CLICKS GROUP

LIMITED

INTEGRATED ANNUAL REPORT 2012

CONTENTS

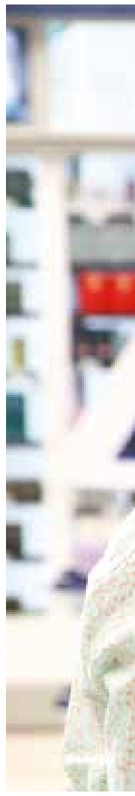
Group turnover up
9.2%

Diluted headline EPS up
9.5%

Total distribution up
21.6%

Return on equity of
59.9%

Most empowered retail company in South Africa*



Cover photograph

Clicks has the largest retail pharmacy chain in the country and opened its 300th dispensary in May 2012, with the network reaching 306 at year-end. Claire de Vos is a pharmacist's assistant at the Clicks store in Capricorn Park, Muizenberg, Cape Town.

* Financial Mail Top Empowerment Companies 2012

INTRODUCING THE INTEGRATED REPORT

Clicks Group has pleasure in presenting its Integrated Annual Report for the 2012 financial year. Management is committed to integrated reporting and aims to demonstrate the group's ability to create and sustain value for stakeholders.

The report is focused primarily on shareholders and the investment community locally and offshore, with a secondary focus on other stakeholder groups including customers, employees, industry regulators and suppliers.

Report scope and boundaries

The report covers the integrated sustainability performance and activities of the Clicks Group and its subsidiaries for the period 1 September 2011 to 31 August 2012. The group operates primarily in South Africa and has operations in Botswana, Namibia and Swaziland. The majority of the group's revenue and profit is generated in South Africa. There have been no changes from last year in the scope and boundary of the report.

Management's interpretation of materiality has again been applied in determining the content and disclosure in this report.

The Integrated Annual Report and the annual financial statements have been prepared according to International Financial Reporting Standards (IFRS), the requirements of the Companies Act 71 of 2008 (the Companies Act) and the Listings Requirements of the JSE. The group has applied the recommendations of King III and also considered local and international best reporting practices.

Report content and disclosure

Management has extensive interaction with local and foreign shareholders and analysts, and this provides insight into the issues that are important to the investment community. These issues are accordingly addressed within the report.

The group seeks to address the relationship between key focus areas in the report by disclosing the material sustainability issues and risks, the group's strategic goals, plans and targets, performance against the strategic objectives for 2012, detailed financial and operational performance, as well as disclosure of governance and remuneration practices.

Summarised financial statements have been published in the report. The audited annual financial statements are available to shareholders on the group's website, together with a five-year history of financial and sustainability performance.

The group's external auditor, KPMG Inc., expressed an unmodified audit opinion on the group's annual financial statements. The summarised audited financial statements have been derived from the audited group financial statements. The financial statements have been prepared under the supervision of the Chief Financial Officer Michael Fleming CA (SA).

Approval of the report

The directors confirm the report fairly represents the integrated performance of the group. The audit and risk committee, which has oversight for integrated reporting, recommended the report for approval by the board and this was obtained on 13 November 2012.

GROUP PROFILE

Clicks Group is a health and beauty focused retail and supply group that has been listed on the JSE Limited since 1996, in the Food and Drug Retailers sector. Through market-leading retail brands Clicks, Musica and The Body Shop, the group has 595 stores across southern Africa.

Clicks Group is a leader in the healthcare market where Clicks has the largest retail pharmacy chain with 306 in-store dispensaries, as well as a direct-to-patient courier pharmacy service, Clicks Direct Medicines.

Clicks was conceived as a drugstore in 1968 by entrepreneurial retailer, Jack Goldin, but legislation at the time prevented corporate ownership of pharmacies in South Africa. Legislation changed in 2003 to allow corporate pharmacy ownership and the first Clicks pharmacy opened in March 2004.

Clicks also has one of the largest loyalty programmes in South Africa with over 3.9 million active ClubCard members. 77% of ClubCard customers are women and 54% are between 25 and 49 years old.

United Pharmaceutical Distributors (UPD) is South Africa's only full-range national pharmaceutical wholesaler and was acquired in January 2003 to provide the distribution capability for the group's integrated healthcare strategy.

Musica, the country's leading entertainment retail brand, was acquired in 1992.

The Body Shop has been operated under a franchise arrangement with The Body Shop International since 2001, and the group has extended this contract until 2020.

OUR VALUES

We are truly **passionate** about our customers

We believe in **integrity, honesty** and **openness**

We cultivate understanding through **respect** and dialogue

We are **disciplined** in our approach

We **deliver** on our goals

Market share

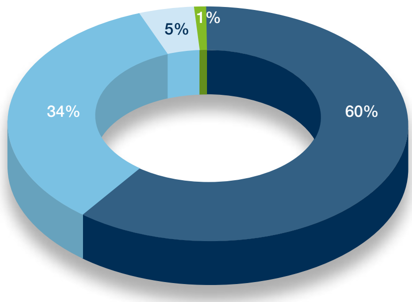
%	2012	2011
Clicks		
– Retail pharmacy	**16.2**	15.4
– Front shop health	**38.7**	37.5
– Baby	**8.5**	6.9
– Skincare	**33.8**	33.4
– Haircare	**30.4**	29.5
– Small household appliances	**19.3**	18.2
UPD		
– Private pharmaceutical market	**24.3**	23.1

Store footprint

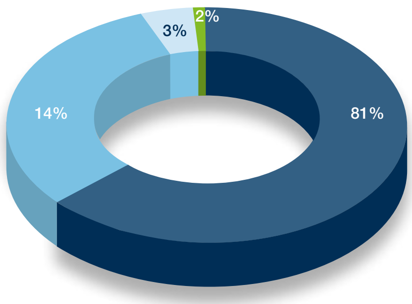
	2012	New/ (closed)	2011
Clicks	**420**	20	400
Musica	**134**	(14)	148
The Body Shop	**41**	(1)	42
Total	**595**	5	590

Business unit contribution

Turnover



Operating profit



■ Clicks ■ UPD ■ Musica ■ The Body Shop

CLICKS

South Africa's leading health and beauty retailer, targeting consumers in the middle to upper income markets (LSM 6 – 10).

The brand offers value for money in convenient and appealing locations.

Clicks has the largest retail pharmacy footprint in the country, with over 300 in-store dispensaries.

Clicks also has a national direct-to-patient courier pharmacy service.

UPD

The country's leading full-range pharmaceutical wholesaler and the only one with a national presence.

UPD fulfils the pharmaceutical supply needs of Clicks. In addition, UPD supplies the major private hospital groups and over 1 400 independent pharmacies.

An operation in Botswana services the SADC region.

UPD also offers bulk distribution services to pharmaceutical manufacturers.

MUSICA

The largest retailer of music and entertainment-related merchandise in the country.

THE BODY SHOP

A global brand marketing naturally inspired beauty products.

GROUP STRATEGY AND TARGETS

"Our competitive positioning in the health and beauty markets should ensure the sustainable creation of wealth for shareholders."

3.9 million
Clicks ClubCard active members

Clicks Group is uniquely positioned in southern Africa as a health and beauty retail and supply specialist, and strong growth prospects in its core markets should ensure the sustainable creation of wealth for shareholders.

The strategic focus in the past year has been on building growth momentum in Clicks and on expanding the distribution agency business of UPD, and this will continue into the 2013 financial year.

Owing to the extensive opportunities to expand the current store base and the pharmacy network, South Africa remains the group's primary focus, with a small presence in the neighbouring countries of Namibia, Swaziland and Botswana.

The group follows an organic growth strategy to gain market share and ensure competitive advantage. However, small, tactical acquisitions are made to accelerate growth in core markets. This includes acquiring independent pharmacies to attract additional pharmacists into Clicks and, where appropriate, to acquire and convert their premises into Clicks stores. A total of 123 pharmacies have been acquired by Clicks since 2007.

Growth in health and beauty markets

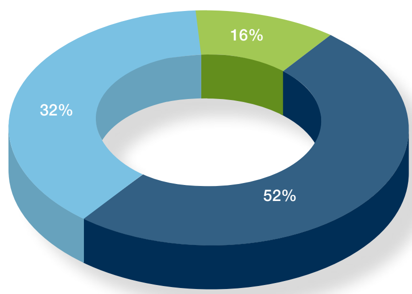
South Africa's healthcare market is expected to show sustainable long-term real growth owing to the increasing proportion of the population entering the private healthcare market. Currently, close to 8.5 million South Africans are covered by medical aid and health insurance schemes, having grown by 1.4 million since 2006 (source: Council for Medical Schemes). The remaining 43.3 million, or 83% of the population, are dependent on the state healthcare system or pay their own medical expenses. The government plans to extend health cover to the majority of the population through the proposed National Health Insurance scheme.

Increasing life expectancy and improving living standards among South Africans is creating a growing market for the group's health and beauty products. The average life expectancy in the country has increased from 52.3 years in 2006 to 57.1 years in 2011 (source: Statistics South Africa), and this ageing population will require healthcare services for longer.

Higher living standards have resulted in a steady growth in the middle-class population and an expansion of the universe of formal retailer shoppers. The number of South Africans in the LSM 6 to 10 categories, the Clicks target market, has grown from 47.0% in 2007 to 57.6% of the population in 2012 (source: AMPS). An analysis of the LSM groups is contained on page 63.

Pharmacy market in South Africa

Corporate pharmacy, which includes national chain and supermarket pharmacies, has only been operating in South Africa since 2004 and already accounts for 32% of the retail pharmacy market. Independent retail pharmacies comprise 52% and courier pharmacy the remaining 16% of the market (source: IMS). Clicks has first mover advantage in the corporate pharmacy market in South Africa and has a goal to achieve a 30% market share in retail pharmacy over the longer term.



Strategic objectives

Management has identified two core strategic objectives to drive the sustainable growth of the business and to achieve the group's targets:

Pre-eminence in health and beauty retailing	Pre-eminence in healthcare supply management

These objectives are supported by two strategic enablers:

Enhancing organisational capability to deliver sustained performance	Efficient management of cash and capital

Performance against strategic objectives for 2012

In the 2011 Integrated Annual Report the group outlined strategic focus areas and plans for the year ahead. The progress against these objectives is outlined below.

Pre-eminence in health and beauty retailing

Objectives for 2012	Performance against objectives in 2012
• Open 20 to 30 new Clicks stores	• Net 20 stores opened during the year (2011: 31) • Store base 420 at year-end (2011: 400)
• Open 30 to 40 dispensaries in Clicks stores	• 23 dispensaries opened during the year (2011: 32) • 306 dispensaries at year-end (2011: 283)
• Increase front shop private label sales to 25% of total sales	• Front shop private label sales 24.2% (2011: 24.2%)
• Expand private label scheduled medicines range	• 12 private label medicines introduced during the year • 39 private label medicines on shelf at year-end
• Pharmacy Blueprint project being implemented	• Pharmacy efficiency project piloted for implementation in 2013
• Grow beauty market shares through product innovation	• 4 300 new products launched in beauty category • Skincare market share 33.8% (2011: 33.4%) • Haircare market share 30.4% (2011: 29.5%)
• Increase ClubCard membership to 4 million	• 3.9 million members at year-end (2011: 3.4 million) • 154 000 Baby Club members
• Introduce new affinity partners where members can earn ClubCard points	• Three new affinity partners introduced • Nine affinity partners at year-end
• Maintain pricing parity with food retailers	• Achieved average price index of 98.7
• Improve product availability to 97%	• Product availability 95.1% (2011: 95.1%)
• Complete customer service excellence programme in all stores	• Completed in all stores
• Increase clinic utilisation, particularly in wellness testing, and mother-and-baby services	• 288 000 customers serviced through 116 clinics (2011: 104), an increase of 20% on 2011

Pre-eminence in healthcare supply management

Objectives for 2012	Performance against objectives in 2012
• Increase Link's buying compliance with UPD to 60%	• Link buying compliance 54% (2011: 55%)
• Improve Clicks' buying compliance with UPD to 97%	• Clicks buying compliance 96% (2011: 95%)
• Grow volume of business with private hospital groups	• Sales to hospital groups increased 11.2% and contributed 28% (2011: 28%) of turnover
• Broaden range of oncology products	• 48 oncology products added to range
• Secure additional distribution agency contracts	• Awarded 10 distribution agency contracts in 2012 • Tripled notional turnover of distribution agency contracts to R1.7 billion
• Develop oncology business through Clicks Direct Medicines (CDM)	• UPD working with CDM to enhance oncology product offering and improve stock forecasting and availability

Strategic goals and objectives for 2013

The strategic objectives outlined on page 5 remain core to the sustainability of the group and are therefore unchanged for the year ahead. The strategic goals, together with objectives for the 2013 financial year, are detailed below:

Pre-eminence in health and beauty retailing

Strategic goals	Objectives for 2013
• Expand Clicks network to 500 stores	• Open 20 to 30 new Clicks stores
• Retail pharmacy market share of 30% (2012: 16.2%)	• Open 30 to 40 new pharmacies
• Continued product and service innovation	• Increase front shop private label sales to 25% of total sales • Expand private label scheduled medicines range • Implement pharmacy efficiency project • Embed repeat prescription reminder service in Clicks
• Grow ClubCard membership to 5 million	• Increase ClubCard membership to 4.5 million • Introduce new affinity partnerships
• Clicks independently rated No. 1 by consumers for price, range and service	• Maintain pricing parity with food retailers • Improve product availability to 97%

Pre-eminence in healthcare supply management

Strategic goals	Objectives for 2013
• Grow UPD to 30% share of private pharmaceutical wholesale market (2012: 24.3%)	• Increase market share to 24.7% in 2013 • Grow volume of business with private hospital groups and independent pharmacy • Increase Clicks' buying compliance to 97% • Increase Link's buying compliance to 60%
• UPD develops combined distribution agency/wholesale business model	• Embed contracts awarded in 2012 financial year • Expand distribution capacity in UPD • Secure additional agency distribution contracts

Enhancing organisational capability to deliver sustained performance

Performance in 2012	Target/ plans for 2013
Employee turnover 21.7% (2011: 19.4%)	**18 – 20%**
Employee satisfaction rating 65% (2011: 68%)	**70%**
BBBEE status at level 3 (2011: level 3)	**Level 3**
Information technology capital expenditure of R52 million (2011: R59 million)	**R85 million**

Efficient management of cash and capital

The group determines medium-term targets to be achieved over each rolling three-year cycle. The targets have been revised for the three years to 2015 based on budgeted performance and prospects.

Financial and operating targets	Medium-term targets 2012 – 2014	Performance in 2012	Medium-term targets 2013 – 2015
Return on shareholders' interest (ROE) (%)	55 – 65	59.9	**55 – 65**
Shareholders' interest to total assets (%)	27 – 32	28.2	**25 – 30***
Return on total assets (%)	14 – 18	15.3	**14 – 18**
Inventory days	55 – 60	63	**55 – 60**
Operating margin (%)			
• Group	6.0 – 7.0	6.6	**6.0 – 7.0**
• Clicks	7.0 – 8.0	7.4	**7.0 – 8.0**
• UPD**	2.5 – 3.0	2.5	**2.2 – 2.7***
• Musica	3.0 – 4.0	4.9	**3.0 – 4.0**
• The Body Shop	18.0 – 20.0	19.4	**18.0 – 20.0**

* Indicates targets that have been revised
** Includes wholesale and distribution business

The following assumptions have been applied in determining these targets:

- No marked change in the trading environment
- No increase in dispensing fees currently charged by Clicks
- No impact from increases in single exit price (SEP) of medicines
- No adverse regulatory changes

An analysis of the group's performance relative to the medium-term targets, as well as factors influencing performance, is contained in the Chief Financial Officer's Report on pages 20 to 23.

INVESTMENT CASE

All businesses occupy **market leading** positions

Clicks Group offers attractive growth prospects for investors seeking long-term and non-cyclical equity exposure to the retail and healthcare sectors in South Africa. The group's business model, focused strategy and organic growth potential in the expanding health and beauty markets are expected to generate competitive and sustainable returns for shareholders.

Market leadership

All businesses in the group occupy market leading positions

- Clicks is independently rated as South Africa's first choice health and beauty retailer
- Largest retail pharmacy network with 306 in-store dispensaries
- UPD is the only national full-range pharmaceutical wholesaler in the country

Resilient business model

Over 75% of the group's turnover is in non-cyclical merchandise

- Increasing sales and profit contribution from health and beauty business
- As a value retailer Clicks is highly price competitive relative to food retailers
- As a cash retailer Clicks is not as interest rate sensitive as credit-based peers

Expanding store base

Clicks plans to grow store base from 420 to 500 in the next three years

- National portfolio of convenient and well located stores
- Committed to opening 20 – 30 stores each year
- Opportunity to expand well beyond 500 stores in the longer term

Expanding pharmacy base

Objective is to operate a pharmacy and clinic in every Clicks store

- Currently only 73% of stores have a dispensary
- Plan to open 30 – 40 dispensaries each year

Entrenching customer loyalty

Clicks ClubCard is one of the largest loyalty programmes in South Africa

- 3.9 million active ClubCard members
- ClubCard holders generate over 77% of Clicks sales
- Growing loyalty through range of affinity partners
- Target to achieve 5 million ClubCard members by 2014

Increasing private label sales

Clicks private label and exclusive brands offer differentiated products at higher margins and engender customer loyalty

- Targeting to grow private label to 25% of sales from the current 18.4%
- Private label medicine range will become a longer-term revenue stream for Clicks and will be distributed by UPD

UPD growth opportunities

As the country's only national full range pharmaceutical wholesaler, UPD has scale advantage over its competitors

- Strong growth in third party agency distribution contracts in 2012
- Preferred supply partner for Aspen Pharmacare, the country's largest pharmaceutical company
- Continued investment in distribution capacity
- Benefit from growth in Clicks Pharmacy and private hospitals

Growing market share

Group has a commanding share of the retail and wholesale pharmaceutical markets

- Clicks has 16.2% retail pharmacy market share and a goal to grow to 30% in the long term
- UPD's share of the private pharmaceutical market increased to 24.3%

Highly cash-generative business

Capital actively managed through investing for organic growth, share buy-backs, and managing distribution cover levels

- R3.1 billion returned to shareholders in past five years through distributions and share buy-backs
- Capital expenditure of over R1.1 billion in the past five years, mainly on new stores and pharmacies, store refurbishments, distribution capacity and information technology

Sustained financial performance

Group has a track record of sustained performance and returns to shareholders

- ROE more than doubled over past five years to 59.9%
- Diluted headline earnings per share: 21.6% five-year annual compound growth
- Distributions per share: 25.8% five-year annual compound growth

MATERIAL SUSTAINABILITY ISSUES AND RISKS

Qualified for

JSE SRI Index

Risk management is embedded in the group's annual business planning cycle. A disciplined approach is followed in evaluating risks and developing appropriate strategies to mitigate and manage risk.

Through this risk management process the board and management identify the material sustainability issues and risks that could adversely impact on the performance and sustainability of the business. These material sustainability risks are reviewed annually to ensure all relevant internal, industry and macroeconomic factors are considered. Three of the material issues identified last year have been removed from the register of material sustainability risks as management believe the probability of these risks affecting the business has been sufficiently mitigated or reduced in the past financial year.

These risks are "Non-compliance with policies, procedures and processes", "Acquiring suitable store premises with dispensing licences for Clicks" and "Availability of information technology systems".

The risks that have been included for the first time for the 2013 financial year are the risks of "Loss of distribution clients", "Failure to achieve BBBEE targets" and "Non-compliance with current and emerging legislation".

The following table details the material issues for the year ahead, the implications for the business and the strategies that have been implemented to mitigate and manage the impact of these risks. For further detail on the group's risk management process, refer to page 38 of the Corporate Governance Report.

1 Impact of current economic climate

Implications

The current trading environment is characterised by low selling price inflation, continuing cost increases and subdued consumer spending. Low inflation could negatively impact profitability as volume increases are required to maintain revenue growth. This also creates pressure to remain price competitive. Cost growth ahead of inflation could place pressure on maintaining margins.

Mitigation plans

- Focus on growing sales volumes profitably
- Continued aggressive promotions strategy to entrench Clicks as a value retailer
- Ongoing review of expenses and cost structures across all businesses

2 Increasing competition in retail and corporate pharmacy sectors

Implications

Aggressive expansion by corporate pharmacy and retail chains, new entrants into the local retail sector and increasing price competitiveness of retailers could negatively affect sales, profitability and market share growth in Clicks.

Mitigation plans

- Clicks has a store footprint of 420 and plans to grow to 500 stores by opening 20 – 30 stores each year
- Continued opening of pharmacies, with 30 – 40 planned for 2013
- Long-term plan to open dispensaries in all Clicks stores (currently 306 out of 420 stores)
- Continued recruitment of new members to the Clicks ClubCard loyalty programme
- Ongoing improvement in pricing, product offer and customer service

3 Increasing cost of attracting and retaining pharmacy professionals

Implications

The group is the largest employer of pharmacists in the private sector and employs over 2 370 permanent and locum pharmacists in Clicks, UPD and Clicks Direct Medicines. The shortage of healthcare professionals is an industry challenge, with South Africa having approximately half of the number of required pharmacists, based on World Health Organisation standards. The shortage of pharmacists could limit the growth of Clicks, increase costs and impact on margins.

