligations (continued)

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

	2014 R'000	2013 R'000
Medical aid inflation increases by 1% per annum over assumptions made	**5 244**	4 666
Medical aid inflation decreases by 1% per annum over assumptions made	**(3 680)**	(3 236)
Discount rate increases by 1% per annum over assumptions made	**(4 134)**	(3 642)
Discount rate decreases by 1% per annum over assumptions made	**4 615**	4 100
Retirement age decreases by two years	**4 903**	4 336
Life expectancy of male pensioners increases by one year	**914**	730
Life expectancy of male pensioners decreases by one year	**(673)**	(713)
Life expectancy of female pensioners increases by one year	**1 225**	1 015
Life expectancy of female pensioners decreases by one year	**(989)**	(1 002)
The following undiscounted payments are expected contributions in future years out of the post-retirement medical obligations:		
Within 12 months	**1 236**	1 136
Between 2 and 5 years	**6 258**	5 582
Between 5 and 10 years	**13 502**	11 767
Between 10 and 20 years	**72 976**	64 097
Between 20 and 30 years	**162 509**	150 696
Between 30 and 40 years	**183 002**	178 631
Beyond 40 years	**153 283**	161 248
Total expected payments	**592 766**	573 157

The average duration of the post-retirement medical obligations at year-end is 22.5 years (2013: 23.3 years).

	Post-retirement medical obligations				
	2014 R'000	2013 R'000	2012 R'000	2011 R'000	2010 R'000
Amounts for the current and previous four periods are as follows:					
Defined benefit obligation	**49 380**	45 306	42 763	38 767	34 830
Experience adjustments on plan liabilities	**–**	(1 221)	–	823	–

	Long-term incentive scheme (note 23.1) R'000	Leave pay accrual (note 23.3) R'000	Bonus accrual (note 23.4) R'000	Overtime accrual (note 23.5) R'000	Total R'000
Short-term employee benefits					
Balance at 1 September 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**
Reclassification from long-term employee benefits	**32 810**	**–**	**–**	**–**	**32 810**
Benefit payments	**(39 106)**	**(10 336)**	**(70 087)**	**(2 521)**	**(122 050)**
Charge included in profit or loss	**–**	**7 927**	**121 450**	**1 955**	**131 332**
Balance at 31 August 2014	**37 074**	**54 092**	**97 333**	**1 995**	**190 494**

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23 Employee benefits (continued)

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

23.4 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. No incentive bonuses were provided in the prior financial year.

23.5 The overtime accrual is in respect of overtime worked in August 2014 which is paid in September 2014.

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.

All permanent full-time staff members in South Africa, Lesotho and Swaziland are obliged to join one of the funds.

Employees in Namibia are members of the Namflex Umbrella Pension Fund and those in Botswana are members of the Sentlhaga Pension Fund.

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 8 625 (2013: 8 351) 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 1 776 South African employees were principal members of a medical aid scheme, of which 1 054 were principal members with Horizon, 662 were principal members of a Discovery Health medical aid scheme, and 60 were principal members of various other medical aid schemes.

At year-end eight Botswanan employees were principal members with BOMaid and one with PULA, 11 Namibian employees were principal members of Namibia Health Plan and 22 Swaziland employees were principal members of Swazimed.

At year-end 21.1% (2013: 19.2%) 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.

	Group 2014 R'000	Restated 2013 R'000
24 Lease commitments		
Operating lease liability	**168 347**	151 608
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 turnover threshold.		
Future minimum lease payments under non-cancellable operating leases due:		
– Not later than one year	**465 007**	406 892
– Later than one year, not later than five years	**1 213 885**	1 132 702
– Later than five years	**451 235**	515 967
	2 130 127	2 055 561
Future minimum lease payments receivable under non-cancellable operating leases due, which relate to Intercare Management Healthcare Proprietary Limited:		
– Not later than one year	**15 553**	16 131
– Later than one year, not later than five years	**12 426**	27 979
	27 979	44 110
The net future minimum lease payments under non-cancellable operating leases due:		
– Not later than one year	**449 454**	390 761
– Later than one year, not later than five years	**1 201 459**	1 104 723
– Later than five years	**451 235**	515 967
	2 102 148	2 011 451
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, The Body Shop and GNC.		
25 Trade and other payables		
The following are included in trade and other payables:		
Trade payables	**3 202 266**	2 764 873
Other loyalty programme deferred income (see note 25.1)	**146 218**	89 666
Non-trade payables and accruals (see note 25.2)	**692 777**	401 028
	4 041 261	3 255 567

25.1 **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.

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

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	2014 R'000	2013 R'000
26 Provisions		
Provision for onerous contracts		
Balance at the beginning of the year	**6 596**	8 828
Movement in provision during the year recognised in occupancy costs	**3 286**	(2 232)
Balance at the end of the year	**9 882**	6 596

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 24).

	Onerous contracts	
	2014 R'000	2013 R'000
At 1 September	**6 596**	8 828
Movement in the year	**3 286**	(2 232)
At 31 August	**9 882**	6 596
Current	**9 882**	6 596
Non-current	**–**	–
	9 882	6 596

27 Dividends paid to shareholders

	2014 R'000	2013 R'000
Previous year final cash dividend out of distributable reserves – 119.5 cents per share paid 27 January 2014 (2013: 107.9 cents per share paid 25 January 2013 out of distributable reserves)	**320 646**	297 937
Current year interim cash dividend out of distributable reserves – 53.5 cents per share paid 7 July 2014 (2013: 48.5 cents per share paid 1 July 2013 out of distributable reserves)	**131 684**	130 137
"A" shares – Previous year final cash dividend out of distributable reserves – 16.8 cents per share paid 14 February 2014 (2013: 15.2 cents per share paid 28 January 2013)	**4 898**	4 431
Total dividends to shareholders	**457 228**	432 505
Dividends on treasury shares	**(27 363)**	(37 210)
Dividends on "A" shares held in trust	**(588)**	(1 290)
Dividends paid outside the group	**429 277**	394 005

On 23 October 2014 the directors approved the final proposed dividend of 136.5 cents per share and 19.0 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 (2013: 1.8) times.

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

28 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 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 29.2. 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 2013 and 2014 the group's borrowings at variable rates were denominated in Rands.

The impact of a 1% increase/decrease in variable interest rates on borrowings is disclosed in note 29.3.

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 Distribution 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 Distribution, customers (excluding intercompany) are primarily hospitals and independent pharmacists.

In relation to the Distribution 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 Distribution 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 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.

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28 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 (2013: R1 676 million) of which the full balance remained undrawn (2013: R1 332 million).

See note 29.6 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 dividends.

In 2014 the shareholders' interest to total assets was 25.3% (2013: 25.3%).

29 Financial instruments

Market risk

29.1 Treasury risk management

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

29.2 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 17).

Exposure to currency risk – foreign exchange contracts

	31 August 2014			31 August 2013		
	USD '000	GBP '000	Euro '000	USD '000	GBP '000	Euro '000
Forecast purchases at the end of the year	19 823	1 305	1 510	21 018	1 467	2 009
Forward exchange contracts subject to cash flow hedging	19 028	984	1 041	20 416	1 467	2 009
Net exposure	795	321	469	602	–	–

The following exchange rates applied during the year:

	Average rate		Reporting date mid-spot rate	
	2014	2013	2014	2013
USD	10.50	9.15	10.65	10.34
GBP	17.36	14.23	17.64	15.86
Euro	14.29	11.93	14.02	13.53

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 a reasonable 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	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Decrease in equity	(20 525)	(19 750)	(1 769)	(2 214)	(1 502)	(2 656)

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

29 Financial instruments (continued)

29.3 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 statement of financial position. For floating rate liabilities the analysis is prepared assuming the amount of liability outstanding at the year-end 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 a reasonable 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 2014 would be R5.5 million lower/higher (2013: R7.0 million lower/higher). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