Mitigation plans

- Pharmacy salaries externally benchmarked to ensure Clicks remains competitive in the employment market
- An employee share ownership scheme aims to attract and retain scarce skills, with a higher allocation of shares to pharmacists
- Specialist pharmacy recruitment team established
- Group collaborates with pharmacy schools at universities to increase capacity
- 80 bursaries to be granted for trainee pharmacists for 2013
- Plan to increase the number of pharmacy interns employed in the group to 60 in 2013
- In-house Pharmacy Healthcare Academy trained 423 learners in past financial year
- Revised employment model adopted to increase ratio of pharmacy assistants to pharmacists to 3:1

4 Regulatory changes to medicine pricing

Implications

Legislative and regulatory changes proposed by the Department of Health (DoH) could impact on medicine pricing. These changes include draft regulations to cap the maximum logistics fees that can be earned by pharmaceutical wholesalers, the introduction of international benchmark pricing and changes to the marketing code for retail pharmacy. These changes could reduce turnover, margins and profitability in Clicks and UPD.

Mitigation plans

- Continued management engagement with the DoH on proposed changes
- Formal written and oral submissions to the DoH in response to draft legislation or regulations
- Ensure Clicks and UPD are operating efficiently to maintain margins and profitability, and to benefit from market consolidation should fees or turnover be negatively impacted by legislation

5 Sourcing and registering quality private label products in Clicks

Implications

Private label scheduled medicines and front shop products represent a major growth opportunity for Clicks, and account for 18.4% of sales. The failure to secure quality products that meet regulatory requirements at the appropriate margin could negatively impact both profitability and reputation. The registration process is also impacted by delays within the Medicines Control Council.

Mitigation plans

- Dedicated department in Clicks focuses on quality front shop private label products
- Unicorn business established to source scheduled private label products and ensure regulatory compliance

6 Loss of distribution clients

Implications

An inability to service UPD's current distribution clients according to defined standards and service level agreements (SLAs) could result in the contracts being terminated. This could result in a loss of revenue, financial penalties and reputational risk to the group.

Mitigation plans

- Measurable key performance indicators and SLAs in place for each contract to ensure service delivery
- Service offering standardised to ensure robust and practical processes
- Invested R7.9 million on IT functionality to improve automation and monitoring
- Regular meetings are held with senior management at key clients to ensure any service-related issues are addressed

7 Attracting and retaining scarce and skilled talent

Implications

An inability to attract and retain scarce talent in core areas of the business, particularly in general management, merchandise and planning, could ultimately compromise service delivery.

Mitigation plans

- Merchandise Academy launched to train new and existing buyers and planners
- Leadership development programme to be initiated
- Improved performance management process
- Total rewards remuneration strategy across the group ensures market competitiveness in terms of cash and benefits
- Employee share ownership scheme introduced as a means of incentivising and retaining staff

8 Failure to achieve BBBEE targets

Implications

The group is committed to sustainable transformation. Failure to make meaningful progress towards achieving BBBEE targets could impact on the group's reputation and also limit the ability to secure distribution contracts in UPD.

Mitigation plans

- A transformation plan, which is aligned to the BBBEE codes of good practice, guides the implementation of the transformation strategy
- Board social and ethics committee reviews BBBEE scorecards
- BBBEE principles are embedded within each business unit
- Business unit transformation forums responsible for BBBEE implementation
- Independent assessment of BBBEE undertaken annually
- Achieved level 3 BBBEE compliance in 2012

9 Non-compliance with pharmacy and healthcare industry regulations

Implications

Sanction by the Pharmacy Council or Medicine Control Council for non-compliance could result in fines, penalties or restrictions being imposed on trading, as well as reputational damage.

Mitigation plans

- Pharmacy practice compliance reviews are conducted by the professional services team in Clicks
- Monitoring by group legal compliance officer
- Insurance cover for professional risk of dispensing errors

10 Non-compliance with current and emerging legislation

Implications

Sanction for non-compliance could result in fines and penalties, criminal implications for directors, as well as reputational damage.

Mitigation plans

- Compliance officer monitors existing and proposed legislation, and identifies potential impacts on the business
- Training and compliance programmes put in place for all relevant legislation

BOARD OF DIRECTORS

David Nurek (62)

Independent non-executive chairman

Dip Law, Grad Dip Company Law

Chairman of the social and ethics committee

Member of the remuneration and nomination committee

Appointed June 1997

David practised as an attorney with Sonnenberg Hoffman Galombik for 32 years, including 23 years as a partner and director. He joined Investec Group in 2000 and is regional chairman of the group's Western Cape businesses and global head of legal risk for the Investec Group. He is non-executive chairman of Distell Group, Lewis Group and The Foschini Group, and a non-executive director of Trencor.

Fatima Abrahams (50)

Independent non-executive director

B Econ (Hons) (cum laude), M Com and D Com

Chairperson of the remuneration and nominations committee

Member of the social and ethics committee

Appointed March 2008

Prof. Abrahams is an academic, experienced company director and a registered industrial psychologist. She is currently a senior professor at the University of the Western Cape, having also served as dean of the Faculty of Economic and Management Sciences. Prof. Abrahams is chairperson of TSiBA Education, a non-profit private higher educational institution, and is a non-executive director of Iliad Africa, Lewis Group and The Foschini Group.

John Bester (66)

Independent non-executive director

B Com (Hons), CA (SA), CMS (Oxon)

Chairperson of the audit and risk committee

Member of the remuneration and nominations committee

Appointed October 2008

John spent 16 years in the accounting profession, including serving as a partner of Ernst & Young for 10 years. He has been involved in commerce and industry for a further 30 years, holding a number of financial directorships during this time. He is a non-executive director of Personal Trust International, HomeChoice Holdings, Sovereign Food Investments and Western Province Rugby Proprietary Limited, as well as a trustee of the Children's Hospital Trust.

Bertina Engelbrecht (49)

Group human resources director

B Proc, LL M, admitted attorney

Member of the social and ethics committee

Appointed as a director in March 2008

An experienced human resources professional, Bertina joined Clicks Group in July 2006. She was previously general manager for Shell SA Energy and regional human resources manager for Shell Oil Products Africa. Prior to this Bertina was director of organisational effectiveness at Sea Harvest, managed her own consultancy practice and spent eight years with Transnet.

Michael Fleming (45)

Chief financial officer

B Com, CTA, CA (SA)

Appointed as a director in March 2011

Michael joined the Clicks Group in February 2011 and was previously chief financial officer of Tiger Brands Limited. He joined the Tiger Brands group in 2000 was appointed as financial executive of the Tiger Brands consumer brands division in 2005 and promoted to chief financial officer in June 2008. During his tenure as CFO of Tiger Brands, Michael also served as a non-executive director of Oceana Group Limited.

Fatima Jakoet
(52)

Independent non-executive director

B Sc, CTA, CA (SA), Higher certificate in financial markets

Member of the audit and risk committee

Appointed March 2008

After spending six years in the auditing profession, Fatima went on to lecture in financial accounting and then spent over a decade in various positions in corporate South Africa. Fatima is a non-executive director of MMI Holdings, Tongaat Hulett, Rand Refinery, and MTN West and Central Africa (WECA) region.

David Kneale
(58)

Chief executive officer

BA

Member of the social and ethics committee

Appointed as a director in April 2006

David was appointed chief executive officer of Clicks Group in January 2006. He was previously chief commercial officer of health and beauty retailer, Boots Group plc, in the United Kingdom. During his career at Boots David held positions in finance, buying and marketing before being appointed director of merchandise and marketing in 1995, and managing director of international retail development in 1997. After three years as managing director of Waterstone's Booksellers and a director of HMV Group, he returned to Boots in 2002 as director of trading, and was appointed chief commercial officer in January 2003.

Nkaki Matlala
(59)

Independent non-executive director

B Sc, M Sc, M D, M Med (Surgery), FCS

Member of the audit and risk, and social and ethics committees

Appointed in August 2010

Dr Matlala is an experienced teacher and surgeon and is currently executive director: government and stakeholder relations at Mediclinic Southern Africa. He was deputy president of the National Medical and Dental Association in the late eighties, and worked for a number of years in academic medicine and private surgical practice before establishing Safika Health in 1999. He joined Mediclinic in 2005. Dr Matlala is a member of the Hospital Association of South Africa board and a founding member and chairman of Phodiso Clinics, a healthcare investment company.

Martin Rosen
(62)

Independent non-executive director

Member of the remuneration and nominations committee

Appointed April 2006

Martin is an accomplished retailer and marketer, having spent 33 years with Pick n Pay before starting his own marketing consultancy in 2004. After 17 years in the retail operations of Pick n Pay, Martin was appointed group marketing director in 1998 and managing director of Pick n Pay Group Enterprises in 2001.

> "The group continues to be highly cash generative and is committed to investing for longer-term growth and returning excess capital to shareholders."

David Nurek
Chairman

Economic environment

Ongoing instability in global financial markets and muted growth prospects locally have continued to dampen the outlook for a sustained economic recovery in South Africa. More recently a wave of widespread industrial strike action, which started in the mining sector, has highlighted frailties in the domestic economy. This has led to global ratings agencies downgrading the country's credit rating and has resulted in further weakening of the Rand.

Consumers continued to face sustained cost pressures during the past year, including higher fuel, electricity, utility, food and medical expenses, which has impacted on disposable income levels. Consumer price inflation of 5% at August 2012 is within the SA Reserve Bank's target range, but could be driven higher by the recent weakening of the local currency and rising food prices.

Consumer indebtedness is trending higher, with household debt at 76.3% of disposable income. This figure is well over 100% for higher income earners, despite interest rates being at their lowest levels in more than four decades. The low and stable interest rate environment appears to have had limited benefit for consumer spending in the past year.

The rapid growth in unsecured lending remains a concern and if not curtailed or regulated could negatively impact consumer spending and retail sales growth in the longer term.

Consumer sentiment, as measured by the Bureau for Economic Research's Consumer Confidence Index, remains negative and below the historic average level. Confidence levels at the end of the second quarter in 2012 were at -3 compared to +11 only 12 months earlier. As there is a close correlation between consumer spending and consumer confidence, this does not bode well for an improvement in the retail environment in the near future.

Competitive financial performance

Against this background of continued uncertainty and low consumer confidence, the group has performed well and continued to generate highly competitive returns, evidenced by the return on shareholders' interest (ROE) at an industry-leading level of 59.9%.

While the tightening economic and trading environment has resulted in slower growth in the core Clicks chain, the group's other three businesses produced pleasing performances. Management is working hard to address areas for improvement, particularly in relation to the Clicks chain, and these are addressed in the Chief Executive's Report and in the Clicks operational review. The successful implementation of these plans provides an opportunity for significantly improved performance in the years ahead.

The group's diluted headline earnings per share (HEPS) grew by 9.5% to 273.4 cents per share. Diluted HEPS has shown a five-year annual compound growth of 21.6%.

A final distribution of 107.9 cents per share was declared, bringing the total distribution to shareholders for the financial year to 152.0 cents, an increase of 21.6%, based on a reduced distribution cover of 1.8 times. Distributions have grown at an annual compound rate of 25.8% over the past five years.

The group continues to be highly cash generative and is committed to investing for longer-term growth and returning excess capital to shareholders. Over the past five years the group has generated over R4.4 billion in cash, invested R1.1 billion in capital expenditure and returned R3.1 billion to shareholders in distributions and share buy-backs.

In the Business Times Top 100 Companies survey for 2011, Clicks Group was ranked the eighth best performer on the JSE, with a five-year compound growth in shareholder value of 34.5%. Over this period an investment of R10 000 in Clicks Group shares increased to R44 065.

The group's trading and financial performance is covered in the Chief Executive's Report and in the Chief Financial Officer's Report.

Distribution cover reduced from

2.0 to 1.8 times

Governance developments

Clicks Group recognises that sound governance can benefit long-term equity performance and enhance shareholder value. In an environment of increasing regulatory and legislative requirements and reporting, the board strives to achieve compliance while delivering sustainable performance to shareholders.

Governance processes continue to be enhanced, and during the past year have focused on the application of the King III principles and on compliance with the Companies Act. The directors confirm that the group has in all material respects applied the recommendations of King III.

A social and ethics committee has been established in compliance with the Companies Act. The board transformation committee has been incorporated into the social and ethics committee and the combined committee has oversight for ethics management, stakeholder engagement, empowerment and transformation. The report of the social and ethics committee appears on page 46.

The remuneration and nominations committees have been combined into a single committee, while the terms of reference of all board committees were aligned with the requirements of King III and the Companies Act.

The members of the audit and risk committee were elected by shareholders for the first time at the annual general meeting (AGM) in January 2012.

The group published its first Integrated Annual Report for the 2011 financial year, as required by King III. The report was rated in the "Excellent" category in the inaugural Ernst & Young Excellence in Integrated Reporting Awards in 2012. These awards are independently judged by the University of Cape Town's College of Accounting and recognise the group's commitment to adopting best practice reporting and disclosure to stakeholders.

The JSE Socially Responsible Investment (SRI) Index has become the benchmark for sustainability practices among listed companies in South Africa. The group qualified for inclusion in the index for the third successive year, again achieving over 90% of the governance and related sustainability indicators.

A detailed review of governance developments is contained in the Corporate Governance Report on pages 35 to 40.

Aligning shareholder interests

The group's remuneration policy was proposed to shareholders for a non-binding advisory vote at the AGM in January 2012 for the first time, and was approved by 100% of the votes cast. The policy will be proposed to shareholders annually. The group's remuneration policy and practices are outlined in the Remuneration Report on pages 41 to 45.

The remuneration structure of executive directors is closely aligned with shareholder interests and value creation. The annual short-term incentive bonus scheme is based on the achievement of the group's published medium-term financial and operating targets, while the long-term incentive scheme is directly linked to the growth in the group's earnings over a three-year performance period.

The group's performance for the 2012 financial year did not achieve the required target and no short-term incentive bonuses were paid to executives for the year. None of the business units met their required performance hurdles and no bonus payments were made to employees.

Board of directors

Michael Harvey resigned as an executive director in June this year after 23 years' service with the group. Michael was the managing director of Clicks and served as a director for the past six years. We thank him for his contribution to the group and wish him well.

The group has a stable board that is well balanced in terms of skills and expertise, and is rich in diversity. Four of the nine directors (44%) are black and three (33%) are female. The non-executive directors have an average tenure on the board of six years. The independence of the directors is reviewed annually and all six non-executive directors, including the chairman, are classified as independent in terms of King III and the JSE Listings Requirements.

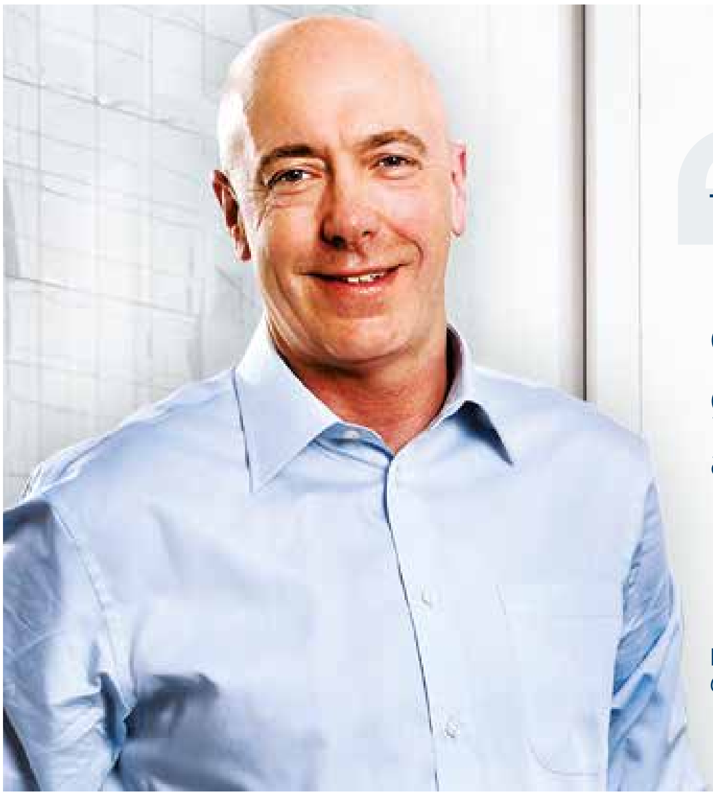
Acknowledgements

In closing I thank David Kneale and his executive team of Michael Fleming and Bertina Engelbrecht for their leadership of the group in what has been a challenging year. Thank you also to my fellow non-executive directors for their valuable insight and guidance.

I also wish to thank our 8 100 employees for their energy and commitment to ensuring our group remains the market leader. Thank you to all our external stakeholders, including our customers, shareholders and investment analysts, suppliers, industry regulators and business partners for your continued support. We also welcome those shareholders who have invested in Clicks Group for the first time this year.

David Nurek
Independent Non-executive Chairman

CHIEF EXECUTIVE'S REPORT



"The appeal of the Clicks brand remains strong, evidenced by the chain gaining market share in all key product categories."

David Kneale
Chief Executive Officer

Trading performance

2012 proved to be a challenging year as middle income consumers in the Clicks target market faced increasing economic pressures. Selling price inflation remained low as we had expected and averaged only 0.5% for the period.

The group anticipated these headwinds and in this trading environment we have focused on staying competitive and maintaining tight expense control while continuing to invest for long-term growth.

Group turnover for the year increased by 9.2% to pass R15 billion for the first time, with all our businesses showing real sales volume growth.

The Clicks chain increased turnover by 9.2%. The health and beauty markets in which we operate have been reliant on promotional activity to sustain sales volumes and attract value-conscious consumers into stores.

The gross margin came under pressure owing to our decision to invest in offering customers better value through investment in more promotional activity. Clicks increased operating profit by 4.9% and the operating margin of 7.4% remains within the medium-term target range of 7% to 8%.

The appeal of the Clicks brand, however, remains strong, evidenced by the chain gaining market share in all key product categories. The Clicks ClubCard loyalty base has grown by over 500 000 to 3.9 million active members, and accounted for 77.1% of the chain's sales.

Musica performed well and increased market share in CDs, DVDs and gaming. The ongoing right-sizing of the brand, which resulted in the net closure of a further 14 stores, contributed to operating profit increasing by 36.3%.

The Body Shop also had a good year and increased turnover by 14.1%, with operating profit up by 15.9%.

UPD, the group's pharmaceutical wholesaler, reported an improved performance and trebled the notional turnover of the distribution agency business to R1.7 billion. While the business faces pressures from increased genericisation and from manufacturers seeking to reduce supply chain costs, UPD is on track for sustained growth.

The group's financial and operating performance is covered in the Chief Financial Officer's Report on pages 20 to 23 and in the Operational Reviews on pages 24 to 31.

Group strategy

The integrated healthcare retail and supply model provides a unique competitive positioning for the Clicks Group in South Africa. The group's strategy is driven by two key objectives, notably to achieve pre-eminence in health and beauty retailing, and in healthcare supply management. The strategy has been consistently applied during the year.

Clicks has again been independently rated by customers as South Africa's leading health and beauty retailer. Health and beauty collectively accounts for 80% of the chain's sales. Clicks has the largest retail pharmacy footprint and opened its 300th pharmacy, with the network being extended to 306 with the opening of 23 dispensaries during the year. Retail pharmacy market share has increased to 16.2%.

The Clicks store footprint was extended to 420 following the opening of a net 20 new outlets, and is on track to expand to 500 stores in the medium term. Clicks increased front shop healthcare market share to 38.7%. In the beauty category, skincare and haircare market share increased to 33.8% and 30.4% respectively, while continued innovation saw over 4 300 new beauty products introduced.

Private label and exclusive brands are core to the Clicks growth strategy and accounted for 18.4% of total Clicks sales and 24.2% of front shop sales.

In healthcare supply management, UPD has entrenched its market-leading position and increased its share of the private pharmaceutical wholesale market from 23.1% to 24.3%.

R15.4 billion
group turnover

Opened 300th
Clicks pharmacy

Ten new agency distribution contracts were awarded during the year, including Pfizer, one of the largest global pharmaceutical manufacturers. UPD was also appointed as the preferred supply chain partner to Aspen Pharmacare, South Africa's largest pharmaceutical manufacturer.

The group's strategic objectives are supported by two strategic enablers: enhancing organisational capability to deliver sustained performance, and the efficient management of cash and capital. Medium-term financial targets are published to guide investors on the performance objectives of the group, and these targets are reviewed annually. Targets are also disclosed for the strategic enablers to demonstrate the sustainability of the business. The detailed review of the group's performance against the strategic objectives and enablers is covered in the Group Strategy and Targets report on pages 4 to 7.

Material risks that could impact on performance and the delivery of the strategy are reviewed annually and mitigation plans developed. The biggest challenges facing the group are the current economic and trading environment, the increasing level of competition in the retail and corporate pharmacy sectors, and the increasing cost of attracting and retaining pharmacy professionals. The group's material sustainability issues and risks are outlined on pages 9 to 11.

The directors believe the strategy remains relevant in the current environment, gives the group competitive advantage, and should ensure sustainable growth in the health and beauty retailing and supply markets. The strategy therefore remains unchanged for the year ahead.

Addressing pharmacy challenges

Clicks is the largest employer of pharmacy professionals in the private sector with over 2 370 permanent and locum pharmacists. In the past year the pharmacy business generated turnover of R2.8 billion while processing more than 22 million prescriptions.

In the current trading environment the group has focused on containing costs. One of the consequences has been that Clicks has managed the pharmacy business too tightly, which has impacted on the chain's ability to retain pharmacy staff in some stores, resulting in the pharmacy staff turnover increasing to 37%. Our ability to fill the consequent vacancies is then hampered by the shortage of healthcare professionals, which is already an industry challenge.

This has also affected service levels as customers have experienced longer queues in pharmacies that have staff shortages, while the morale of pharmacy teams has also been negatively impacted by increased workload.

Decisive action is being taken to improve customer service in our dispensaries.

The Clicks operations have been restructured, with the retail and pharmacy regional management being integrated into one team to provide greater management support to pharmacies.

The pharmacy recruitment process has been streamlined and the recruitment team strengthened to enable Clicks to fill vacancies faster.

During the year the group commissioned an independent benchmarking survey of the pharmacy industry, which showed that salaries for our pharmacists are competitive. The only area we lagged the market was for pharmacist assistants, and pay bands and salaries have been adjusted accordingly.

An additional 200 pharmacist assistants are being trained through the in-house Pharmacy Healthcare Academy to improve staffing levels in dispensaries.

The cost of implementing this corrective action in Clicks is approximately R40 million. We will endeavour to fund this investment by creating efficiencies in the rest of the chain in the year ahead.

Healthcare regulation

The group continues to engage constructively with the Department of Health (DoH) on proposed regulatory and legislative changes affecting Clicks and UPD.

The DoH has issued a second draft proposal on regulations to cap the logistics fees that can be earned by pharmaceutical wholesalers. The group has consistently supported the introduction of a maximum logistics fee to manage costs along the pharmaceutical supply chain.

While the new proposals are an improvement on the initial draft regulations released in 2011, the proposals are flawed in a number of respects and we are raising our concerns with the DoH.

The fees remain inappropriately low to allow wholesalers to earn a reasonable return, and at this level would dilute UPD's margin and erode profit. The definition of a logistics service provider needs to be clarified in the regulations so the industry can determine the services covered by the fee. We believe the proposed monitoring mechanisms are administratively burdensome and will increase costs to manufacturers. The proposals also do not address the licensing and policing of quasi-wholesalers who currently earn fees without providing a full wholesaling service.

The capping of logistics fees will accelerate consolidation of the pharmaceutical supply chain, which will be to the benefit of UPD as the industry leader.

Attracting, retaining and training people

Attracting and retaining talent is key to our ongoing success, while growing and developing our people is critical to the sustainability of the business.

Employee turnover increased to 21.7% from 19.4% in the previous year and is outside the target range of 18% to 20%. The group's turnover has been impacted by the turnover in pharmacy staff.

A broad-based employee share ownership plan (ESOP) was implemented in 2011 to attract, retain and incentivise staff, and to allow them to share in the long-term growth and success of the group. Shares have been allocated to 7 855 permanent employees, with black staff accounting for 86% and women 63% of the recipients. Pharmacists comprise 5% of the ESOP beneficiaries. The first dividend of R2.8 million was paid to scheme participants this year.

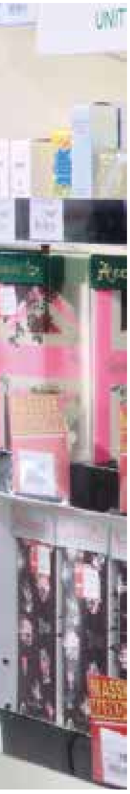
A group retention scheme was implemented in 2009 to retain talented employees by providing them with a long-term financial incentive linked to growth in the group's earnings. This includes high-potential employees, black staff and employees with scarce and critical skills. There are currently 39 employees participating in the scheme, of which 33% are black and 44% are women.

The group invested R40 million in learning and development in the past year, with over 4 600 employees participating in training programmes. Black employees accounted for 82% of the employees trained.

Attracting and retaining scarce skills remains a challenge, particularly in general management, and in merchandise and planning in the retail businesses. A leadership development programme was introduced during the year and 20 managers are currently participating in the three-year programme. A merchant academy was launched to train new and existing buyers and planners.

The Clicks chain has identified the need to strengthen management in its large stores. A new training and development programme will be introduced for the managers of the top 40 stores.

The Pharmacy Healthcare Academy, which is registered with the SA Pharmacy Council, and is SETA accredited, continues to be instrumental in developing pharmacy talent to address the skills shortage. At year-end, 360 pharmacist assistants were registered on training programmes with the academy. An annual pharmacy



Achieved
level 3
BBBEE status

R1.7 billion
distribution
agency business

conference provides continuing professional development for both pharmacists and nursing practitioners in the group.

Transformation

Clicks Group was rated as the most empowered company in the retail sector in the Financial Mail Top Empowerment Companies 2012 survey, underlying our commitment to sustainable transformation.

The group has maintained its level 3 BBBEE rating despite more onerous targets for employment equity and preferential procurement on the DTI scorecard. Improved scores were recorded in the ownership, management control and preferential procurement categories.

Over 6 700 black staff are shareholders through the ESOP, which has accelerated transformation at ownership level. An independent analysis was also conducted on the group's shareholding to determine the level of beneficial black ownership.

Employment equity continues to improve, with black staff representing 85.0% (2011: 84.8%) and women 63.3% (2011: 63.0%) of all employees. Attracting and retaining senior black talent remains a challenge, and black staff represent 20.0% (2011: 20.4%) of senior and top management. Women comprise 36.0% (2011: 35.5%) of the group's senior leadership.

In the past year R40 million was invested in skills development, R90 million was committed to enterprise development and R7 million invested in social development projects.

Prospects

Growth in consumer spending is expected to remain muted in the year ahead, and the health and beauty markets will continue to be promotionally driven. Selling price inflation is currently anticipated to remain at low single-digit levels.

The group's focus in this trading environment will therefore continue to be on growing sales volumes and containing costs.

Capital expenditure of R356 million has been committed for 2013 for new stores, new pharmacies, store revamps, IT systems and the expansion of UPD's distribution infrastructure. Trading space is planned to increase by 4% to 5%.

The group's brands are all leaders in their respective markets and have proven track records of gaining market share. Based on the growth potential of Clicks and UPD, together with the group's strong cash-generating ability, management is confident of achieving its medium-term financial targets.

Appreciation

Thank you to our chairman, David Nurek, for his support and decisive leadership, and our non-executive directors for their active participation in the group. Thank you to my colleagues on the group executive, management across the group and our people at head office, stores and distribution centres throughout the country for your contribution.

Thank you to our customers for making us their first choice in health and beauty retailing.

David Kneale
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REPORT

Introduction

Clicks Group produced a resilient performance in striving to achieve its overall objective of increasing wealth for stakeholders, despite operating in an environment of low inflation and subdued consumer spending.

Headline earnings increased by 5.6% to R692 million, with diluted headline earnings per share (HEPS) growing by 9.5% to 273.4 cents per share.

The group remained strongly cash generative, with R1.1 billion in cash generated by operations (before interest and taxation). The reduction in the dividend cover from 2.0 to 1.8 times HEPS has enabled the group to increase the total dividend for the year by 21.6% to 152 cents per share.

Return on shareholders' interest (ROE) is a major focus for the group and this key metric remains the highest in the retail sector at 59.9% (2011: 62.2%).

Shareholders received a return of R17.32 per share (41.5%) for the year (2011: R5.45), comprising an increase in the share price of R15.80 (2011: R4.20) and a total distribution of 152 cents per share (2011: 125 cents).

In 2011 the group produced its first integrated report and this was rated in the "Excellent" category in the inaugural Ernst & Young Excellence in Integrated Reporting Awards. These awards are recognised as the benchmark for disclosure and reporting standards in the country and acknowledge the progress made by the group in adopting the philosophy and principles of integrated reporting.

Financial performance

The review of the group's financial performance for the year ended 31 August 2012 is focused on the key line items of the statements of comprehensive income and financial position that management consider to have a material impact on performance. The following review should be read in conjunction with the summary financial statements on pages 54 to 61, and the annual financial statements on the group's website. The business unit segmental analysis appears on pages 60 and 61, and the five-year analysis of financial performance is also available on the website.

Statement of comprehensive income

Turnover

Group turnover increased by 9.2% to R15.4 billion (2011: R14.1 billion) with selling price inflation of only 0.5% for the year. All the group's businesses achieved real volume growth in this low inflationary environment.

Turnover was evenly spread over both halves of the year. Owing to the nature of the healthcare offering, there is minimal seasonal effect on turnover as the festive season in the first half of the financial year is counter-balanced by the winter trading period in the second half of the year.

Retail turnover, including Clicks, Musica and The Body Shop, increased by 8.2%, with comparable store growth of 5.5%. Selling price inflation averaged 0.7% for the year.

The Clicks chain increased turnover by 9.2% as inflation averaged 1.2% for the year. Comparable store sales grew by 5.9%.

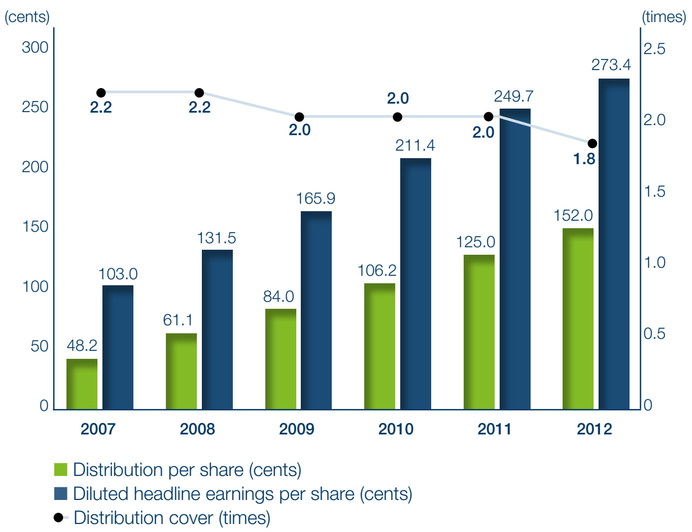
Musica performed well to limit the decline in sales to 2.7% as a net 14 stores were closed during the year. Comparable store sales were flat, despite the brand experiencing deflation of 4.9%.

The Body Shop increased turnover by 14.1% with price deflation of 1.9%, and grew same store sales by 13.8%.

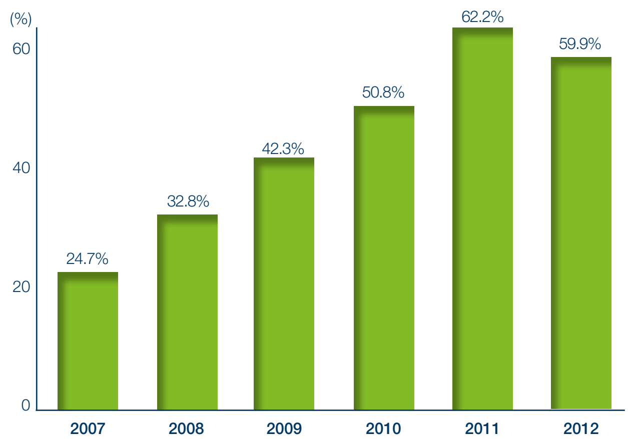
UPD increased wholesale turnover by 11.1% with price inflation averaging only 0.1% after a 2.1% maximum increase in the single exit price (SEP) of medicines was granted during the second half of the year. UPD benefited from a preferred supplier contract secured in February 2012, which offset the impact of the faster growth in sales of lower value generic medicines on UPD's turnover.

Refer to the Operational Review on pages 24 to 31 for details on the trading performance of the business units.

Sustained financial performance



Return on shareholders' interest



Total income

Total income, comprising gross profit and other income, grew by 8.4% to R4.3 billion. The total income margin at 27.7% was 20 basis points lower than the previous year.

The trading margin in Clicks declined marginally by 10 basis points to 32.0% as a result of the strong promotional programme followed by the chain throughout the year. Musica's margin strengthened to 35.9% from 35.7%, benefiting from improved supplier terms, which were renegotiated in August 2011. The Body Shop margin normalised to 65.3% from 69.3% following the depreciation of the Rand against the Pound. The group hedges foreign currency risk by means of forward exchange contracts, details of which are provided in the annual financial statements.

The increase of 14.6% in UPD's total income reflects the benefit of the SEP increase and the new distribution agency contracts secured during the year.

Operating expenditure

Management continued to focus on cost containment in the low inflationary environment, with group operating expenses increasing by 8.5%.

Retail costs grew by 8.1% with the continued investment in new stores and pharmacies, store revamps and IT systems increasing both depreciation and occupancy costs. Employment costs were tightly managed through more effective and flexible staff scheduling and increased by only 2.6% on a same store basis. Electricity and water costs were 23.6% higher at R97.5 million. On a comparable basis, retail cost growth was contained to 5.0%.

UPD expenses increased by 13.0%, and include the investment of R11.0 million in distribution capacity, and additional variable distribution costs of R9.3 million relating to the servicing of the new distribution clients. Excluding these variable and once-off costs, UPD's expenses grew by 6.7%.

Operating profit

Operating profit increased by 7.9% to R1.0 billion (2011: R938 million), and the group operating margin was maintained at 6.6% despite the trading pressures encountered during the year.

Group profitability was impacted by the slower performance in Clicks where the operating margin declined by 30 basis points to 7.4% and operating profit increased by 4.9%. The margin for the Clicks chain remains within the medium-term target range of 7% to 8%.

Musica's improved performance is reflected in the 36.3% growth in operating profit, while The Body Shop also performed well and lifted operating profit by 15.9%.

UPD increased its operating margin to 2.5% and grew operating profit by 18.5% as the business gained new distribution agency supply contracts during the year.

Statement of financial position

Inventory

Inventory days in stock increased from 60 to 63 days with inventory levels 15.4% higher at year-end. Clicks increased stock levels to support the introduction of new product ranges and expanded store space. Product availability in Clicks was 95.1% (2011: 95.1%) for the year.

Following the focus in recent years on creating efficiencies in the Clicks distribution centres, the group plans to optimise the store replenishment system over the next five years to improve inventory working capital management to further improve both stock infill and store availability metrics. This will enable the group to manage the level of inventory days cover to fall within the group's medium-term target range of 55 to 60 days.

UPD stock levels were higher owing to the new preferred supplier contract taken on during the year. Availability in UPD improved to 93% (2011: 92%).

25.8% pa
compound growth in distributions over five years

Operating profit over
R1 billion

Cash and capital management

Cash inflow from operations increased by 12.8% to R764 million (2011: R677 million), highlighting the cash-generating nature of the group's businesses. The cash flow in the previous year benefited from the once-off disposal of a derivative hedge of R161 million.

Capital expenditure of R256 million was invested in new stores and dispensaries, store refurbishments, IT systems and in increasing UPD's infrastructure capacity over the past year.

The group returned R349 million to shareholders through distribution payments of R337 million and share buy-backs of R12 million. The level of share buy-backs was low as the group brought forward approximately R300 million of the current year's planned share buy-back shortly before the start of the 2012 financial year.

Since the inception of the share buy-back programme in May 2006, the group has acquired R2 411 million in shares at an average price of R18.43, representing 37.4% of the issued shares at the start of the programme.

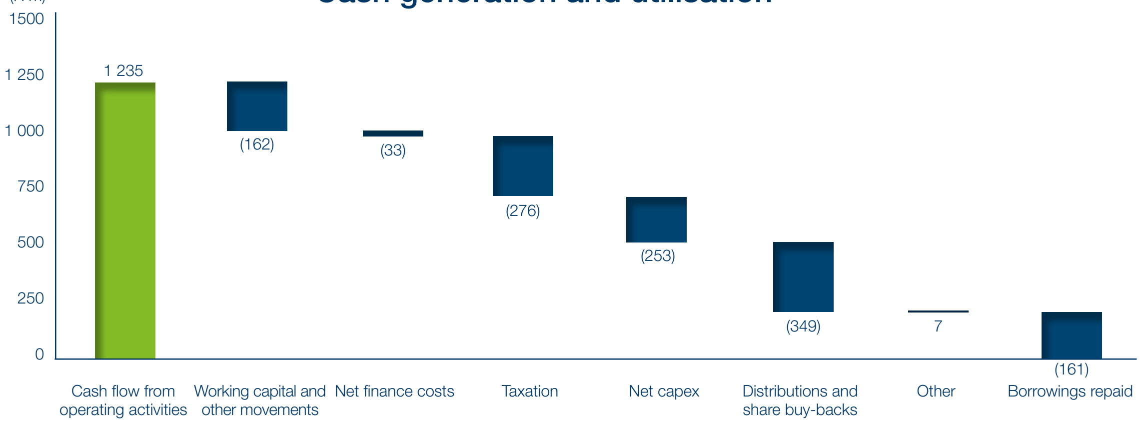
The ratio of shareholders' interest to total assets was 28.2% (2011: 22.7%), within the targeted range of 27% to 32%.

The group's debt:equity ratio was 14.0% (2011: 37.1%) at year-end.

Shareholder distribution

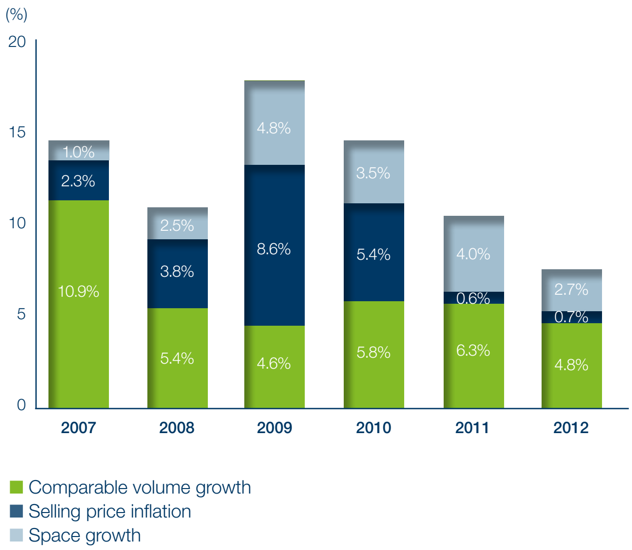
The total distribution to shareholders for the financial year was increased by 21.6% to 152.0 cents per share (2011: 125.0 cents), based on a reduced distribution cover of 1.8 times HEPS. This comprises the interim distribution of 44.1 cents (2011: 37.0 cents) and a final distribution of 107.9 cents (2011: 88.0 cents). A distribution of 15.2 cents per "A" share (2011: 12.5 cents) was declared for participants in the employee share ownership programme.

Cash generation and utilisation



Turnover and margin

Retail turnover growth



Medium-term financial targets

Financial targets are published to provide shareholders with a guide to the group's medium-term performance objectives. Four of the five targets were achieved in the 2012 financial year and the group remains committed to achieving its medium-term targets.

The targets are reviewed annually based on actual performance and prospects for the next three-year period. The target for shareholders' interest to total assets has been revised to 25% to 30% (previously 27% to 32%) given the growth in UPD's business and associated current asset base, which is largely funded by a corresponding growth in UPD's current liabilities.

	Performance in 2012	2013 – 2015 target
Return on shareholders' interest (%)	**59.9**	55 – 65
Shareholders' interest to total assets (%)	**28.2**	25 – 30
Return on total assets (%)	**15.3**	14 – 18
Inventory days	**63**	55 – 60
Group operating margin (%)	**6.6**	6.0 – 7.0

For further details on the group's financial and operating targets, refer to the Group Strategy and Targets Report on pages 4 to 7.

Financial outlook for 2013

The group will remain cash generative, and management plans to improve working capital utilisation, particularly in the Clicks chain.

Capital expenditure of R356 million is planned for the 2013 financial year. This investment includes R161 million for new stores and dispensaries, refurbishments and relocations, R85 million for IT systems to drive further operating efficiencies, and R67 million for capacity building in UPD.

Total trading space is expected to increase by 4% to 5%, with 20 to 30 new stores planned for Clicks, and three for The Body Shop. A further 14 Musica stores will be closed in the next 12 months, largely completing the right-sizing of the brand.

Selling price inflation is currently anticipated to remain at low single-digit levels in the new financial year.

The group will continue to return cash that is surplus to the group's operational and capital requirements to shareholders in the form of dividends and share buy-backs.