29.4 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 2014		31 August 2013	
		Carrying value R'000	Fair value R'000	Carrying value R'000	Fair value R'000
Financial assets					
Trade receivables (see note 16)	Loans and receivables	1 294 317	1 294 317	1 260 368	1 260 368
Logistics fees receivable (see note 16)	Loans and receivables	91 286	91 286	69 074	69 074
Other receivables (see note 16)	Loans and receivables	84 152	84 152	14 748	14 748
Loans receivable (see note 13)	Loans and receivables	12 540	12 540	12 105	12 105
Financial asset at fair value through profit or loss (see note 14)	Assets at fair value	22 621	22 621	18 763	18 763
Cash and cash equivalents	Loans and receivables	195 631	195 631	92 166	92 166
Forward exchange contracts used for cash flow hedging (see note 17)	Assets at fair value	3 135	3 135	18 013	18 013
Financial liabilities					
Unsecured bank loans (see note 22)	Financial liabilities measured at amortised cost	–	–	344 355	344 355
Forward exchange contracts used for cash flow hedging (see note 17)	Financial liabilities at fair value	2 840	2 840	2 110	2 110
Trade and other payables (see note 25)	Financial liabilities measured at amortised cost	3 760 495	3 760 495	3 041 670	3 041 670

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 assets and 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 except for the insurance cell captive where fair value is determined based on the net asset value at the reporting date.

29 Financial instruments (continued)

29.4 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:

	2014 %	2013 %
Borrowings	**9.25**	8.50
Leases	**n/a**	n/a

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		
2014		
Financial assets		
Financial asset at fair value through profit or loss (see note 14)	**22 621**	**22 621**
Forward exchange contracts used for cash flow hedging (see note 17)	**3 135**	**3 135**
Total	**25 756**	**25 756**
Financial liabilities		
Forward exchange contracts used for hedging (see note 17)	**2 840**	**2 840**
Total	**2 840**	**2 840**
2013		
Financial assets		
Financial asset at fair value through profit or loss (see note 14)	18 763	18 763
Forward exchange contracts used for cash flow hedging (see note 17)	18 013	18 013
Total	36 776	36 776
Financial liabilities		
Forward exchange contracts used for hedging (see note 17)	2 110	2 110
Total	2 110	2 110

There have been no transfers between Level 1, 2 and 3 during the period.

29 Financial instruments (continued)

29.5 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 Distribution 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	
	2014 R'000	Restated 2013 R'000
Derivative financial assets (see note 17)	**3 135**	18 013
Trade receivables (see note 16)	**1 294 317**	1 260 368
Logistics fees receivable (see note 16)	**91 286**	69 074
Other receivables (see note 16)	**84 152**	14 748
Cash and cash equivalents	**195 631**	92 166
Loans receivable (see note 13)	**12 540**	12 105
	1 681 061	1 466 474

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 Distribution customers and Retail customers.

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

	2014	2013
Retail customers	**72 229**	87 943
Distribution customers	**1 222 088**	1 172 425
	1 294 317	1 260 368

Retail customers

The ageing of trade receivables at the reporting date was:

	2014			2013		
	Gross R'000	**Impairment R'000**	**Net R'000**	Gross R'000	Impairment R'000	Net R'000
Not past due	**76 584**	**(4 355)**	**72 229**	85 363	–	85 363
Past due 0 – 30 days	**–**	**–**	**–**	2 600	(108)	2 492
Past due more than 31 days	**145**	**(145)**	**–**	4 480	(4 392)	88
Total	**76 729**	**(4 500)**	**72 229**	92 443	(4 500)	87 943

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.

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29 Financial instruments (continued)

29.5 Credit risk management (continued)

Distribution customers

The ageing of trade receivables at the reporting date was:

	2014			2013		
	Gross R'000	Impairment R'000	Net R'000	Gross R'000	Impairment R'000	Net R'000
Not past due	1 104 184	–	1 104 184	1 025 679	–	1 025 679
Past due 0 – 30 days	82 320	–	82 320	95 455	(422)	95 033
Past due more than 31 days	59 197	(23 613)	35 584	71 949	(20 236)	51 713
Total	1 245 701	(23 613)	1 222 088	1 193 083	(20 658)	1 172 425

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

Distribution 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	
	2014 R'000	2013 R'000
Insured	1 227 419	1 161 959
Uninsured	18 282	31 124
	1 245 701	1 193 083

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.

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		Distribution	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Balance at the beginning of the year	(4 500)	(7 005)	(20 658)	(16 224)
Additional allowances made	(4 355)	(1 545)	(8 283)	(5 743)
Trade receivables written off during the year as uncollectible	4 355	4 050	5 328	1 309
Balance at the end of the year	(4 500)	(4 500)	(23 613)	(20 658)

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.

29 Financial instruments (continued)

29.6 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
2014				
Non-derivative liabilities				
Trade and other payables (see note 25)		**3 760 495**	**3 760 495**	**3 760 495**
		3 760 495	**3 760 495**	**3 760 495**
Derivative financial liabilities				
Forward exchange contracts (see note 17)		**2 840**	**4 395**	**4 395**
Total financial liabilities		**3 763 335**	**3 764 890**	**3 764 890**
2013				
Non-derivative liabilities				
Interest-bearing borrowings (see note 22)	Variable in relation to prime	344 355	344 407	344 407
Trade and other payables (see note 25)		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 17)		2 110	4 218	4 218
Total financial liabilities		3 388 135	3 390 295	3 390 295

	Group	
	2014 R'000	2013 R'000
30 Capital commitments		
Capital expenditure approved by the directors		
Contracted	**18 296**	13 807
Not contracted	**351 404**	324 043
	369 700	337 850

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

31 Financial guarantees

Group companies provide surety for other group companies to the value of R1 676 million (2013: R1 676 million) with respect to facilities held with various banks. At year-end these facilities had no drawings by group companies (2013: R344 million).

for the year ended 31 August 2014

32 Related party transactions

32.1 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 58.

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.

Other related parties

The Group has identified The New Clicks Foundation Trust and The Clicks Helping Hand Trust as related parties because of the Group's involvement in the charitable and developmental activities of the trusts. The Group has not consolidated these entities as it is not exposed to variable returns from them and any non-financial benefit is considered to be insignificant. The total net assets and net income for the two entities are R14.0 million (2013: R9.9 million) and R4.6 million (2013: R1.6 million) respectively. Donations to these entities during the year from subsidiary companies were:

	Group	
	2014 R'000	2013 R'000
The Clicks Helping Hand Trust	**5 507**	3 649
The New Clicks Foundation Trust	**–**	6

No financial benefits were derived by the Group from these relationships. See note 13 for further information relating to the loan balances owing by the charitible trusts.

Contributions to pension and providend funds

Contributions paid to pension and provident funds are included in note 4 and additional information in note 23.

32.2 Company

The company has the following related party transactions:

		Company	
		2014 R'000	2013 R'000
32.2.1	Dividends received		
	New Clicks South Africa Proprietary Limited	**145 000**	1 498 293
	Total dividends received from related parties	**145 000**	1 498 293
32.2.2	Dividends paid		
	New Clicks South Africa Proprietary Limited	**27 078**	37 210
	Clicks Group Employee Share Ownership Trust	**4 898**	4 431
	New Clicks Holdings Share Trust	**285**	303
	Total dividends paid to related parties	**32 261**	41 944

32 Related party transactions (continued)

32.2 Company (continued)

		Company	
		2014 R'000	2013 R'000
32.2.3	**Loans (from)/to subsidiary companies**		
	New Clicks South Africa Proprietary Limited	**(130 671)**	1 450 292
	Clicks Group Employee Share Ownership Trust	**291**	291
	Clicks Centurion Proprietary Limited	**9 000**	9 000
		(121 380)	1 459 583

A schedule of the loans and investments in related parties is included on page 58.

The company received dividends from New Clicks South Africa Proprietary Limited, a wholly-owned subsidiary, of R145 million (2013: R1 498 million), comprising cash dividends of R145 million (2013: R1 498 million).

The company in turn paid dividends on treasury shares held by that subsidiary of R27.1 million (2013: R37.2 million).