Appreciation

Thank you to our shareholders and the broader investment community both locally and abroad for their continued investment and interest in the group. International fund managers continue to regard Clicks Group as an attractive share investment and at year-end 58.4% (2011: 60.6%) of the group's shares were managed by offshore institutions.

The finance staff across the group have ensured the group has maintained its high standard of reporting to stakeholders, and I thank my colleagues for their ongoing support.

Michael Fleming
Chief Financial Officer

OPERATIONAL REVIEW

Clicks operating board (left to right): Bertie van Sittert – Finance, Johnie Tredoux – Logistics, Dan Zinner – Healthcare, David Hazell – Customer Marketing, Ralph Lorenz – Stores, Jeff Steenkamer – Human Resources, Amanda Graham – Merchandise and Supply Chain, David Redman – Advertising and Promotion.

Review of the year

Clicks increased sales by 9.2% as inflation averaged only 1.2% for the year, reporting real sales growth of 8.0%. In this low inflationary environment, the chain focused on promotional activity to drive volume growth, and this resulted in increased market shares in all key product categories.

The strongest area of growth in Clicks was front shop health which increased sales by 15.1%. Front shop ranges have been expanded over the past year and translated into growth of 9.9% in vitamins and supplements, and 37% in baby products. Baby merchandise is a major focus in the health category as Clicks expands its dispensary and clinic services offering. Clicks' share of the baby market has grown from 6.9% to 8.5% at year-end.

Scheduled medicines increased by 8.4% as volume growth outpaced sales growth, despite the increase in the single exit price (SEP) of medicines in the second half of the year. This is due to the increasing shift towards lower-priced generic medicines, which grew by 16.1%, and increased self-medication, where sales were 14.1% higher. These trends towards genericisation and self-medication reflect the efforts being made by medical aid funds to contain medicine costs.

In response to these trends, Clicks is seeking to drive volume through self-medication products and front shop health. A partnership has been formed with Discovery Health where members qualify for cash back on self-medication products bought at Clicks.

Sales performance	% change	% contribution
Health		
Scheduled medicines	8.4	27.3
Front shop health	15.1	28.7
Beauty	7.9	23.4
General merchandise	4.0	20.6
Total turnover	9.2	100.0

Healthcare now accounts for 56% (2011: 54.5%) of sales in Clicks. Clicks has increased its share of the retail pharmacy market to 16.2% (2011: 15.4%), and its front shop healthcare market share to 38.7% (2011: 37.5%).

Beauty sales increased by 7.9%. In the key sub-categories, skincare grew by 10.1%, colour cosmetics 8.9%, fragrance 8.6% and haircare 6.7%. Clicks grew its share of the skincare market to 33.8% and haircare to 30.4%. Growth in beauty merchandise continues to be driven by strong promotions and product innovation, with over 4 300 new products being introduced in the past year.

General merchandise increased sales by 4.0%. This result was impacted by the underperformance in the homeware sub-category where sales declined by 2.0% owing to poor first half trading. Sales improved in the second half as ranges were refreshed, with over 300 new lines being launched. In other sub-categories, confectionery grew by 8.0% and electrical by 9.0%, with Clicks increasing its leading market share in small household appliances to 19.3%.

77.1%
of sales from
Clicks ClubCard members

56%
Clicks sales
now in healthcare

Private label and exclusive brands accounted for 18.4% (2011: 18.2%) of total sales in Clicks, and 24.2% of front shop sales. Private label products offer better value to customers while entrenching loyalty to the brand and enhancing profitability. The range of private label scheduled medicines was increased by 12 to 39 lines and these have been well received by customers and pharmacists.

Market share (%)	2012	2011
Health		
Retail pharmacy*	**16.2**	15.4
Front shop health**	**38.7**	37.5
Baby**	**8.5**	6.9
Beauty		
Skincare**	**33.8**	33.4
Haircare**	**30.4**	29.5
General merchandise		
Small household appliances***	**19.3**	18.2

* IMS
** AC Nielsen (restated)
*** GfK (restated)

Growing customer loyalty

The Clicks ClubCard loyalty base has grown by 500 000 over the past year to 3.9 million active members. ClubCard members accounted for 77.1% of sales in Clicks, and R231 million was returned to customers in cash-back vouchers. The average basket value of ClubCard holders remains double that of non-ClubCard members.

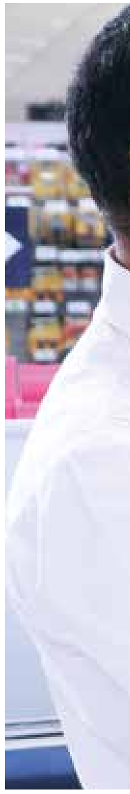
The value of the ClubCard is being continually enhanced for customers. ClubCard members can also earn points and cash-back vouchers on their purchases from affinity partners, which are redeemable in Clicks. Avis, City Lodge and NetFlorist were introduced as affinity partners during the year, bringing the number of ClubCard partners to nine.

Clicks is also leveraging the ClubCard database to target offers at specific customer segments. The BabyClub, which was launched last year to assist mothers during pregnancy and in the early years of motherhood, has grown to 154 000 members. Members receive double ClubCard points on baby products and services, and triple points on Clicks-branded baby products.

Customers again independently rated Clicks as number one for price and value in health and beauty retailing in the country. In The Times/Sowetan Retail Awards, Clicks was voted as South Africa's top health and beauty retailer, and was ranked third in the retail grand prix category among all retail chains in the country.

Clicks ClubCard	2012	2011
Active ClubCard members (m)	**3.9**	3.4
Contribution to sales (%)	**77.1**	76.7
Cash-back vouchers issued (R'm)	**231**	220

22.2 million
prescriptions processed



R231 million
returned to customers
in cash-back vouchers

Store and pharmacy expansion

Clicks expanded its national store footprint to 420 following the opening of 27 stores and closure of seven during the year.

While the performance of the regular and convenience store formats has been good, the chain experienced slower growth in the large format destination stores. Although several large shopping centres have undergone renovation, and economic conditions have contributed to declining foot traffic, Clicks has identified the need to strengthen the depth of management in its large stores. A new training and development programme will be introduced for the managers of the top 40 stores, and additional management will be appointed to cover the long trading hours in these stores.

Product ranges in the destination stores are being broadened to increase basket value. This includes a bigger beauty department with wider skincare and fragrance ranges; an expanded healthcare department with a greater focus on sports nutrition, vitamins and supplements; an enlarged baby department; and a more interactive customer experience in the home and electrical departments.

Clicks has the largest retail pharmacy chain in the country and opened its 300th pharmacy in Franschhoek in May 2012. The network reached 306 at year-end following the opening of 23 pharmacies during the year.

Growth in Clicks pharmacies

Clinic services are an integral part of the healthcare offering to customers and a driver of pharmacy foot traffic. During the year Clicks serviced 288 000 customers through 116 clinics across the country.

Through the Helping Hand Trust, Clicks provides free access to clinic services for mothers whose babies were born at state hospitals and who do not have medical insurance. The services include baby immunisation, growth measurement, feeding and nutritional advice, baby weighing and family planning advice. Through this project 5% of every Clicks-branded baby product sold is donated to the trust.

Focus areas for 2013

Management will continue to focus on growing sales volumes through promotional campaigns and by leveraging customer loyalty in this low inflationary environment. Clicks plans to increase its ClubCard membership base to 4.5 million in the year ahead by introducing new affinity partners.

A key focus will be on improving customer service in pharmacies. A pharmacy efficiency project has been piloted for implementation in the new financial year, focusing on stock, dispensing and administrative activities.

Clicks plans to increase the sales contribution from private label front shop products to 25% and to expand the range of private label medicines.

Clicks is committed to expanding its store base to 500 in the medium-term. The chain has a strong pipeline of new stores and is targeting to open 20 to 30 new stores in the year ahead. A further 20 stores will be revamped, including space extensions in 11 stores.

Pharmacies will be opened in new and existing stores, with 30 to 40 planned. At year-end 27% of Clicks stores did not yet have a pharmacy, which highlights the growth opportunity in the business.

UPD operating board (left to right): Sanjeeth Baliraj – Finance and Administration, Marietjie Rothman – Human Resources, Vikesh Ramsunder – Managing Director, Chris Nursey – Information Technology, Rachel Wrigglesworth – Commercial, Vikash Singh – Distribution.

Review of the year

UPD produced a strong turnaround in performance for the 2012 financial year which resulted in the business increasing its share of the combined private pharmaceutical market from 23.1% to 24.3%.

Wholesale turnover increased by 11.1% with price inflation averaging only 0.1% for the year, despite an increase of a maximum of 2.1% in the single exit price (SEP) of medicines in the second half of the year.

UPD experienced strong growth in its third-party distribution agency business which offers pharmaceutical manufacturers an efficient and cost-effective one-stop supply chain solution.

Ten new distribution agency contracts were awarded to UPD during the year and this trebled the notional turnover (the value distributed on behalf of clients) of the distribution business to R1.7 billion.

UPD was appointed as the preferred supply chain partner to Aspen Pharmacare, the country's largest pharmaceutical manufacturer, in February 2012.

Scheduled medicines remain the main driver of growth in UPD and sales increased by 11.5%. Lower-value generic medicines continue to grow at a faster rate than originator products. In the past year generic sales grew by 23.1%. Originator products grew by 4.7%.

Front shop sales were 6.2% higher, mainly due to improved ranges. Product availability increased to 93%, which is core to UPD's customer proposition of offering superior range and service.

Clicks is UPD's largest single customer, with sales to Clicks in-store dispensaries and Clicks Direct Medicines increasing by 9.2%. Sales to the private hospital groups, including Life Healthcare, Mediclinic and Netcare, grew by 11.2%.

Sales to the buying group of Link pharmacies declined by 7.6% as the Link membership reduced from 252 to 242 due to members not meeting the required buying compliance thresholds. Sales to other independent pharmacies increased by 5.1%. Despite the contraction of this sector in recent years, UPD still services over 1 400 independent pharmacies.

UPD supports the Department of Health's plans to cap logistics fees, and would welcome the urgent resolution of this issue. This regulation is expected to result in consolidation of the pharmaceutical wholesale market, which will ultimately benefit UPD. Refer to the Chief Executive's Report on page 18 for further detail on the group's response to proposed healthcare regulations.

UPD market share increased to

24.3%

Market share (%)*	2012	2011
Total private pharmaceutical market (value)	24.3	23.1

* IMS

Focus areas for 2013

UPD will continue to drive wholesale turnover to gain market share by growing volumes of business with Clicks, private hospital groups and independent pharmacies. The business also aims to increase buying loyalty of Link pharmacies.

A key focus will be on maintaining high levels of service to distribution agency clients.

Management expects to increase distribution agency turnover to R3.3 billion in the new financial year.

The growth in the distribution business has filled the existing capacity within UPD. A further R24 million is being invested to expand distribution infrastructure capacity by 50%, while R32 million will be spent on automation.

UPD's medium-term operating margin target has been revised to 2.2% to 2.7% (previously 2.5% to 3.0%) to reflect the increasing impact of genericisation on UPD's turnover. The targeted margin does not include any trading benefit from SEP increases.

MUSICA
A WORLD AWAITS

Reg Bossenger
General Manager

Review of the year

Musica showed an improved performance for the financial year, and increased its share of the CD, DVD and gaming software markets in a declining entertainment retail environment. Performance gained momentum in the second half of the year as same store sales grew by 3.9%. The brand was impacted by selling price deflation of 4.9% for the year.

The ongoing right-sizing of the brand and the net closure of a further 14 stores, tight expense control and good stock management contributed to operating profit increasing by 36.3%.

While CD and DVD sales declined by 5.1% and 9.8% respectively, Musica again achieved good growth in the technology category, which includes digital accessories, headphones and portable speakers, cellphones and airtime. Technology sales grew by 31.6% and increased its contribution to Musica's sales to 10%.

The technology offering was extended to create a further 27 technology concept stores. Technology and accessory sections were rolled out to the remaining Musica store base.

The Clicks ClubCard accounted for 44% of sales in Musica, while the basket value of ClubCard holders was on average 25% higher than non-holders. Cardholders earn points and cash-back vouchers on Musica purchases, and these are redeemable in Clicks stores.

During the year two new stores were opened in Gaborone, Botswana, and Middelburg, while 16 stores were closed, with the chain ending the year on 134 stores.

The brand has strong appeal and customers again voted Musica as the coolest music retailer in the Sunday Times Generation Next Awards 2012 and as the second best entertainment store in The Times/Sowetan Retail Awards.

Category	% change	% contribution	Market share* %
CDs	(5.1)	47	44
DVDs	(9.8)	26	28
Gaming	(3.4)	17	10
Technology	31.6	10	Not measured

* Aquidneck/GfK

Focus areas for 2013

Musica has demonstrated its ability to gain market share in a declining market while continuing to grow new product categories and increasing profitability.

While discretionary spending on entertainment products is expected to remain under pressure in the year ahead, Musica will maximise opportunities to grow sales and market share. The fast-growing technology and accessories category will be extended in a further 25 stores in the first half of the new financial year.

ClubCard will continue to be used to drive sales in Musica and to enhance loyalty to the brand.

Management will continue to focus on tight cost control and working capital efficiencies to maintain profitability and cash generation. A further 14 stores are planned for closure, which will largely complete the right-sizing of the property portfolio.

THE BODY SHOP

Sean Kristafor
General Manager

Review of the year

The Body Shop delivered a strong performance for the year and again showed robust volume growth as unit sales increased by 11.9%.

Turnover for the year increased by 14.1% while the brand experienced selling price deflation of 1.9%. Comparable store sales increased 13.8%.

The gifting, body care and accessories categories grew strongly, driven by better ranges, greater product innovation and improved stock availability.

The membership of the Love Your Body loyalty programme, which was launched in the previous financial year, has increased to 158 000 and accounts for 55% of the brand's sales. The average basket value of these loyalty cardholders is 34% higher than non-cardholders. The programme is based on the Clicks ClubCard model where customers qualify for cash-back vouchers to spend in The Body Shop.

New stores were opened in Nicolway, Johannesburg, and Mall of the North, Polokwane, with the latter store being opened a few days before the year-end. Three stores were closed, bringing the store base to 41 at year-end. The Body Shop has a presence in 49 Clicks stores, including five store-within-a-store concepts and capsule ranges of the best-selling lines in 44 Clicks stores.

Capsule ranges in Clicks stores enable The Body Shop to increase distribution and accessibility to the brand. Sales have not been negatively impacted where these Clicks stores trade in the same shopping centres as standalone stores of The Body Shop.

The Body Shop brand was re-launched internationally in May 2012 to support the brand vision "to be the world's number one natural and ethical beauty brand". A new brand expression of "Beauty with Heart" was introduced to reflect the ethos and heritage of the brand's offering of natural products underpinned by ethical values.

The re-launch was supported by new product packaging, product innovation and an improved in-store experience. The stores in Sandton City and OR Tambo International Airport were refurbished to align with the new global store look and feel.

Focus areas for 2013

The brand's presence will be expanded with the opening of new stores in Ballito, Hermanus, and the first store in Gaborone, Botswana, while capsule ranges will be introduced to a further 21 Clicks stores. Four stores will be refurbished to reflect the new store look and feel.

A key focus will be on driving better customer engagement and visit frequency by increasing the membership base and sales contribution of the Love Your Body loyalty programme.

STAKEHOLDER ENGAGEMENT

Clicks Group has adopted a board-endorsed stakeholder engagement process across the business. Five primary stakeholder groups have been identified that management believe are the most likely to influence the group's ability to create sustainable shareholder value.

Management also acknowledges the role and importance of other stakeholder groups such as trade unions, industry organisations, statutory bodies, property landlords, financial institutions, service providers, media and the communities in which the group operates. The group engages in open and transparent mutually beneficial relationships. Qualitative and quantitative performance indicators have been developed for each primary stakeholder group to determine the outcome of the engagement, and these measures are refined on an ongoing basis. These metrics are used in the formal reporting process on stakeholder engagement at board meetings.

CUSTOMERS

Rationale for engaging	Primary means of engaging	Key engagement issues	Outcome of engagement
• Meet customer needs by providing products and services to generate returns for shareholders • Create trust in products and pharmacy practices • Customer loyalty and retention • Grow market share	**Retail:** • Customer interaction • Dispensing medicine in pharmacies • Primary health services in clinics • Media advertising • ClubCard communications • Promotional activity • Internet • Market research **UPD:** • Sales representatives • Customer interaction • Internet	• Product range • Service levels • Price competitiveness • Pharmacy and clinic services • ClubCard benefits	**Retail:** • 93.2 million customer transactions (2011: 88.9 million) • 22.2 million prescriptions (2011: 18.9 million) processed • ClubCard membership increased to 3.9 million (2011: 3.4 million) and accounts for over 77% of sales (2011: 76%) • Market share gains in all key categories • Clicks independently rated by customers as first for price and value in health and beauty retailing **UPD:** • Range – 13 943 lines (2011: 13 641) • Delivery frequency – 3.0 times per week (2011: 2.9 times) • Customer contact – 18 711 visits (2011: 15 065)

SHAREHOLDERS AND INVESTMENT COMMUNITY

Rationale for engaging	Primary means of engaging	Key engagement issues	Outcome of engagement
• Facilitate access to capital by attracting investors • Informed investor community • Balanced analysis of company • Fair market rating relative to peers	• Management meetings • Interim and annual results presentations • Road shows to international investors • Integrated annual report • Shareholder meetings • Regulatory and voluntary SENS releases	• Group strategy • Trading environment • Trading and financial performance • Regulatory environment • Pharmaceutical wholesaling and distribution • Store and pharmacy expansion plans • Capital management • Prospects	• 260 management meetings and conference calls with local and international shareholders and analysts (2011: 196) • Research coverage by 14 brokerages (2011: 11) • Participation in three stockbroker conferences (2011: four) • Seven analyst site visits (2011: five) • Volume of shares traded 138% (2011: 178%) • International share ownership 58% (2011: 61%)

EMPLOYEES

Rationale for engaging	Primary means of engaging	Key engagement issues	Outcome of engagement
• Attract, motivate and retain talent • Increase productivity • Engender loyalty • Accelerate transformation	• Induction programme • Regular personal and electronic communication • Employer of Choice programme for pharmacists • Employee wellness programme • Employee satisfaction survey • Ongoing liaison and wage negotiations with trade unions • Engaging pharmacy schools at universities to increase capacity	• Remuneration and benefits • Employee share ownership scheme • Performance management • Personal development • Career path planning • Training and skills development	• Staff turnover 21.7% (2011: 19.4%) • Pharmacist turnover 43% (2011: 23%) • Employee wellness utilisation rate 18% (2011: 23%) • Employment equity – Black staff as a % of total staff 85.3% (2011: 84.8%) – Female staff as a % of total staff 63.3% (2011: 63.0%) • Training and skills development spend R40 million (2011: R47 million) • 423 learners through Pharmacy Healthcare Academy in past year (2011: 408) • 35 pharmacy interns engaged (2011: 23) • Employee satisfaction index 65% (2011: 68%)

GOVERNMENT AND INDUSTRY REGULATORS

Rationale for engaging	Primary means of engaging	Key engagement issues	Outcome of engagement
• Legislative and regulatory compliance • Lobby for regulatory reform and fair legislation that will not adversely affect returns to shareholders • Best practice governance standards	• Written and oral submissions on draft regulations and legislation • Formal meetings with Department of Health and relevant industry regulators • Ongoing liaison with regulators • Membership of industry bodies	• Legislation • Regulation • Compliance	• Constructive engagement with regulators • Insight into regulatory framework • Formal submissions made in response to draft regulations

SUPPLIERS

Rationale for engaging	Primary means of engaging	Key engagement issues	Outcome of engagement
• Ensure stable supply of merchandise • Understand market movement and new product launches that may change buying patterns • Quality standards maintained • Brand exclusivity • Secure other income to support brand and marketing effort to customers	• Supplier and partner meetings • Contractual and service level agreements • Clicks Pharmacy Conference • Suppliers conference • Audit of suppliers	• Quality and safety standards • Product availability and exclusivity • Product innovation, strength of brands • Private label products • Transformation and BEE scorecards • Legislative compliance	• Supplier infill levels – Clicks 82% (2011: 79%) – UPD 83% (2011: 78%) • Preferential procurement – 42% (2011: 48%) from level 4 BBBEE and higher-rated suppliers • Consistent supply and maintenance of franchise agreement with The Body Shop International

Creating value for stakeholders

Stakeholder group	Value created	2012 R'm	2011 R'm
Customers	Turnover received from customers for merchandise and services	**15 437**	14 135
	Returned to customers in Clicks ClubCard cash-back vouchers	**231**	223
Shareholders	Returned to shareholders through distribution payments and share buy-backs	**349**	848
Employees	Remuneration paid to employees, including salaries, share-based settlements	**1 650**	1 562
Suppliers	Purchase of merchandise and services from suppliers	**12 890**	11 719
	Cost of water and electricity	**103**	83
	Distribution and logistics fees and other cost recoveries from suppliers	**801**	689
Government	Taxes paid to national and local government	**304**	293
Property landlords	Paid to landlords for rental of premises	**472**	423
Financial institutions	Paid to financial institutions as a return on capital utilised	**39**	29
Communities	Investment in communities through Clicks Foundation	**1**	1
	Financial and product donations by business units	**6**	9

CORPORATE GOVERNANCE REPORT

Clicks group strives to achieve the highest standards of corporate governance and follows stringent legislative and regulatory compliance practices to ensure the sustainability of the business.