In addition, the company paid dividends to the Share Trust on shares held by the Share Trust of R0.285 million (2013: R0.303 million) and to the Clicks Group Employee Share Ownership Trust on shares held by the Clicks Group Employee Share Ownership Trust of R4.9 million (2013: R4.4 million).

Details regarding dividends relating to treasury shares are included in note 27.

33 Borrowing powers

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

34 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; GNC, a specialty retailer of health and wellness products; 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's revenue.

for the year ended 31 August 2014

35 Comparative information restated

The adoption of IAS 19 (Revised) – Employee Benefits has resulted in comparative figures being restated to recognise actuarial gains and losses through other comprehensive income. The impact of this has been to increase employment costs in the year to 31 August 2013 by R1.2 million, with a consequent increase in other comprehensive income. The related tax charge of R0.3 million has also been reclassified to other comprehensive income.

The adoption of IFRS 10 – Consolidated Financial Statements has resulted in comparative figures being restated in terms of the new definition of control where a structured entity is no longer deemed to be in the group's control. Previously the group consolidated its insurance cell investment. As a result of the implementation of IFRS 10 the net investment in the insurance cell is treated as a financial asset at fair value through profit or loss. The impact of the restatement on the statement of comprehensive income for the year ended 31 August 2013 has been to reduce other income by R1.7 million (2012: R1.5 million), to increase net financing costs by R1.2 million (2012: R1.0 million) and to reduce other costs by R2.8 million (2012: R2.5 million). The impact on the statement of financial position as at 31 August 2013 has been to recognise a financial asset at fair value through profit or loss of R18.8 million (2012: R14.8 million), to reduce cash and cash equivalents by R23.4 million (2012: R18.3 million) and to reduce trade and other payables by R4.6 million (2012: R3.5 million).

The effect on the financial statements of the above restatements are as follows:

	2013 R'000	2012 R'000
(Decrease)/increase in operating profit	**(68)**	996
Increase in financing costs	**(1 153)**	(996)
Decrease in income tax expense	**342**	–
Increase in other comprehensive income	**879**	–
Increase in financial assets at fair value through profit or loss	**18 763**	14 771
Decrease in cash and cash equivalents	**(23 393)**	(18 311)
Decrease in trade and other payables	**(4 630)**	(3 540)
Decrease in earnings per share (cents)		
Basic	**(0.3)**	–
Diluted	**(0.3)**	–
Decrease in headline earnings per share (cents)		
Basic	**(0.4)**	–
Diluted	**(0.3)**	–

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2014

	Note	2014 R'000	2013 R'000
Profit on sale of fixed assets		**37 308**	–
Dividend income – subsidiary		**145 000**	1 498 293
Bank charges		**(5)**	(3)
Operating costs		**(896)**	–
Profit before financing cost		**181 407**	1 498 290
Financial income		**1 022**	5 725
Profit before taxation		**182 429**	1 504 015
Income tax expense	7	**(5 856)**	(1 602)
Profit for the year		**176 573**	1 502 413
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**176 573**	1 502 413

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 August 2014

	Notes	2014 R'000	2013 R'000
Assets			
Non-current assets			
Interest in subsidiary companies (see page 58)		**276 092**	1 826 500
Current assets		**10 794**	113
Cash and cash equivalents		**10 794**	113
Total assets		**286 886**	1 826 613
Equity		**273 520**	1 824 508
Share capital	18	**2 754**	2 976
Share premium	18	**14 089**	14 089
Share option reserve	19	**100 433**	69 878
Distributable reserve		**156 244**	1 737 565
Current liabilities		**13 366**	2 105
Trade and other payables		**7 602**	2 105
Income tax payable		**5 764**	–
Total equity and liabilities		**286 886**	1 826 613