The directors confirm that the group has in all material respects applied the recommendations of the King Code of Governance Principles 2009 (King III) to achieve the overarching corporate governance philosophies of fairness, accountability, independence, responsibility and transparency.

Governance enhancements

Governance processes are reviewed on an ongoing basis to align with legislative and regulatory changes and to reflect developments within the business. The following changes and enhancements were made to governance processes during the past year:

- The members of the audit and risk committee were elected by shareholders for the first time at the January 2012 annual general meeting (AGM).
- As recommended by King III, the group's remuneration policy was proposed to shareholders for a non-binding advisory vote at the AGM, and the policy was approved by 100% of the votes cast.
- The independence of non-executive directors was again reviewed, and this practice will be undertaken annually.
- The terms of reference of the board committees were updated to comply with the requirements of King III and the Companies Act
- The structure of the board committees was amended with effect from 1 September 2011. The remuneration and nominations committees were combined into a single committee.
- A social and ethics committee was established with effect from 1 September 2011, in compliance with the Companies Act. The previous transformation committee was incorporated into the social and ethics committee.
- The group's processes have been aligned with the Companies Act, which came into effect on 1 May 2011. The group's memoranda of incorporation (MOIs) have been approved by the JSE, in accordance with their Listings Requirements, and the company's MOI will be proposed for approval by shareholders at the 2013 AGM.
- A Competition Act compliance review was conducted at all material levels of the group's businesses, and no areas of non-compliance were identified. This review is undertaken annually.
- An environmental and sustainability compliance review was conducted by external attorneys to analyse regulatory compliance. No significant areas of non-compliance were identified in the review.
- The first Integrated Annual Report was published for the 2011 financial year, as required by King III.

Application of King III principles

The group has applied the principles of King III, and has elected to explain the principles that are not applied. Detail of the group's application of each King III principle is available on the website.

The chairman of the board, David Nurek, currently serves on the audit and risk committee. He will not be standing for re-election to the committee at the AGM in 2013. This addresses the previous non-application of the King III principle that the chairman of the board should not serve on the audit committee.

King III recommends that sustainability reporting and disclosure should be independently assured. The external auditor has assured the annual financial statements and an accredited specialist agency has verified the disclosure on broad-based black economic empowerment. Internal audit has provided assurance on selected sustainability indicators contained in the Integrated Annual Report. The group has implemented a combined assurance framework that considers the assurances provided by the external auditor, internal audit and specialist agencies.

The nominations committee is not chaired by the chairman of the board, as required by King III. Following the amalgamation of the remuneration and nominations committees, the combined committee is now chaired by Professor Fatima Abrahams, an experienced academic and human resources specialist with extensive expertise in the field of remuneration. However, the chairman of the board is a member of the remuneration and nominations committee.

Board of directors

Board composition

Clicks Group has a unitary board structure with nine directors, including three salaried executive directors and six non-executive directors. The only change to the board composition during the year was the resignation of Michael Harvey as an executive director in June 2012.

The board elected the chairman after the AGM in January 2012 and will continue to follow this practice after the AGM each year.

The roles of the non-executive chairman and the chief executive officer are formalised, separate and clearly defined. This division of responsibilities at the helm of the company ensures a balance of authority and power, with no one individual having unrestricted decision-making powers.

The non-executive directors have extensive business experience and specialist skills across a range of sectors, including accounting, finance, law, retailing, healthcare and human resources. This enables them to provide balanced and independent advice and judgement in the decision-making process.

Non-executive directors have direct access to management and may meet with management independently of the executive directors.

The company has no controlling shareholder or group of shareholders and there is no direct shareholder representation on the board.

The board meets at least four times a year. Additional meetings can be convened to consider specific business issues that may arise between scheduled meetings. No additional meetings were required during the year.

Biographical details of the directors appear on pages 12 and 13.

Independence of directors

King III requires the board to review the independence of long-serving non-executive directors. This applies to the chairman of the board, David Nurek, who has served as a non-executive director for 15 years.

The remuneration and nominations committee conducted an evaluation of the independence of the chairman and non-executive directors during the year. All relevant factors that could impact on their independence and performance were considered, in particular the factors outlined in King III and the Companies Act. Based on the feedback from this evaluation, the remuneration and nominations committee believes there are no factors that prevent the directors from exercising independent judgement or acting in an independent manner. All six non-executive directors, including the chairman, are therefore appropriately classified as being independent in terms of both the King III definition and the guidelines outlined in the JSE Listings Requirements.

Board charter

The scope of authority, responsibility, composition and functioning of the board is contained in a formal charter that is regularly reviewed. The directors retain overall responsibility and accountability for:

- ensuring the sustainability of the business
- approving strategic plans
- monitoring operational performance and management
- ensuring effective risk management and internal controls
- legislative, regulatory and governance compliance
- approval of significant accounting policies and annual financial statements
- selection, orientation and evaluation of directors
- appropriate remuneration policies and practices
- monitoring transformation and empowerment
- balanced and transparent reporting to shareholders

The board charter will be aligned with the requirements of the Companies Act once the revised MOI has been approved by shareholders.

Board appointment

The remuneration and nominations committee considers directors for appointment to the board and motivates these candidates to the board in a thorough and transparent process.

Newly appointed directors undergo a formal induction programme that outlines their fiduciary duties and provides an in-depth understanding of the group and its operations. This includes meetings with business unit heads and visits to stores and distribution centres.

Ongoing director development includes regular updates and information sessions on legislative and regulatory changes. Directors do not have a fixed term of appointment. One-third of the directors, being those longest in office, are required to retire by rotation each year and are eligible for re-election by shareholders at the AGM. Directors appointed during the year are required to have their appointments ratified at the following AGM.

The chief executive officer is subject to a 12-month notice period and the other executive directors a six-month period.

Executive directors retire at the age of 63, while there is no prescribed retirement age for non-executive directors.

Group executive committee

Executive management and the board work closely in determining the strategic objectives of the group. Authority has been delegated by the board to the chief executive officer and the group executive committee for the implementation of the strategy and the ongoing management of the business. The group executive committee comprises the three executive directors. The board is apprised of progress through reporting at board meetings and regular communications with management.

The responsibilities of the group executive include:

- developing and implementing the group strategic plan
- preparing budgets and monitoring expenditure
- monitoring operational performance against agreed targets
- adhering to financial and capital management policies
- determining human resources policies and practices
- monitoring and managing risk
- communicating with stakeholders

Company secretary

The company secretary ensures that board procedures and all regulations and governance codes are observed. He also provides guidance to the directors on governance, compliance and their fiduciary responsibilities. As an experienced attorney, the company secretary is also head: group legal counsel and provides legal advice and services to the group.

Directors have unrestricted access to the advice and services of the company secretary. They are entitled to seek independent professional advice at the company's expense after consultation with the chairman of the board. No directors exercised this right during the year. Directors also have unrestricted access to all company information.

The company secretary coordinates the induction programme for newly appointed directors, as well as the annual board evaluation process. The appointment and removal of the company secretary is a matter for the board and not for executive management. The company secretary provides training and updates to the board at all meetings by reporting on new and amended legislation and regulations that are relevant to the group's businesses.

Board evaluation

An annual questionnaire-based evaluation is undertaken by the directors that includes an assessment of the performance of the board, the chairman, the chief executive officer, individual directors and all board committees. The key issues covered include the board's role and agenda setting; the size, composition and independence of the board; director orientation and development; and board meetings. The chairman of the board discusses the results of these reviews with the board, the chairpersons of the board committees and with each director. The chairman receives feedback on his performance from the remuneration and nominations committee.

The responses from the evaluation process indicated that the board is well balanced, the size of the board is adequate for the group and the board has the relevant knowledge relating to the group's business. The directors believe board meetings are well organised, efficiently run and all relevant aspects of the group's businesses are dealt with thoroughly by the board and its various committees which have all discharged their responsibilities adequately.

Board and committee meetings

	Board	Audit and risk	Remuneration and nominations	Social and ethics
Number of meetings	4	4	3	2
David Nurek	4+	4	3	2+
Fatima Abrahams	4		3+	2
John Bester	4	4+	3	
Bertina Engelbrecht	4			2
Michael Fleming	4			
Michael Harvey	3*			
Fatima Jakoet	4	4		
David Kneale	4			2
Nkaki Matlala	4	3		2
Martin Rosen	4		3	
Meeting attendance (%) 2012	**100**	**94**	**100**	**100**
Meeting attendance (%) 2011	98	89	100	92

+ Chair
* Resigned 12 June 2012

Board and committee structure

The directors have delegated specific functions to committees to assist the board in meeting its oversight responsibilities. The committees all have documented mandates that are reviewed annually, and the directors confirm that the committees have functioned in accordance with these written terms of reference during the financial year. All board committees are chaired by independent non-executive directors.

Remuneration and nominations committee

Role

Ensure the group has a competitive remuneration policy to attract, retain and reward quality staff, and to ensure the board's composition and functioning meets the needs of the group.

Functions

- Ensure that the group has a remuneration policy that is aligned with the group's strategy and performance goals
- Assess and review remuneration policies, employee long-term incentive schemes and short-term performance bonuses
- Approve the remuneration of executive directors and senior management
- Propose fees for non-executive directors, which are tabled for shareholder approval at the AGM
- Determine executive and staff participation in the long-term incentive schemes
- Advise on the composition of the board, review the board structure, size and balance between non-executive and executive directors
- Identify and recommend qualified candidates for directorships
- Ensure that the board has an appropriate balance of skills, experience and diversity
- Ensures the adequacy of the board evaluation process
- Monitors effective succession planning for senior management
- Ensure that the performance of the board, individual members and sub-committees is reviewed formally and regularly

Further detail on remuneration governance is contained in the Remuneration Report on page 41.

Composition

The committee comprises four independent non-executive directors. The chief executive officer and the group human resources director attend meetings by invitation. The group's external remuneration consultant attends certain of these meetings by invitation.

Audit and risk committee

The committee structure and composition was unchanged during the financial year. David Nurek will not be standing for re-election as a member of this committee at the forthcoming AGM. The remaining three independent non-executive directors who are currently members of the committee will be proposed for election to the committee by shareholders at the AGM.

The roles, functions and composition of the committee are detailed in the Audit and Risk Committee Report on pages 50 to 52.

Social and ethics committee

Role

Monitor activities relating to ethics, stakeholder engagement and the social impact of the group on communities within which it operates. Monitor progress across all areas of strategic empowerment as well as compliance with transformation codes.

Functions

- Monitor the company's activities relating to social and economic development, good corporate citizenship, the environment, and health and public safety
- Ensure appropriate short and long-term targets are set by management
- Monitor progress against targets
- Monitor changes in the application and interpretation of empowerment charters and codes
- Monitor those functions referred to and required in terms of the Companies Act and its regulations

Refer to the Social and Ethics Committee Report on page 46 and the Stakeholder Engagement Report on page 32.

Composition

The committee comprises three independent non-executive directors, the chief executive officer and the group human resources director.

Risk management

Clicks Group aims to achieve an appropriate balance between risk and reward, recognising that certain risks need to be taken to achieve sustainable growth and returns while at the same time protecting the group and its stakeholders against avoidable risks.

A disciplined approach is followed in evaluating risks and developing appropriate strategies to mitigate and manage the risk.

The risk attitude of the group, which is the level of risk acceptable to the directors and management, is reviewed annually. The group adopts a conservative risk attitude that the directors believe is appropriate given the nature of the group's business in the healthcare retail and supply market.

In compliance with King III the board obtained assurance last year regarding the effectiveness of the risk management process and adequacy of the risk methodology. Both were considered to be adequate. The internal audit department provided assurance over the risk process in 2012.

Responsibility for risk management

The board is responsible for the oversight of the risk management process, and has delegated this responsibility to the audit and risk committee. This committee is responsible for ensuring the group has implemented an effective policy and plan for risk, and that disclosure regarding risk is comprehensive, timely and relevant. The role, functions and composition of the committee are included in the Audit and Risk Committee Report on pages 50 to 52.

The group executive is responsible for designing and implementing the risk management process and monitoring ongoing progress. The group executive regularly reviews the group's risks to ensure mitigation strategies are being implemented by the business units. Group internal audit monitors the progress of the group and business units in managing risks and reports its findings to the audit and risk committee biannually.

Risk management process

Risk management is embedded in the group's annual business planning cycle. In determining the strategic and operational plans for the year ahead, each business unit is required to review its risk register. This includes a review of the risks of the previous financial year, considering new or emerging risks, facilitating workshops with all levels of management and, where appropriate, presentations by external consultants on the environment, regulatory issues and market conditions. An external assessment of environmental regulatory compliance was undertaken by specialist external attorneys during the financial year.

A risk framework sets out the various risks that should be considered as part of the risk identification process. These potential risks are updated annually to ensure all relevant industry issues are considered.

Risk ratings

Each risk on the register is assigned an impact and probability rating. The *impact* assigned to a risk is assessed on a ten-point scale, and considers the financial, compliance, reputation and people effects on the group. The *probability* of a risk materialising is measured on a five-point scale.

The *impact* and *probability* ratings are then multiplied to determine the inherent (gross) risk rating and its significance to the group. Detailed risk mitigation plans are developed for each risk which then determines the level of residual (net) risk. Residual risk ratings are then assigned to each risk.

The key risks facing the group are detailed in the Material Sustainability Issues and Risks report on pages 9 to 11.

Financial risk management

Through its business activities the group is exposed to a range of financial risks, including market risk (currency, interest rate and price risk), credit risk and liquidity risk. The group's exposure to these risks and policies for measuring and managing the risk are included in notes 27 and 28 to the annual financial statements. Derivative financial instruments are used to hedge certain risk exposures, including foreign exchange risk on the import of merchandise. Foreign exchange risk is mitigated by entering into forward exchange contracts, which are matched with anticipated future cash flows in foreign currencies. Details of the group's forward exchange exposure is contained in note 28 of the annual financial statements on the website.

Accountability and compliance

Internal audit

The internal audit function provides information to facilitate 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 outlined in the terms of reference of the audit and risk committee and in the internal audit charter. Details of the internal audit function are contained in the Audit and Risk Committee Report.

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. The audit and risk committee considers the results of the formal documented annual 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 internal audit function. Further detail is included in the Audit and Risk Committee Report.

Financial statements and external review

The directors accept ultimate responsibility for the preparation of the annual financial statements, which fairly represent the results of the group in accordance with the Companies Act and International Financial Reporting Standards.

The external auditors are responsible for independently auditing and reporting on these financial statements in conformance with statements of International Standards of Auditing and applicable laws. The role of the external audit function is covered in the comprehensive Audit and Risk Committee Report.

Going concern

The board is satisfied that the group has adequate resources to continue operating for the next 12 months and into the foreseeable future. The financial statements have been prepared on a going concern basis. The board is apprised of the group's going concern status at the board meetings coinciding with the interim and final results.

Information technology governance

Information technology (IT) governance is integrated into the group's operations, and governance practices and frameworks are reviewed as part of the annual internal audit plan.

An IT steering committee reports to the chairman of the audit and risk committee. The steering committee meets quarterly to review governance issues as recommended by King III, including IT standards, governance frameworks, results of internal audit reviews and specific IT risks.

The governance framework includes alignment of IT to support business strategy and operations, deliver value and manage performance, information security, managing IT risk and compliance, and business continuity management.

Legislative and regulatory compliance

Legislative and regulatory compliance is monitored by the head: group legal counsel and the compliance officer. An analysis of current and pending legislation and regulation is presented at each meeting of the board, the audit and risk committee, and the social and ethics committee.

Legislation and regulation that could impact on the group's business was reviewed and analysed by the internal legal and compliance departments during the year. This included healthcare legislation and regulation including the Pharmacy Act and revisions and amendments to the Medicines and Related Substances Act and Regulations.

The Consumer Protection Act has a significant impact on the group and ongoing training and education is provided to staff.

An external assessment of environmental regulatory compliance was undertaken by specialist attorneys during the financial year. No significant areas of non-compliance were identified.

The Protection of Personal Information Bill is due to be promulgated in the new financial year. In preparation for the new legislation, members of the group's legal and internal audit departments attended seminars presented by auditing firms and external attorneys. A risk management plan based on the latest draft of the Bill will be formulated towards the end of 2012 and finalised once the legislation has been promulgated.

The compliance officer is responsible for providing advice to the operational business units; monitoring and assessing legislative updates; running or arranging compliance training programmes; investigating any reports of possible compliance violations and initiating appropriate corrective action; meeting group-level reporting obligations, and embedding and managing the complaints process.

There were no cases of material legislative or regulatory non-compliance and no penalties or sanctions were imposed on the group or any of its directors or officers during the year. No requests for information were withheld by the group in terms of the Promotion of Access to Information Act.

Personal share dealings

The group's insider trading policy precludes directors and staff from trading in Clicks Group shares during two formalised closed periods.

These closed periods run from the end of the interim and annual reporting periods until the financial results are disclosed on the Securities Exchange News Service (SENS).

Embargoes can also be placed on share dealings at any other time if directors or executives have access to price-sensitive information that is not in the public domain.

Directors and the company secretary are required to obtain written approval prior to dealing in the company's shares. The chairman is required to obtain approval from the chairman of the audit and risk committee before undertaking any share dealings. It is also mandatory for directors to notify the company secretary of any dealings in the company's shares. This information is then disclosed on SENS within 48 hours of the trade being effected. These dealings are also reported retrospectively at board meetings. Details of all dealings by directors during the reporting period are contained in the Directors' Report.

Ethics and values

The group subscribes to the highest ethical standards of business practice. A set of values and a behavioural code of conduct requires staff to display integrity, mutual respect and openness, and affords them the right and obligation to challenge others who are not adhering to these values.

The social and ethics committee is responsible for monitoring ethics practices and the report of the committee appears on pages 46 to 49.

The group has implemented various documented policies that require all employees to adhere to ethical business practices in their relationships with one another, suppliers, intermediaries, shareholders and investors. These policies also set stringent standards relating to the acceptance of gifts from third parties and declarations of potential conflicts of interests.

A fraud prevention policy ensures that a firm stance is taken against fraud and the prosecution of offenders. This policy outlines the group's response to fraud, theft and corruption committed by staff and external parties against the company. The internal audit department manages the legal processes relating to fraud cases to ensure the highest possible level of recovery for the group arising from any fraudulent behaviour.

Tip-offs Anonymous

Staff are encouraged to report suspected fraudulent or unethical behaviour via a toll-free telephone service managed by an external service provider. All reported incidents are investigated. Awareness of this facility is created through presentations, a quarterly newsletter and competitions, and by encouraging staff to report incidents before significant losses are incurred.

Political party donations

While the group supports the democratic system in South Africa, it does not make donations to or endorse individual political parties.

Anti-competitive conduct

Clicks Group does not engage in practices that could limit competition or that could adversely impact on customers. The directors are committed to ensuring that all group executives and employees understand the requirements of competition law and regulations. Robust risk management and supervisory oversight processes are in place to ensure adherence to these laws and regulations. A Competition Act compliance process is undertaken every year.

The group occupies a market-leading position in healthcare retailing and supply in South Africa and guards the confidentiality of intellectual property, customer and supplier data, business processes and methodologies.

As a member of the SA Retailers' Association the group participates in forums with other retailers that require an industry response, such as representation to government and regulatory bodies. The constitution of the SA Retailers' Association embodies the principle that competition should not be compromised and that no sharing of information may occur that could detract from retailers being able to compete with one another.

The group has not been sanctioned for anti-competitive practices or for non-compliance with the Competition Act.

Governance focus areas for 2013

The Protection of Personal Information Act is expected to be promulgated during the 2013 financial year. The compliance officer will monitor the implementation of and compliance with this legislation across the group. Training will be provided to ensure all executives and senior management are aware of the impact of the Act on the group and the data processed by the businesses.

A coverage plan will be compiled by the compliance officer to monitor and assess high risk legislation to identify material risks and ensure sufficient controls are in place to mitigate against these risks.

REMUNERATION REPORT

Remuneration policy

The group's remuneration policy is based on the "total rewards strategy". This strategy is aimed at driving a high performance culture that delivers sustainable returns to shareholders through employees who are motivated and committed. The reward principles of market competitiveness, internal equity and performance are entrenched in the policy.

The remuneration policy supports the attraction, development and retention of employees who contribute to sustained business growth. Remuneration is optimised through a mix of annual guaranteed pay, variable pay including both short and long-term incentives, benefits and non-monetary rewards.

Salary premiums are paid for scarce and critical skills such as pharmacists, pharmacy assistants, merchandise buyers and planners, information technology specialists and finance specialists. These premiums are based on market benchmarking data and are reviewed annually to ensure the group remains competitive in the employment market.