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2014

	Number of shares (Note 18) '000	Share capital (Note 18) R'000	Share premium (Note 18) R'000	Share option reserve (Note 19) R'000	Distributable reserve R'000	Total R'000
Balance at 1 September 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 27)	–	–	–	–	(432 505)	(432 505)
Balance at 31 August 2013	**297 476**	**2 976**	**14 089**	**69 878**	**1 737 565**	**1 824 508**
Treasury shares cancelled	**(22 185)**	**(222)**	**–**	**–**	**(1 297 422)**	**(1 297 644)**
Treasury share cancellation costs	**–**	**–**	**–**	**–**	**(3 244)**	**(3 244)**
Equity-settled capital contribution to subsidiary	**–**	**–**	**–**	**30 555**	**–**	**30 555**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**176 573**	**176 573**
Dividends to shareholders (see note 27)	**–**	**–**	**–**	**–**	**(457 228)**	**(457 228)**
Balance at 31 August 2014	**275 291**	**2 754**	**14 089**	**100 433**	**156 244**	**273 520**

22.2 million ordinary shares of one cent each were cancelled by the group during the year (2013: 7.8 million).

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 August 2014

	2014 R'000	2013 R'000
Cash effects of operating activities		
Loss before working capital changes	**(901)**	(3)
Dividends received	**145 000**	1 498 293
Financial income	**1 022**	5 725
Working capital changes	**5 497**	160
Cash generated by operations	**150 618**	1 504 175
Taxation paid	**(92)**	(1 602)
Cash inflow from operating activities before dividends paid	**150 526**	1 502 573
Dividends paid to shareholders	**(457 228)**	(432 505)
Net cash effects of operating activities	**(306 702)**	1 070 068
Cash effects of investing activities		
Proceeds from disposal of fixed assets	**37 308**	–
Decrease/(increase) in loan receivables	**1 580 963**	(880 647)
Net cash effects of investing activities	**1 618 271**	(880 647)
Cash effects of financing activities		
Treasury shares cancelled	**(1 297 644)**	(468 235)
Treasury share cancellation costs	**(3 244)**	–
Net cash effects of financing activities	**(1 300 888)**	(468 235)
Net movement in cash and cash equivalents	**10 681**	(278 814)
Cash and cash equivalents at the beginning of the year	**113**	278 927
Cash and cash equivalents at the end of the year	**10 794**	113

NOTES TO THE COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 August 2014

	2014 R'000	2013 R'000
Loss before working capital changes		
Profit before taxation	**182 429**	1 504 015
Adjustment for:		
Dividend received	**(145 000)**	(1 498 293)
Profit on sale of fixed assets	**(37 308)**	–
Financial income	**(1 022)**	(5 725)
	(901)	(3)
Working capital changes		
Increase in trade and other payables	**5 497**	160
	5 497	160
Taxation paid		
Income tax receivable at the beginning of the year	**–**	–
Current tax charge	**5 856**	1 602
Income tax payable at the end of the year	**(5 764)**	–
	92	1 602

INTEREST IN SUBSIDIARY COMPANIES

at 31 August 2014

Name of company/entity and nature of business	Country of incorporation	Ordinary issued share capital/trust capital	Shares at cost less amounts written off		Amount owing (to)/by subsidiaries	
			2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Directly held						
i) Trading						
New Clicks South Africa Proprietary Limited	South Africa	R500	**272 439**	272 439	**(130 671)**	1 450 292
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 400	**–**	–	**–**	–
Clicks Direct Medicines Proprietary Limited	South Africa	R700	**–**	–	**–**	–
ii) Name protection and dormant						
Six companies (2013: nine companies)			**–**	–	**–**	–
			272 439	272 439	**(121 380)**	1 459 583

	2014	2013
Shares at cost less amounts written off	**272 439**	272 439
Amounts owing (to)/by subsidiary companies	**(121 380)**	1 459 583
Share-based payments capitalised	**125 033**	94 478
Interest in subsidiaries	**276 092**	1 826 500

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

During the year the company purchased the remaining 10% of Kalahari Medical Distributors Proprietary Limited.

Clicks Group Limited has a 56% interest in Link.

The loan to Link is interest free, unsecured and is repayable in annual instalments, not exceeding 10% of the underlying profit of the entity.

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, unsecured and an unconditional right to defer payment for 12 months exists.

* Values less than R1 000.