The policy is transparent with pay bands established for each job grade and this assists in creating trust and ensuring that employees are equitably rewarded.

Annual salary increases are merit based, with increases being directly related to the employee's annual performance rating. The annual increase for employees in the bargaining unit is based on a collective bargaining process.

Remuneration structure

The total rewards framework enhances the group's employment proposition by providing flexibility to meet the differing needs of employees and positioning the group as an employer of choice.

Annual guaranteed pay is determined by considering the following factors:

- The size and nature of the job based on the Hay job evaluation methodology
- The competitive position of the Clicks Group pay and benefits structure relative to its defined market position, including any market premiums for scarce and critical skills
- Individual performance as assessed during the biannual performance appraisal process
- Individual position in the pay band range relative to competence and performance

Variable pay includes all discretionary, performance-based pay, including short-term incentives such as performance bonuses, sales incentives and commissions.

Benchmarking

The remuneration and nominations committee reviews the group's overall pay framework annually against defined market benchmarks per job size or job family against the median of all industries at the executive level and at the median of the South African retail sector or local market for the remainder of the non-bargaining unit.

External compensation and benefit consultants advise the group, including the remuneration and nominations committee, on best pay practices, competitive positioning and benchmarking on strategic human capital issues.

The group's benchmarking and market information is based on independent surveys, including the PricewaterhouseCoopers Remchannel, Hay Group, Deloitte Senior Manager and Deloitte Execeval surveys.

In addition, the group commissioned an independent benchmarking survey of the pharmacy industry. All major corporate retail pharmacy groups, as well as the three largest independent hospital groups, participated in the survey.

Remuneration governance

The remuneration and nominations committee has oversight of the group's remuneration practices and is constituted as a committee of the board. The committee comprises independent non-executive directors, as recommended by King lll. During the period under review the following directors served on the committee: Professor Fatima Abrahams (chair), John Bester, David Nurek and Martin Rosen. The chief executive officer and the group human resources director are permanent invitees of the remuneration committee and are recused from discussions that relate to their own performance appraisal and remuneration. Detail on the committee and meeting attendance is included in the Corporate Governance Report on pages 35 to 40.

The committee assists the board in ensuring the group has a competitive remuneration policy and governance framework that is aligned with the group's strategy and performance goals.

The primary responsibilities of the committee include:

- Ensuring the remuneration policy is aligned to and promotes the achievement of the group's strategic objectives and encourages individual performance
- Ensuring the critical elements of the remuneration policy, including annual guaranteed pay, scarce skills premiums, benefits and incentives, are benchmarked to ensure the group is competitive in the employment market
- Ensuring all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued

- Reviewing and approving the performance evaluation of the chief executive officer and executive directors against agreed deliverables
- Reviewing incentive schemes to ensure alignment to shareholder value creation and that the schemes are administered in terms of the rules
- Reviewing the remuneration of non-executive directors and recommending adjustments to the fees at the annual general meeting

The group's remuneration policy was proposed to shareholders for a non-binding advisory vote at the annual general meeting in January 2012 for the first time and was approved by 100% of the votes cast. The policy will now be proposed to shareholders annually.

An external rewards specialist, Barbara Maughan, is retained to advise the committee on remuneration trends and benchmarking of both executive and non-executive remuneration. She holds the position of lead: total reward at Deloitte Consulting and is a remuneration adviser to a number of listed companies. The members of the committee have independent access to her services and may request her professional advice on any remuneration issue.

Executive directors' remuneration

The remuneration structure of executive directors is linked to the achievement of the group's medium-term financial and operating targets, and is therefore aligned to shareholder interests.

The target indicators are as follows:

- Return on shareholders' interest (ROE)
- Shareholders' interest to total assets
- Return on total assets
- Operating margin

Detail on the targets and the group's performance relative to the targets for the 2012 financial year is included on pages 5 to 7.

The remuneration of executive directors consists of three components, with a significant portion of remuneration being performance-related:

- annual guaranteed pay, which allows for flexible structuring of retirement fund contributions
- short-term cash-based incentive bonus
- participation in the long-term incentive scheme

The sustainability of the group's business is critical in determining remuneration and the board is satisfied that the performance targets do not encourage increased risk-taking by the executives.

Base salaries are set according to an annual benchmarking exercise of medium-sized market capitalisation companies on the JSE Limited and a defined retail comparator group of 11 listed companies. This benchmarking scope recognises the complexity in the group's business model and product ranges and the regulatory environment within which the group operates.

The performance of the chief executive officer is assessed by the chairman and the board, while the performance of the other executive directors is evaluated by the chief executive officer and reviewed by the remuneration and nominations committee. The annual pay increase of the executive directors is directly related to individual performance ratings and aligned to the annual increase ranges per performance rating as determined by the committee.

Executive directors participate in the annual short-term cash-based incentive scheme. Financial targets, based on the group's average monthly return on net assets (RONA – refer to Definitions on page 62), are set by the board and embedded in the budgets, operating plans and the performance contracts, and are aligned to the group's medium-term financial targets. The incentive scheme is designed to encourage employees to focus on both financial and non-financial levers across financial, customer, people and internal business process improvement metrics.

The achievement of targets is reviewed by the remuneration and nominations committee before any incentive payments are made to executive directors and is also subject to review by the group's external auditor.

A bonus of 40% (60% in the case of the chief executive officer) of annual guaranteed pay is paid on the achievement of an on-target performance with the performance hurdles set at 100% of the targeted group RONA and at least 95% of the targeted group operating profit. Performance exceeding the targeted performance may result in the payment of a higher bonus. This is, however, self-funded and only paid if the group exceeds the targeted operating profit. The scheme also provides for a stretch performance incentive to drive extraordinary performance. The stretch performance hurdle is met when the targeted group RONA is achieved and the operating profit has been exceeded by at least 5% (as verified by an external remuneration consultant and a non-executive director).

Bonus payments are capped at 120% of annual guaranteed remuneration for the chief executive officer and at 80% for the other executive directors. The targets and value of all bonuses awarded to executives are approved by the remuneration and nominations committee.

The group's performance for the 2012 financial year did not achieve the RONA target and no bonuses were paid for the year.

Executive directors participate in the cash-settled long-term incentive scheme that is detailed later in this report.

The remuneration paid to executive directors is disclosed on page 44. As the group's three prescribed officers in terms of the Companies Act are all executive directors, this meets the King III requirement to disclose all remuneration paid to prescribed officers.

Management and staff

Senior managers receive an annual guaranteed salary and participate in the short-term incentive bonus scheme. Salaries may include premiums for scarce and critical skills. A limited number of senior managers participate in the long-term incentive scheme, based on strategic contribution to their business units and their individual performance levels.

An annual performance-based salary increase is paid to all non-bargaining unit employees. The average performance-linked increases for the new financial year will result in an overall increase in payroll of 6.1% (2011: 5.0%). The annual increase date is 1 September which is aligned with the group's financial year and budgeting period.

Collective salary increases are negotiated with the representative trade union for the Clicks bargaining unit. A salary increase of 8% or R355, whichever is the greater, was agreed for 2012/13. All staff in the bargaining unit also participate in the group's short-term incentive scheme.

All store employees' compensation complies with the sectoral determination requirements and the minimum rates of pay as determined for the retail industry are either met or exceeded.

All staff receive discounts on purchases at group stores which vary by business unit.

Employee share ownership programme

An employee share ownership programme (ESOP) was implemented in 2011. Through this scheme 10% of the group's issued shares after the issue of "A" shares (equating to 29.2 million "A" shares) were placed in a share trust for allocation to all full-time permanent staff.

The ESOP is aimed at enabling the group to attract and retain scarce and critical skills, to accelerate transformation, to build employee commitment and to reward employees for their contribution by sharing in the growth and success of the company.

Employees with more than five years' service, pharmacists and senior employees from designated employment equity groups received a 15% enhancement of their share allocation.

Senior executives currently participating in the group's long-term incentive scheme do not participate in the ESOP.

The ESOP has a minimum term of three years and a maximum of seven years, with a sliding scale that applies to employees who leave the group within the three-to-seven-year period.

Shares have been allocated to 7 855 permanent employees, with black staff receiving 86% and women 63% of the shares. Pharmacists comprise 5% of the ESOP beneficiaries.

Group retention scheme

The group retention scheme was implemented in 2009 to retain talented employees by providing them with a long-term financial incentive linked to growth in the group's earnings. This includes high-potential employees, black staff and employees with scarce and critical skills. One-quarter of the retention value is allocated upfront and the balance is payable at the end of the three-year retention period.

There are currently 39 employees participating in the scheme, of which 33% are black and 44% are women. The candidates recommended for inclusion in the retention scheme are reviewed and approved by the remuneration and nominations committee, which also approves all payments made under the scheme. During the financial year, R3.1 million was paid out to participants in the retention scheme.

Incentive schemes

Short-term and long-term incentives are an integral part of the total rewards framework and aim to align employee performance with the interests of shareholders.

Short-term incentive scheme

All permanent employees in Clicks and the majority of employees in UPD participate in the short-term incentive scheme which rewards the achievement of performance targets based on the RONA of the business.

Performance is measured at the group, business unit and team level against agreed targets. Although the scheme rewards team performance, individual performance as measured through the group's annual performance appraisal process may limit the value of the payment should an employee not meet individual performance targets.

Performance exceeding the targeted performance may result in the payment of a higher bonus provided this is funded by the increase in the operating profit. Bonuses for management and staff are capped at two times the value of an on-target bonus due to the employee.

The remuneration and nominations committee annually reviews the short-term incentive scheme and any allocation and payment is approved. No short-term incentive payments were made for the financial year as neither the group nor the business units met the required performance hurdles.

Retail store incentive scheme

A retail store incentive scheme was introduced during the period to reward staff in Musica and The Body Shop stores for exceeding the quarterly store sales budgets above a defined threshold. This is set at 105% for Musica and 110% for The Body Shop. This scheme is self-funded as the value of the payment may not exceed the gross profit on the defined qualifying store turnover. A total of 211 staff in Musica qualified for the incentive with the total payout value being R413 000; in The Body Shop 41 staff members qualified for a total payout of R92 000.

Long-term incentive scheme

The long-term incentive scheme aligns executive remuneration with the creation of shareholder value as the scheme is linked to the growth in the group's earnings over a three-year performance period.

Appreciation units are allocated to participants in this scheme. A base value is determined for each appreciation unit at the date of allocation by multiplying the group's reported diluted headline earnings per share (HEPS) by a factor of 12.

An exercise value is determined at the end of the three-year period by multiplying the diluted HEPS for the year by the factor of 12. The difference between the exercise value and the base value is the amount paid out in cash.

Executives are required to apply 25% of the after-tax cash settlement value to purchase Clicks Group shares in the open market and to retain these shares for a minimum of one year.

Units are forfeited if an executive resigns within the three-year performance period.

During the financial year 3.6 million (2011: 4.7 million) appreciation units were issued. A total of 16 (2011: 28) executives currently participate in this scheme, collectively holding 8.5 million (2011: 10.5 million) units at year-end.

The following table details the appreciation units that have been allocated to executive directors under this scheme over the last three years. The relevant amounts have been expensed through the statement of comprehensive income.

Executive director	2009 allocation at R19.91 per unit (number of units)	2010 allocation at R25.37 per unit (number of units)	2011 allocation at R29.96 per unit (number of units)
Bertina Engelbrecht	294 576	335 987	304 539
Michael Fleming		551 833	495 327
Michael Harvey[1]	374 887	*473 000	*434 579
David Kneale	942 240	1 407 174	1 286 916

[1] Resigned 12 June 2012. The units allocated in 2009 have been settled according to scheme rules and the remaining units (*) that were not yet due have been forfeited.

Employee benefits

Retirement funds

Membership of a retirement fund is compulsory for all full-time employees. The group offers South African employees the choice of a pension or provident fund arrangement in their fund selection of either the Clicks Group Retirement Fund, the Clicks Group Negotiated Pension Fund or the Clicks Group Negotiated Provident Fund. The group's employees based in Namibia are all members of the Namflex Umbrella Pension Fund.

The negotiated and retirement funds have boards of trustees, with 50% employee and 50% employer representation. The company representatives include finance executives from across the group who provide financial expertise to the boards. The retirement fund trustees have appointed an independent financial consultant to provide professional investment advice.

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 8 043 (2011: 8 181) at year-end.

Medical aid

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 594 employees were principal members with Horizon and 763 employees were principal members of a Discovery Health medical-aid scheme.

At year-end 18% (2011: 17%) 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.

Directors' remuneration

Executive directors' remuneration – 2012

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

[1] Resigned 12 June 2012. Amount reflected under Other benefits includes contractual payments for six months' notice pay, leave pay due and a pro rata payment of 13th cheque. Under the long-term incentive (LTI) scheme rules, Michael Harvey qualified for the LTI payment due at the end of November 2012. This amount was settled and is reflected above under Performance-based long-term incentive. In addition, a restraint of trade payment of R3 255 000 was paid, which precludes him from being employed in corporate retail pharmacy for a period of 12 months.

Executive directors' remuneration – 2011

Director (R'000)	Salary	RONA short-term incentive*	Performance-based long-term incentive*	Pension fund	Other benefits	Total
Bertina Engelbrecht	1 862	852	4 740	268	1	7 723
Michael Fleming[2]	1 252	817	–	183	23	2 275
Michael Harvey	2 489	1 183	6 095	229	238	10 234
David Kneale	5 201	3 570	15 152	747	2	24 672
Keith Warburton[3]	1 599	–	–	117	7 135	8 851
Total	12 403	6 422	25 987	1 544	7 399	53 755

[2] Appointed to the board March 2011

[3] Resigned 31 March 2011

* Payments relating to the performance for the year ended 31 August are paid in November. However, these amounts are provided for in the relevant financial year.

Non-executive directors' remuneration

Director (R'000)	2012 Directors' fees	2011 Directors' fees
David Nurek	692	680
Fatima Abrahams[4]	281	315
John Bester	379	355
Fatima Jakoet	256	240
Nkaki Matlala	295	213
Martin Rosen	189	175
Total	2 092	1 978

[4] The directors' fees paid to Prof. Abrahams include an amount of R15 000 (2011: R30 000) for performing the role of chairman of The Clicks Group Employee Share Ownership Trust.

Total directors' remuneration

R'000	2012	2011
Executive directors (excluding the appreciation units scheme)	38 053	53 755
Non-executive directors	2 092	1 978
Total directors' remuneration	**40 145**	**55 733**

Directors' shareholdings at 31 August

	2012			2011		
Director	Direct beneficial shares	Indirect beneficial shares	Total	Direct beneficial shares	Indirect beneficial shares	Total
David Nurek	–	240 000	240 000	–	279 682	279 682
John Bester	12 000	10 000	22 000	12 000	10 000	22 000
Bertina Engelbrecht	68 019	–	68 019	52 353	–	52 353
Michael Harvey[1]	n/a	n/a	n/a	166 314	–	166 314
David Kneale	220 925	–	220 925	170 845	–	170 845
Martin Rosen	2 000	–	2 000	2 000	–	2 000
Total	**302 944**	**250 000**	**552 944**	**403 512**	**289 682**	**693 194**

[1] Resigned 12 June 2012

The total number of ordinary shares in issue is 276 123 498 (2011: 270 652 112). Percentage of issued share capital held by directors is 0.20% (2011: 0.25%). Details of all dealings in Clicks Group shares by directors during the financial year are contained in the Directors' Report on page 74.

Non-executive directors' fees for 2013

The fee structure is aligned to the King lll remuneration guidelines that non-executive directors receive a base fee for appointment to the board or any committee, together with an attendance fee per meeting. The base fee comprises approximately 75% of the total fee. The chairman of the board or any committee receives a higher fee.

Fees are paid for a calendar year. The fee structure has been adjusted for the 2013 calendar year and is subject to approval by shareholders at the AGM in January 2013.

The proposed total fees for non-executive directors for the 2013 calendar year represents an increase of 9.76% on the fee structure for the 2012 financial year.

In line with best practice, non-executive directors do not participate in incentive schemes. None of the non-executive directors have service contracts with the group and no consultancy fees were paid to directors during the year.

	2013**			2012*
Board position	Proposed total fees R	Proposed base fee R	Proposed meeting fee R	Total fee R
Board chairman***	750 000	562 500	187 500	691 500
Board member	170 000	127 500	42 500	150 000
Chair: Audit and risk committee	190 000	142 500	47 500	190 000
Audit and risk committee member	106 000	79 500	26 500	106 000
Chair: Remuneration and nominations committee	85 000	63 750	21 250	77 000
Remuneration and nominations committee member	50 000	37 500	12 500	38 500
Chair: Social and ethics committee***	n/a	n/a	n/a	77 000
Social and ethics committee member	45 000	33 750	11 250	38 500

* Reflects the total fees paid for the 2012 financial year
** Fees are payable for the 2013 calendar year
*** Proposed fees for board chairman inclusive of all committee memberships

SOCIAL AND ETHICS COMMITTEE REPORT

A social and ethics committee was established by the board with effect from 1 September 2011, in compliance with the requirements of the Companies Act.

The committee has an independent role and is governed by a formal charter. The committee assists the board in monitoring the group's activities in terms of legislation, regulation and codes of best practices relating to:

- Ethics
- Stakeholder engagement, including employees, customers, communities and the environment
- Strategic empowerment and compliance with transformation codes.

The transformation committee of the board has been incorporated into the social and ethics committee.

Responsibilities of the committee

The responsibilities of the committee are as follows:

- Monitor the company's activities relating to social and economic development, good corporate citizenship, the environment, and health and public safety
- Ensure appropriate short and long-term targets are set by management
- Monitor progress on strategic empowerment and performance against targets
- Monitor changes in the application and interpretation of empowerment charters and codes
- Monitor functions required in terms of the Companies Act and its regulations

Composition and functioning

The committee comprises three independent non-executive directors, namely David Nurek (chairman), Professor Fatima Abrahams and Dr Nkaki Matlala, and two executive directors, David Kneale and Bertina Engelbrecht. Biographical details of the committee members appear on pages 12 and 13.

The fees paid to the committee members for 2012 and the proposed fees for 2013 are disclosed in the Remuneration Report on page 45.

The committee's report will be presented to shareholders at the annual general meeting in January 2013.

The members of the committee believe that the group is substantively addressing the issues required to be monitored by the committee in terms of the Companies Act. Shareholders are referred to the Corporate Governance Report on page 35 and the Stakeholder Engagement Report on page 32. The group's progress on transformation and environmental management, two of the other areas of responsibility of the social and ethics committee, are covered in the following pages. The committee plans to expand its reporting in the Integrated Annual Report in subsequent years.

R40 million
invested in
skills development

Transformation

Clicks Group was rated as the most empowered company in the retail sector in the Financial Mail Top Empowerment Companies 2012 survey, underlying the group's commitment to sustainable transformation.

As a proudly South African retailer, the group is committed to the spirit of and intent behind the Broad-Based Black Economic Empowerment (BBBEE) Act. The group's transformation agenda is aligned to the Department of Trade and Industry (DTI) codes of good practice.

Transformation is managed within a governance framework that includes the board's social and ethics committee, the internal transformation committee, which is chaired by the chief executive and co-ordinated by the group human resources director, and the business unit transformation forums, which are responsible for implementation.

This multi-level focus on transformation has enabled the group to maintain its level 3 BBBEE rating in 2012 despite more onerous targets for employment equity and preferential procurement on the DTI scorecard. Improved scores were recorded in the ownership, management control and preferential procurement categories.

Ownership

The group's 13.89 points achieved under the ownership element of the scorecard is attributable to the employee share ownership programme (ESOP) launched in 2011, and an independent analysis conducted on the group's shareholding to determine the level of beneficial black ownership.

The ESOP is aimed at attracting and retaining scarce and critical skills while allowing permanent full-time employees to share in the long-term growth and success of the group. Shares have been allocated to 7 855 permanent employees, with black staff accounting for 86% and women 63% of the recipients. Pharmacists comprise 5% of the ESOP beneficiaries. The first dividend of R2.8 million was paid to scheme participants this year.

Management control

The management control element of the group's scorecard includes the group executive committee and top management who are members of business unit operating boards, totalling 16 employees. The group increased its management control score to 8.63 from 7.97 in 2011.

Employment equity

The group is committed to creating a diverse workforce through the advancement of previously disadvantaged people, women and employees with disabilities.

BBBEE element	Maximum points	2012	2012 target	2011
Ownership	20	**13.89**	12	11.71
Management control	10	**8.63**	7.97	7.97
Employment equity	15	**9.50**	10	11.01
Skills development	15	**10.15**	15	12.11
Preferential procurement	20	**15.09**	14	14.19
Enterprise development	15	**15**	15	15
Socio-economic development	5	**5**	5	5
Total	100	**77.26**	78.97	76.99
BBBEE level		**3**	3	3

Employee profile

	Female				Male				
Occupational level	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top management	0	1	0	2	0	0	2	11	16
Senior management	3	5	4	21	2	3	2	44	84
Middle management	15	40	28	109	21	43	21	108	385
Junior management	300	401	113	437	274	169	54	171	1 919
Semi-skilled	2 018	1 129	108	198	1 409	371	43	81	5 357
Unskilled	43	20	0	0	37	10	1	1	112
Total	2 379	1 596	253	767	1 743	596	123	416	7 873
Non-SA based employees	95	3	5	1	73	6	6	1	190
Employees with disabilities	23	3	7	10	32	6	57	12	150

Employment equity continues to improve with black staff representing 85.0% (2011: 84.8%) of total employees. Attracting and retaining senior black talent remains a challenge and black staff represent 20.0% (2011: 20.4%) of senior and top management.

Female employees comprise 63.0% (2011: 63.0%) of the total permanent workforce, with 36.0% (2011: 36.6%) at the combined top and senior management levels and 49.5% (2011: 51.2%) at middle management.

While the group's black employee profile mirrors that of the national demographic, the challenge remains to achieve a more representative workforce overall and at each occupational level.

Skills development

The group is committed to developing the skills, knowledge and capability of its employees to achieve sustainable business growth and to enable employees to realise their potential. This year R40 million (2011: R47 million) was invested in learning and skills development, which equates to 2.8% of basic payroll (2011: 3.4%). A total of 4 687 employees (2011: 4 356) participated in learning and development programmes. Black employees accounted for 82% (2011: 82%) of the total employees trained, and females 63%.

Learning and skills development interventions focused on enhancing management and leadership competencies, developing scarce and critical skills, and internal transformation.

Learning and development statistics	2012	2011
Learning and development spend as a % of payroll	**2.8**	3.4
Learning and development spend (R million)	**40**	47
Employees trained	**4 687**	4 356
Black employees as a % of all employees trained	**82**	82
Female employees as % of all employees trained	**63**	Not reported
Delegates on leadership development programme	**20**	n/a
Delegates on management development programmes	**333**	319
Delegates on retail learnership and skills programmes	**273**	347
Delegates on pharmacy learnership and skills programmes	**360**	408
Interns or graduates on workplace experience programmes	**39**	40
Pharmacy bursary spend (R million)	**1.8**	0.7

The group's pharmacy development strategy focuses on the continued investment in engagement with pharmacy schools across the country; investing in learning laboratories at university pharmacy schools; managing the pharmacy bursary scheme; providing workplace experience through the pharmacy internship programme; the development of pharmacist's assistants at basic and post-basic level; and the continuous professional development of pharmacists and nursing practitioners.

In the past year the group awarded R1.8 million in bursaries to 61 pharmacy students, with more than half of the bursaries awarded to black students.

The in-house Pharmacy Healthcare Academy is instrumental in developing pharmacist's assistants. The academy is registered with the SA Pharmacy Council and 360 learners are currently registered on the learnership programmes.

Preferential procurement

The group's procurement practices are focused on sourcing merchandise and services from locally based and empowered suppliers. In the past year, 42% of the procurement was from level 4 and higher-rated BBBEE suppliers, 12% from qualifying small and exempt enterprises and 2% from black-owned enterprises.

Enterprise development

The group again achieved the maximum points for enterprise development as a result of the increase in the number of enterprise development initiatives that it supports by investing over R90 million over the last financial year.

The UPD independent owner-driver scheme was established in 2003 and contracts close to 50 small enterprise owner-drivers to deliver products from UPD to Clicks, independent pharmacies, hospitals and clinics. UPD paid R33 million (2011: R30 million) to the owner-drivers this year, with an additional R0.8 million (2011: R0.8 million) to the management company supporting the owner-drivers.

The group spent R60 million with Bakers Transport, a 100% black-owned independent transport and logistics services company, and continued its support for Style Studio, a specialist haircare and beauty chain, through an interest-free loan of R0.8 million and employee time totalling over R76 000.

Socio-economic development

The group continues to demonstrate its commitment to making a sustainable contribution to the communities within which it operates by investing 1% of profit after tax in social development programmes through the Clicks Foundation. A total of R7 million was invested in social development through funding and product donations to non-profit organisations and initiatives aligned to the group's focus on health and wellbeing.

The Clicks Helping Hands Trust offers free clinic services to mothers whose babies were born in state hospitals and who do not belong to a medical aid. The trust was launched in 2011 in response to the need to reduce infant and maternal mortality in South Africa. The free services offered include baby immunisation, growth measurement and baby weighing, feeding and nutritional advice, as well as family planning advice and medication. In addition, 5% from every Clicks-branded baby product is donated to the trust.

The beneficiaries of the Clicks Foundation's investment included organisations such as Child Welfare, Safe House, Heal the Hood, Carel du Toit Trust, Topsy Foundation, Villa of Hope, Somerset Hospital and Cotlands. The group donated over R600 000 towards the upgrading of the maternity wing at the Groote Schuur Hospital.

Environmental management

Environmental management is embedded in the group's operations to ensure sustainable business practices. The group was the leading company in the consumer discretionary sector in the annual Carbon Disclosure Project, and was placed 11th in the Nedbank Green Index, which serves as a benchmark for environmentally conscious investors.

The group's response to climate change is to continue to monitor and evaluate all aspects of the environment while focusing on energy and water efficiency, distribution network optimisation, and waste management.

The efficient use of energy has become a critical part of the group's cost management strategy as a result of the high cost and limited availability of electricity. The focus on distribution network optimisation has resulted in a reduction in the kilometres travelled by 17% for Clicks and 5% for UPD. A total of 1 493 tons of waste material has been recycled through the distribution centres and head office.

Carbon footprint

The group again commissioned an independent analysis of its carbon footprint, based on internationally recognised greenhouse gas protocols, reflecting a reduction of 4.3% on last year.

	* 2012	2011	2010
Scope 1 emissions (CO_2e) metric tons	**2 977**	1 945	3 227
Scope 2 emissions (CO_2e) metric tons	**92 034**	91 555	91 099
Scope 3 emissions (CO_2e) metric tons	**21 009**	26 548	27 359
Total	**116 020**	120 048	121 685

* Current year indicators are in the process of being externally assured.

David Nurek
Chairman: Social and ethics committee

13 November 2012

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, functions within documented terms of reference and complies with all 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.

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 regular 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
- Ensure continuous risk monitoring by management
- Express the committee's opinion on the effectiveness of the system and process of risk management
- Ensure risk management reporting in the integrated report is comprehensive and relevant

External audit

- Nominate the external auditor for appointment by shareholders
- Approve the terms of engagement and remuneration of the auditor
- Ensure the appointment of the auditor complies with relevant legislation
- Monitor and report on the independence of the external auditor
- Define a policy for non-audit services that 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 four independent non-executive directors during the period. These directors are all suitably skilled directors, with at least three members of the committee 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), CTA, 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
David Nurek	Dip Law, Grad Dip Company Law

Biographical details of the committee members appear on pages 12 and 13, with supplementary information contained in Annexure 2 to the Notice of Annual General Meeting on page 70.

Subsequent to the year-end, David Nurek will stand down as a member of the committee, and may in future attend meetings by invitation. This addresses the previous non-application of the King III principle that the chairman of the board should not serve on the audit committee.

Fees paid to the committee members for 2012 and the proposed fees for 2013 are disclosed in the Remuneration Report on pages 44 and 45.

The executive directors, group head of internal audit, senior management in the finance department and the external auditor attend meetings at the invitation of the committee.

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
- Evaluating business processes and associated controls in accordance with the annual audit plan

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

Internal control

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

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

The committee has considered the results of the formal documented review of the group's system of internal financial controls and risk management, including the design, implementation and effectiveness of the internal financial controls conducted by internal audit function during the 2012 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 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 KPMG Inc. as the external auditor, as well as approving the terms of engagement and the fees paid to KPMG (refer to note 5 of the annual financial statements on the group's website).

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.

In addition, the committee considered the requirements of King III, among other factors, and is satisfied that the external auditor is independent of the company.

Review of external auditor

On the recommendation of the committee, the board has undertaken to review the appointment of the external auditor as a good governance practice. In accordance with the audit committtee charter, the committee undertook to assess the tender process and make a recommendation to the board. Four audit firms, including the incumbent auditor KPMG, were invited to tender for the audit for the 2013 financial year. Following the outcome of this process, the board will propose Ernst & Young for election as the group's external auditor at the annual general meeting in January 2013.

Policy on non-audit services

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

During the year KPMG received fees of R80 302 (2011: R505 750) for non-audit services, equating to 2.6% (2011: 17.9%) of the total audit fees. These services related mainly to assisting with export approval procedures and royalty calculations.

KPMG 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. 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 that 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
- Evaluated the effectiveness of the committee

Refer to page 38 of the Corporate Governance Report 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 2012 financial year and that its report to shareholders has been approved by the board.

John Bester
Chairman: Audit and risk committee

13 November 2012

SUMMARY AUDITED FINANCIAL STATEMENTS AND SHAREHOLDERS' INFORMATION

Summary audited financial statements for 31 August 2012.

These summary audited financial statements are a summary of the audited annual financial statements of the group for the year ended 31 August 2012. The audited annual financial statements were prepared under the supervision of the Chief Financial Officer, M Fleming CA(SA).

The audited annual financial statements are available on www.clicksgroup.co.za, or on request from the company secretary.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2012

	Note	2012 R'000	2011 R'000
Revenue	3	**16 243 377**	14 833 118
Turnover	3	**15 436 947**	14 135 948
Cost of merchandise sold		**(11 961 536)**	(10 879 173)
Gross profit		**3 475 411**	3 256 775
Other income	3	**800 554**	688 935
Total income		**4 275 965**	3 945 710
Expenses		**(3 264 637)**	(3 008 120)
Depreciation and amortisation		**(171 535)**	(149 714)
Occupancy costs		**(471 897)**	(422 596)
Employment costs		**(1 582 459)**	(1 496 491)
Other costs		**(1 038 746)**	(939 319)
Operating profit		**1 011 328**	937 590
Loss on disposal of property, plant and equipment		**(6 578)**	(6 250)
Profit before financing costs		**1 004 750**	931 340
Net financing costs		**(46 396)**	(33 626)
Financial income	3	**5 876**	8 235
Financial expense		**(52 272)**	(41 861)
Profit before taxation		**958 354**	897 714
Income tax expense		**(269 974)**	(246 749)
Total profit for the year		**688 380**	650 965
Other comprehensive income/(loss):			
Exchange differences on translation of foreign subsidiaries		**1 615**	(220)
Cash flow hedges		**1 485**	2 105
Change in fair value of effective portion		**2 063**	2 924
Deferred tax on movement of effective portion		**(578)**	(819)
Other comprehensive income for the year, net of tax		**3 100**	1 885
Total comprehensive income for the year		**691 480**	652 850
Profit attributable to:			
Equity holders of the parent		**688 687**	650 932
Non-controlling interest		**(307)**	33
		688 380	650 965
Total comprehensive income attributable to:			
Equity holders of the parent		**691 787**	652 817
Non-controlling interest		**(307)**	33
		691 480	652 850
Reconciliation of headline earnings			
Total profit for the period attributable to equity holders of the parent		**688 687**	650 932
Adjusted for:			
Loss on disposal of property, plant and equipment		**4 736**	4 500
Insurance recovery income		**(1 018)**	–
Headline earnings		**692 405**	655 432
Headline earnings per share (cents)			
– basic		**273.5**	250.1
– diluted		**273.4**	249.7
Earnings per share (cents)			
– basic		**272.0**	248.3
– diluted		**271.9**	248.0
Weighted average number of shares in issue (net of treasury shares)		**253 154**	262 118
Weighted average diluted number of shares in issue (net of treasury shares)		**253 258**	262 515

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 August 2012

	Note	2012 R'000	2011 R'000
ASSETS			
Non-current assets		**1 490 348**	1 414 484
Property, plant and equipment		**1 010 657**	949 906
Intangible assets		**306 286**	301 579
Goodwill		**103 510**	103 510
Deferred tax assets		**57 401**	53 756
Loans receivable		**12 494**	5 733
Current assets		**3 286 064**	2 840 299
Inventories		**2 080 375**	1 802 557
Trade and other receivables		**1 171 541**	998 944
Loans receivable		**3 710**	17 901
Cash and cash equivalents		**25 451**	17 790
Derivative financial assets		**4 987**	3 107
Total assets		**4 776 412**	4 254 783
EQUITY AND LIABILITIES			
Equity		**1 348 904**	965 187
Share capital	4	**3 054**	2 999
Share premium		**3 497**	–
Treasury shares	4	**(927 963)**	(703 070)
Share option reserve		**55 905**	40 943
Cash flow hedge reserve		**3 590**	2 105
Non-distributable reserves		**(219)**	(1 834)
Distributable reserve		**2 210 632**	1 623 329
Equity attributable to equity holders of the parent		**1 348 496**	964 472
Non-controlling interest		**408**	715
Non-current liabilities		**286 601**	264 829
Interest-bearing borrowings		**–**	19
Employee benefits		**105 989**	92 473
Deferred tax liabilities		**39 555**	46 695
Operating lease liability		**141 057**	125 642
Current liabilities		**3 140 907**	3 024 767
Trade and other payables		**2 768 759**	2 431 756
Employee benefits		**109 861**	164 669
Provisions		**8 828**	5 217
Interest-bearing borrowings		**214 566**	375 217
Income tax payable		**37 536**	44 489
Derivative financial liabilities		**1 357**	3 419
Total equity and liabilities		**4 776 412**	4 254 783

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2012

	2012 R' 000	2011 R'000
Balance at 1 September	**965 187**	1 141 328
Purchase of treasury shares	**(12 013)**	(552 406)
Disposal of treasury shares	**1 973**	2 579
Total comprehensive income for the year	**691 480**	652 850
Share-based payment reserve movement	**39 562**	16 343
Dividends/distributions to shareholders	**(337 285)**	(295 507)
Balance at 31 August	**1 348 904**	965 187
Dividend/distribution per share (cents)		
Interim paid	**44.1**	37.0
Final declared/paid	**107.9**	88.0
	152.0	125.0

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 August 2012

	2012 R'000	2011 R'000
Cash effects from operating activities		
Profit before working capital changes	1 235 114	1 075 227
Working capital changes	(161 586)	(105 055)
Cash generated by operations	1 073 528	970 172
Interest received	5 787	8 156
Interest paid	(39 252)	(29 269)
Taxation paid	(276 458)	(271 988)
Cash inflow from operating activities before distributions	763 605	677 071
Distributions paid to shareholders	(337 285)	(295 507)
Net cash effects from operating activities	426 320	381 564
Cash effects from investing activities		
Investment in property, plant and equipment and intangible assets to maintain operations	(84 322)	(70 160)
Investment in property, plant and equipment and intangible assets to expand operations	(171 467)	(145 541)
Acquisition of business, net of cash acquired	–	(10 225)
Proceeds from disposal of property, plant and equipment	2 651	1 572
Decrease in loans receivable	5 189	15 001
Net cash effects from investing activities	(247 949)	(209 353)
Cash effects from financing activities		
Purchase of treasury shares	(12 013)	(552 406)
Proceeds from disposal of treasury shares	1 973	2 579
Interest-bearing borrowings (repaid)/raised	(160 670)	243 354
Net cash effects from financing activities	(170 710)	(306 473)
Net increase/(decrease) in cash and cash equivalents	7 661	(134 262)
Cash and cash equivalents at the beginning of the year	17 790	152 052
Cash and cash equivalents at the end of the year	25 451	17 790

SELECTED EXPLANATORY NOTES TO THE SUMMARY AUDITED FINANCIAL STATEMENTS

1 Basis of preparation

The summarised financial statements for the year ended 31 August 2012 have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34 Interim Financial Reporting, the AC 500 Standards as issued by the Accounting Practices Board, the requirements of the South African Companies Act and the JSE Listings Requirements. The accounting policies and methods of computation applied in the preparation of the summarised financial statements are in accordance with IFRS and are consistent with those applied in the preparation of the annual financial statements for the year ended 31 August 2011.

The summarised financial statements do not contain all the information and disclosures required in the annual financial statements.

The summarised financial statements have been extracted from the audited group annual financial statements upon which KPMG Inc. has issued an unqualified report. The audited group annual financial statements are available for inspection at the registered office of the company.

2 Accounting policies

The accounting policies and methods of computation applied in the preparation of these summary financial statements are consistent with those applied in the preparation of the group's annual financial statements for the year ended 31 August 2011.

3 Revenue

	2012 R'000	2011 R'000
Turnover	15 436 947	14 135 948
Financial income	5 876	8 235
Other income	800 554	688 935
Distribution and logistics fees	413 741	361 324
Rental income	207	401
Cost recoveries and other	386 606	327 210
	16 243 377	14 833 118

4 Share capital

	2012 R'000	2011 R'000
Authorised		
600 million (2011: 600 million) ordinary shares of one cent each	6 000	6 000
50 million (2011: 50 million) "A" ordinary shares of one cent each	500	500
Issued ordinary shares		
2012: 276.123 million (2011: 270.652 million) ordinary shares of one cent each and 29.153 million (2011: 29.153 million) "A" ordinary shares of one cent each	3 054	2 999

4 Share capital (continued)

	Ordinary shares 000	"A" ordinary shares 000	2012 000	2011 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	**276 123**	29 153	**305 276**	299 805
Treasury shares held at the end of the year	**(23 081)**	(29 153)	**(52 234)**	(46 846)
Net number of shares in issue at the end of the year	253 042	–	253 042	252 959

	2012 R'000	2011 R'000
Of the shares in issue, the group holds the following treasury shares:		
Shares held by a subsidiary – 22.886 million (2011: 17.197 million) ordinary shares of one cent each – cost	**925 972**	697 405
Shares held by the Share Trust – 0.195 million (2011: 0.495 million) ordinary shares of one cent each – cost	**1 700**	5 374
Shares held by the Clicks Group Employee Share Ownership Trust – 29.153 million (2011: 29.153 million) "A" ordinary shares of one cent each – cost	**291**	291
	927 963	703 070

No ordinary shares were cancelled during the year (2011: 20 343 271 shares of one cent each held by a subsidiary were cancelled).

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.