ANALYSIS OF SHAREHOLDERS

at 31 August 2014

Public and non-public shareholders	Number of holders	Percentage of holders	Number of shares	Percentage of shares
Public shareholders	**649**	**98.7%**	**241 609 475**	**98.2%**
Non-public shareholders				
Shares held by directors	**6**	**0.9%**	**650 378**	**0.3%**
Treasury stock held by New Clicks South Africa Proprietary Limited	**1**	**0.2%**	**3 707 460**	**1.4%**
The New Clicks Holdings Share Trust	**1**	**0.2%**	**170 450**	**0.1%**
Total non-public shareholders	**8**	**1.3%**	**4 528 288**	**1.8%**
Total shareholders	**657**	**100.0%**	**246 137 763**	**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 2014:

Major beneficial shareholders holding 3% or more	2014 Percentage of shares	2013 Percentage of shares
Government Employees Pension Fund	**15.8%**	13.5%
GIC Private Limited	**4.1%**	3.4%
Fidelity International Growth Fund	**4.0%**	3.0%

Major fund managers managing 3% or more	2014 Percentage of shares	2013 Percentage of shares
Coronation Fund Managers (SA)	**19.1%**	7.7%
Public Investment Corporation (SA)	**13.4%**	11.9%
Fidelity Management & Research (US)/International (UK)	**9.1%**	6.1%
Aberdeen Asset Management (UK)	**6.6%**	7.0%
GIC (Singapore)	**4.1%**	4.2%
Mondrian Investment Partners (UK)	**3.9%**	2.9%
Fund managers no longer managing over 3%:		
Baillie Gifford & Co (UK)	**2.7%**	10.4%
JPMorgan Asset Management (US, UK and Asia)	**2.2%**	5.3%

ANALYSIS OF SHAREHOLDERS (continued)

at 31 August 2014

Classification of registered shareholdings	Number of shares	Percentage of shares
Unit trusts/mutual funds	119 719 616	48.6%
Pension funds	68 859 079	28.0%
Sovereign wealth funds	16 147 060	6.6%
Other managed funds	12 976 252	5.3%
ADR holdings	8 224 756	3.3%
Investment trusts	7 480 067	3.0%
Private investors	4 844 809	2.0%
Own holdings	3 510 387	1.4%
Custodians	3 266 746	1.3%
Other	1 108 991	0.5%
	246 137 763	100.0%

Distribution of registered shareholdings	Number of holders	Percentage of holders	Number of shares	Percentage of shares
1 – 1 000	462	70.3%	115 175	0.1%
1 001 – 10 000	133	20.3%	412 830	0.2%
10 001 – 100 000	30	4.6%	825 229	0.3%
100 001 – 1 000 000	18	2.7%	5 710 876	2.3%
1 000 001 shares and over	14	2.1%	239 073 653	97.1%
	657	100.0%	246 137 763	100.0%

Directors' shareholdings

	2014			2013		
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	**85 560**	**–**	**85 560**	76 522	–	76 522
Michael Fleming	**14 844**	**–**	**14 844**	–	–	–
David Kneale	**285 974**	**–**	**285 974**	248 122	–	248 122
Martin Rosen	**–**	**2 000**	**2 000**	–	2 000	2 000
Total	**398 378**	**252 000**	**650 378**	336 644	252 000	588 644

The total number of ordinary shares in issue is 246 137 763 (2013: 268 323 498). The percentage of issued share capital held by directors is 0.26% (2013: 0.22%). 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	28 January 2015
Preliminary results announcements	
Interim results to February 2015	on or about 23 April 2015
Final results to August 2015	on or about 29 October 2015
Publication of 2015 Integrated Annual Report	November 2015
Ordinary share dividend	
2014 final dividend	
Last day to trade with dividend included	16 January 2015
Date of dividend payment	26 January 2015
2015 interim dividend	
Last day to trade with dividend included	July 2015
Date of dividend payment	July 2015
2015 final dividend	
Last day to trade with dividend included	January 2016
Date of dividend payment	January 2016

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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JSE sponsor
Investec Bank Limited

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