5 Reconciliation of segmental operating profit

	2012 R'000	2011 R'000
Business unit segmental operating profit	**1 011 328**	937 590
Loss on disposal of property, plant and equipment	**(6 578)**	(6 250)
Financial income	**5 876**	8 235
Financial expense	**(52 272)**	(41 861)
Profit before taxation	**958 354**	897 714

BUSINESS UNIT SEGMENTAL ANALYSIS

for the year ended 31 August 2012

		Clicks		Musica		The Body Shop	
R'000		2012	2011	2012	2011	2012	2011
Statement of financial position							
Property, plant and equipment		**589 508**	537 557	**46 295**	51 139	**11 040**	10 518
Intangible assets		**287 660**	289 258	**1 285**	1 888	**956**	4
Goodwill		**18 855**	18 855	**–**	–	**–**	–
Inventories		**1 394 408**	1 203 108	**116 537**	135 541	**17 640**	11 918
Trade and other receivables		**171 603**	174 473	**13 644**	13 377	**2 281**	1 593
Cash and cash equivalents		**3 495**	7 457	**–**	129	**61**	57
Other assets		**13 257**	3 369	**–**	–	**–**	–
Total assets		**2 478 786**	2 234 077	**177 761**	202 074	**31 978**	24 090
Employee benefits – non-current		**15 170**	13 108	**686**	1 645	**169**	–
Operating lease liability		**126 024**	110 580	**13 486**	13 179	**1 547**	1 883
Trade and other payables		**1 258 042**	1 168 222	**110 128**	72 329	**10 222**	9 815
Employee benefits – current		**71 437**	90 896	**5 802**	9 907	**856**	1 441
Other liabilities		**2 660**	3 079	**1 522**	1 783	**–**	–
Total liabilities		**1 473 333**	1 385 885	**131 624**	98 843	**12 794**	13 139
Net assets		**1 005 453**	848 192	**46 137**	103 231	**19 184**	10 951
Statement of comprehensive income							
Turnover		**10 685 592**	9 789 459	**871 515**	895 600	**122 972**	107 786
Gross profit		**2 983 059**	2 778 398	**294 837**	299 099	**78 200**	73 109
Other income		**437 827**	367 707	**17 808**	20 379	**2 040**	1 556
Total income		**3 420 886**	3 146 105	**312 645**	319 478	**80 240**	74 665
Expenses		**(2 633 020)**	(2 395 269)	**(269 835)**	(288 060)	**(56 403)**	(54 090)
Operating profit		**787 866**	750 836	**42 810**	31 418	**23 837**	20 575
Ratios							
Increase/(decrease) in turnover	%	**9.2**	13.0	**(2.7)**	(5.9)	**14.1**	(2.8)
Selling price inflation	%	**1.2**	1.0	**(4.9)**	(2.4)	**(1.9)**	(6.6)
Comparable stores' turnover growth	%	**5.9**	8.5	**–**	(6.2)	**13.8**	(3.3)
Gross profit margin	%	**27.9**	28.4	**33.8**	33.4	**63.6**	67.8
Total income margin	%	**32.0**	32.1	**35.9**	35.7	**65.3**	69.3
Operating expenses as a percentage of turnover	%	**24.6**	24.5	**31.0**	32.2	**45.9**	50.2
Increase/(decrease) in operating expenses	%	**9.9**	12.5	**(6.3)**	(0.8)	**4.3**	6.7
Increase/(decrease) in operating profit	%	**4.9**	25.8	**36.3**	(40.2)	**15.9**	3.5
Operating profit margin	%	**7.4**	7.7	**4.9**	3.5	**19.4**	19.1
Inventory days		**66**	63	**74**	83	**144**	125
Trade debtor days		**8**	11	**–**	–	**–**	–
Trade creditor days		**46**	45	**49**	24	**22**	37
Number of stores		**420**	400	**134**	148	**41**	42
at 1 September 2011/2010		**400**	369	**148**	152	**42**	40
opened		**27**	32	**2**	5	**2**	2
closed		**(7)**	(1)	**(16)**	(9)	**(3)**	–
Number of pharmacies		**306**	283	**–**	–	**–**	–
at 1 September 2011/2010		**283**	251	**–**	–	**–**	–
new/converted		**26**	32	**–**	–	**–**	–
closed		**(3)**	–	**–**	–	**–**	–
Total leased area	m^2	**272 708**	261 363	**27 328**	30 780	**2 850**	2 892
Weighted retail trading area	m^2	**206 299**	194 887	**25 910**	26 923	**2 234**	2 190
Weighted annual sales per m^2	R	**50 418**	48 770	**33 637**	33 265	**55 046**	49 217
Number of permanent employees		**6 562**	6 642	**653**	773	**119**	122

Group Services		Total retail operations		UPD		Intragroup elimination		Total operations	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
203 694	201 186	850 537	800 400	160 120	149 506	–	–	1 010 657	949 906
8 450	8 472	298 351	299 622	7 935	1 957	–	–	306 286	301 579
–	–	18 855	18 855	84 655	84 655	–	–	103 510	103 510
–	–	1 528 585	1 350 567	560 928	462 891	(9 138)	(10 901)	2 080 375	1 802 557
201	5 105	187 729	194 548	1 302 335	1 050 514	(318 523)	(246 118)	1 171 541	998 944
21 892	(5 374)	25 448	2 269	33 957	15 521	(33 954)	–	25 451	17 790
460 539	468 596	473 796	471 965	281 031	186 795	(676 235)	(578 263)	78 592	80 497
694 776	677 985	3 383 301	3 138 226	2 430 961	1 951 839	(1 037 850)	(835 282)	4 776 412	4 254 783
82 168	72 803	98 193	87 556	7 796	4 917	–	–	105 989	92 473
–	–	141 057	125 642	–	–	–	–	141 057	125 642
152 674	186 184	1 531 066	1 436 550	1 556 216	1 241 324	(318 523)	(246 118)	2 768 759	2 431 756
22 134	48 806	100 229	151 050	9 632	13 619	–	–	109 861	164 669
611 573	656 530	615 755	661 392	396 276	391 927	(710 189)	(578 263)	301 842	475 056
868 549	964 323	2 486 300	2 462 190	1 969 920	1 651 787	(1 028 712)	(824 381)	3 427 508	3 289 596
(173 773)	(286 338)	897 001	676 036	461 041	300 052	(9 138)	(10 901)	1 348 904	965 187
–	–	11 680 079	10 792 845	6 223 807	5 601 891	(2 466 939)	(2 258 788)	15 436 947	14 135 948
–	–	3 356 096	3 150 606	117 702	102 216	1 613	3 953	3 475 411	3 256 775
–	–	457 675	389 642	402 749	351 862	(59 870)	(52 569)	800 554	688 935
–	–	3 813 771	3 540 248	520 451	454 078	(58 257)	(48 616)	4 275 965	3 945 710
–	–	(2 959 258)	(2 737 419)	(365 399)	(323 270)	60 020	52 569	(3 264 637)	(3 008 120)
–	–	854 513	802 829	155 052	130 808	1 763	3 953	1 011 328	937 590
–	–	8.2	10.9	11.1	4.3	9.2	26.3	9.2	6.2
–	–	0.7	0.6	0.1	3.3	–	–	0.5	1.6
–	–	5.5	6.9	–	–	–	–	5.5	6.9
–	–	28.7	29.2	1.9	1.8	–	–	22.5	23.0
–	–	32.7	32.8	8.4	8.1	–	–	27.7	27.9
–	–	25.3	25.4	5.9	5.8	–	–	21.1	21.3
–	–	8.1	10.8	13.0	3.7	–	–	8.5	9.8
–	–	6.4	20.0	18.5	(19.4)	–	–	7.9	13.8
–	–	7.3	7.4	2.5	2.3	–	–	6.6	6.6
–	–	67	65	34	31	–	–	63	60
–	–	8	11	64	60	–	–	46	46
–	–	46	43	74	66	–	–	61	57
–	–	595	590	–	–	–	–	595	590
–	–	590	561	–	–	–	–	590	561
–	–	31	39	–	–	–	–	31	39
–	–	(26)	(10)	–	–	–	–	(26)	(10)
–	–	306	283	–	–	–	–	306	283
–	–	283	251	–	–	–	–	283	251
–	–	26	32	–	–	–	–	26	32
–	–	(3)	–	–	–	–	–	(3)	–
–	–	302 886	295 035	–	–	–	–	302 886	295 035
–	–	234 443	224 000	–	–	–	–	234 443	224 000
–	–	48 607	46 911	–	–	–	–	48 607	46 911
335	336	7 669	7 873	394	389	–	–	8 063	8 262

DEFINITIONS

Capital expenditure

Maintenance capital expenditure

Capital expenditure incurred in replacing existing capital expenditure or capital expenditure with a return below the group's required return.

Growth capital expenditure

Capital expenditure that is not maintenance capital expenditure.

Cash flow

Financing activities

Activities that result in changes to the capital and funding structure of the group.

Investing activities

Activities relating to the acquisition, holding and disposal of capital assets and long-term investments.

Operating activities

Activities that are not financing or investing activities that arise from the operations conducted by the group.

Comparable stores' turnover growth

Turnover growth expressed as a percentage of growth for stores that have been operating for the full period during the current and previous financial years.

Current ratio

Current assets at year-end divided by current liabilities at year-end.

Distribution cover

Undiluted headline earnings per share for the year divided by the ordinary distribution per share for the year.

Distribution per share

Distribution per share is the actual interim cash dividend and/or capital distribution paid and the final cash dividend and/or capital distribution declared, expressed as cents per share.

Earnings per share

Earnings per share

Profit for the year divided by the weighted average number of shares in issue for the year.

Diluted earnings per share

Profit for the year divided by the weighted average diluted number of shares in issue for the year.

Headline earnings per share

Headline earnings divided by the weighted average number of shares in issue for the year.

Diluted headline earnings per share

Headline earnings divided by the weighted average diluted number of shares in issue for the year.

Effective tax rate

The tax charge in the income statement as a percentage of profit before tax.

Free float

The number of ordinary shares that are freely tradable on the JSE Limited, excluding treasury shares and shares held by directors and employee share schemes.

Gross profit margin

Gross profit expressed as a percentage of turnover.

Headline earnings

Profit for the year adjusted for the after-tax effect of goodwill impairment and certain other capital items.

IFRS

International Financial Reporting Standards, as adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

Clicks Group's consolidated financial statements are prepared in accordance with IFRS.

Interest-bearing debt, including cash, to shareholders' interest at year-end

Interest-bearing debt (including bank overdraft), net of cash balances, at the end of the year divided by shareholders' interest at the end of the year.

Inventory days

Closing inventory at year-end divided by the cost of merchandise sold during the year, multiplied by 365 days.

Issued shares

Ordinary shares and unlisted "A" shares having a par value of one cent each in the authorised share capital of Clicks Group Limited.

King III

The revised King Code and Report on Corporate Governance for South Africa, released in 2009, which sets out principles of good corporate governance for South African companies.

Living Standards Measure (LSM)

The South African Audience Research Foundation (SAARF) LSM is a widely used marketing research tool in South Africa and a unique means of segmenting the market. It divides the population into 10 LSM groups, 10 (highest) to 1 (lowest), grouping people according to their living standards using criteria such as ownership of major appliances and access to services.

Market capitalisation

The closing market price per share at year-end multiplied by the number of ordinary shares in issue at year-end.

Net asset value per share

Net assets at year-end divided by the number of ordinary shares in issue at year-end (net of treasury shares).

Net tangible asset value per share

Net assets at year-end, less intangible assets (such as goodwill and trademarks), divided by the number of ordinary shares in issue at year-end (net of treasury shares).

Operating profit

Operating profit before financing costs, as reported in the group consolidated statement of comprehensive income, adjusted to exclude goodwill impairment, impairment of property, plant and equipment, profit on disposal of businesses and profit/loss on disposal of property, plant and equipment.

Operating profit margin

Operating profit expressed as a percentage of turnover.

Percentage of ordinary shares traded

The number of ordinary shares traded on the JSE Limited during the year as a percentage of the weighted average number of ordinary shares in issue (net of treasury shares).

Price earnings ratio

The closing market price per share at year-end divided by diluted headline earnings per share for the year.

Return on shareholders' interest (ROE)

Headline earnings expressed as a percentage of the average shareholders' interest for the year.

Return on total assets (ROA)

Headline earnings expressed as a percentage of the average total assets for the year.

Return on net assets (RONA)

Operating profit as defined for RONA divided by average net assets for the year as defined for RONA.

Operating profit as defined for RONA is the reported operating profit for the group inclusive of capital gains and losses relating to continuing operations of the business and excluding the employee short-term bonus.

Net assets as defined for RONA are the average assets less liabilities for the year excluding taxation and financial-related assets and liabilities (cash, overdrafts, loans receivable, interest-bearing borrowings, deferred tax and taxation payable).

Segmental reporting

Business unit segment

A distinguishable trading brand or component of the group.

Selling price inflation

The change in the weighted average selling price of a sample of products for the year relative to the previous year expressed as a percentage of the weighted average selling price of the same sample of products for the previous year. Only products sold in both the current and previous years are included in the sample.

Shareholders' interest

Share capital and share premium (reduced by the cost of treasury shares) and other reserves comprising equity.

Shareholders' interest to total assets

The shareholders' interest divided by the total assets at the year-end.

Total income

Gross profit plus other income.

Total income margin

Total income expressed as a percentage of turnover.

Trade creditor days

Closing trade creditors at year-end (adjusted to exclude VAT) divided by the cost of merchandise sold during the year, multiplied by 365 days.

Trade debtor days

Closing trade debtors at year-end (adjusted to exclude VAT) divided by sales for the year, multiplied by 365 days.

Treasury shares

Issued shares in Clicks Group Limited held by a group company in terms of an approved share repurchase programme, the New Clicks Holdings Share Trust and the Clicks Group Employee Share Ownership Trust.

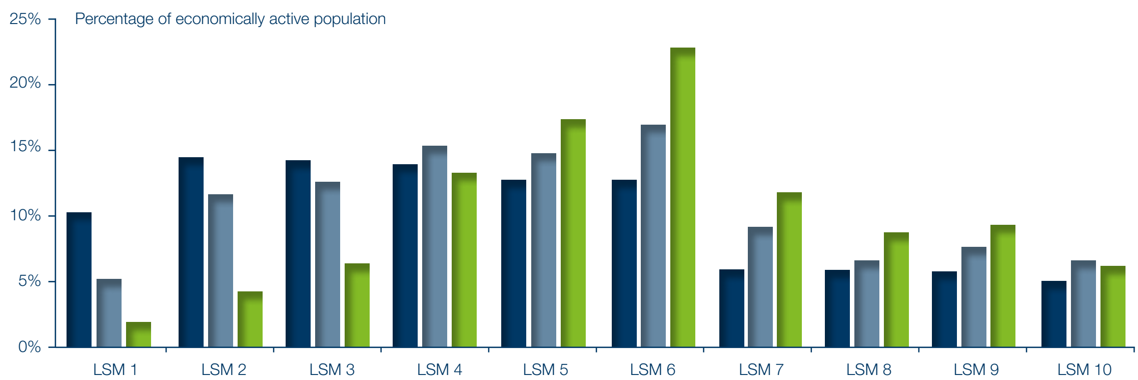
Weighted average number of shares

The number of ordinary shares in issue, increased by shares issued during the year and reduced by treasury shares purchased or shares cancelled during the year, weighted on a time basis for the period during which they have participated in the income of the group.

Weighted average diluted number of shares

The weighted average number of ordinary shares adjusted for the effects of all dilutive potential shares.

SAARF Living Standards Measure (LSM)



June 2012	LSM 1	LSM 2	LSM 3	LSM 4	LSM 5	LSM 6	LSM 7	LSM 8	LSM 9	LSM 10
Population ('000)	662	1 431	2 143	4 586	6 004	7 897	4 038	2 894	3 191	2 089
Average monthly household income (R)	1 539	1 970	2 502	3 217	4 275	6 709	11 310	15 692	21 643	32 629

Source: SAARF AMPS   2002   2007   2012

SHAREHOLDER ANALYSIS
as at 31 August 2012

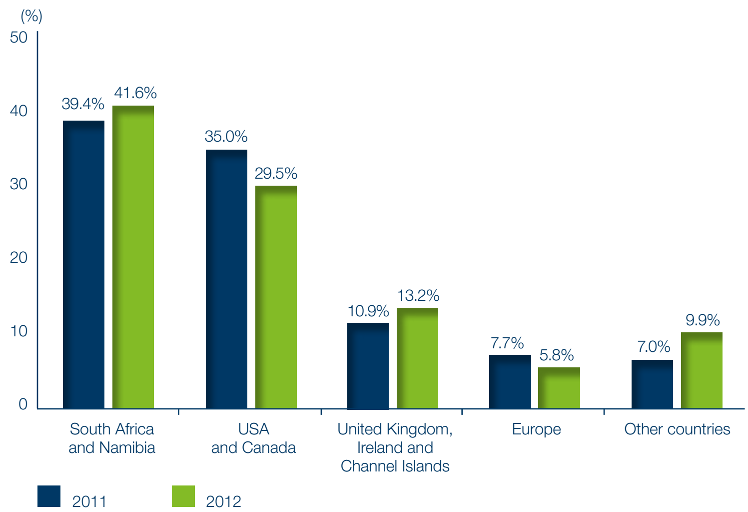
Public and non-public shareholders	Number of holders	Percentage of holders	Number of shares	Percentage of shares
Public shareholders	5 048	99.9%	252 488 880	91.4%
Non-public shareholders				
Shares held by directors	6	0.1%	552 944	0.2%
Treasury stock held by New Clicks South Africa Proprietary Limited	1	0.0%	22 886 224	8.3%
The New Clicks Holdings Share Trust	1	0.0%	195 450	0.1%
Total non-public shareholders	8	0.1%	23 634 618	8.6%
Total shareholders	5 056	100.0%	276 123 498	100.0%

According to the company's register of shareholders, read in conjunction with the company's register of disclosure of beneficial interests made by registered shareholders acting in a nominee capacity, the following shareholders held 3% or more of the issued share capital at 31 August 2012:

Major beneficial shareholders holding 3% or more	2012 Percentage of shares	2011 Percentage of shares
Government Employees Pension Fund	13.8%	12.6%
New Clicks South Africa Proprietary Limited	8.3%	6.1%

Major fund managers managing 3% or more	2012 Percentage of shares	2011 Percentage of shares
Public Investment Corporation (SA)	12.2%	12.1%
Baillie Gifford & Co (UK)	9.1%	5.8%
Coronation Fund Managers (SA)	7.4%	2.1%
Aberdeen Asset Managers (UK)	3.7%	2.2%
Morgan Stanley Investment Management (UK)	3.7%	5.6%
JPMorgan Asset Management (US, UK and Asia)	3.6%	2.0%
Mondrian Investment Partners (UK)	3.2%	1.8%
Government of Singapore Investment Corporation (Singapore)	3.0%	2.5%
Fidelity Management & Research (US)/International (UK)	3.0%	3.6%

Geographic distribution of shareholders



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 17th annual general meeting ("AGM") of shareholders of Clicks Group Limited ("the company") will be held at the registered office of the company, corner Searle and Pontac Streets, Cape Town on 23 January 2013 at 09:30. The board of directors of the company have determined that the record date for all purposes of determining which shareholders are entitled to participate in and vote at this AGM is 11 January 2013. The last date to trade in order to be eligible to vote is 4 January 2013. At the AGM the following resolutions will be proposed, considered, and if deemed fit, passed with or without amendment, and such other business will be conducted as is required to be dealt with at the AGM in terms of the Companies Act, 71 of 2008, as amended ("the Companies Act").

1. **Presentation of Directors' Report**
2. **Presentation of Audit and Risk Committee Report**
3. **Presentation of Social and Ethics Committee Report**
4. **Ordinary resolution number 1** – adoption of financial statements

   To receive and consider for adoption the annual financial statements incorporating the Directors' Report and the Audit and Risk Committee Report of the company and its subsidiaries ("the group") for the year ended 31 August 2012. The financial statements are available on the company's website: www.clicksgroup.co.za and an abridged version is contained in the Clicks Group Limited 2012 Integrated Annual Report.

   "Resolved that the audited annual financial statements of the group incorporating the Directors' Report, the Audit and Risk Committee Report and the Independent Auditor's Report for the year ended 31 August 2012 be accepted and adopted."

5. **Ordinary resolution number 2** – appointment of auditors

   To approve the appointment of Ernst & Young Inc. as auditors of the company for the ensuing year and to note that the individual registered auditor who will undertake the audit is Malcolm Rapson. The audit and risk committee has recommended that the firm and the designated auditor be appointed for the ensuing period.

   "Resolved that the firm Ernst & Young Inc. be appointed as the company's auditor for the ensuing year."

6. **Ordinary resolution number 3** – re-election of director

   To consider the re-election as a director of the company of Fatima Jakoet who retires in accordance with the company's memorandum of incorporation ("MOI") and being eligible, offers herself for re-election. In compliance with paragraph 3.84 of the JSE Listings Requirements ("the Listings Requirements"), a brief curriculum vitae is provided in Annexure 1 to this notice.

   "Resolved that Fatima Jakoet be and is hereby elected as a director."

7 **Ordinary resolution number 4** – re-election of director

   To consider the re-election as a director of the company of David Kneale who retires in accordance with the MOI and being eligible, offers himself for re-election. In compliance with paragraph 3.84 of the Listings Requirements, a brief curriculum vitae is provided in Annexure 1 to this notice.

   "Resolved that David Kneale be and is hereby elected as a director."

8. **Ordinary resolution number 5** – re-election of director

   To consider the re-election as a director of the company of David Nurek who retires in accordance with the company's MOI and being eligible, offers himself for re-election. In compliance with paragraph 3.84 of the Listings Requirements, a brief curriculum vitae is provided in Annexure 1 to this notice.

   "Resolved that David Nurek be and is hereby elected as a director."

9. **Ordinary resolution number 6** – election of members of the audit and risk committee

   Explanatory note

   In terms of the Companies Act, at each AGM an audit committee comprising at least three members who are all independent non-executive directors must be elected. It is proposed that the following current members of the audit and risk committee be re-elected for the next year. The election of each member of the audit and risk committee will be voted on separately.

   Brief curricula vitae of the members are provided in Annexure 2 to this notice on page 70.

   Election of John Bester as member of the audit and risk committee

   9.1. "Resolved that John Bester be and is hereby elected as a member of the audit and risk committee."

   Election of Fatima Jakoet as member of the audit and risk committee

   9.2. "Resolved that Fatima Jakoet be and is hereby elected as a member of the audit and risk committee."

   Election of Nkaki Matlala as member of the audit and risk committee

   9.3. "Resolved that Nkaki Matlala be and is hereby elected as a member of the audit and risk committee."

10. **Ordinary resolution number 7 (non-binding advisory vote)** – approval of the company's remuneration policy

   Explanatory note

   In terms of principle 2.27 of the King Report on Corporate Governance for South Africa, 2009 ("King III Report"), the company's remuneration policy should be tabled to shareholders for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. Accordingly, the shareholders are requested to endorse the company's remuneration policy set out here, by way of a non-binding advisory vote.

   "Resolved that the company's remuneration policy accompanying this notice be accepted and approved."

11. **Special resolution number 1** – Memorandum of incorporation

   Explanatory note

   Special resolution number 1 is proposed to enable the company to adopt a new memorandum of incorporation ("MOI") that will be in line with the requirements of the Companies Act, the JSE Listings Requirements and other applicable legislation. In addition to the Companies Act, changes to the JSE Listings Requirements and developments in corporate governance require a substantial number of changes to the existing MOI. Accordingly, it is more appropriate to adopt the proposed new MOI rather than to amend the existing MOI. The principal changes being proposed in the new MOI are summarised in Annexure 3 to this notice and the full new MOI is available on the company's website.

   Once approved and filed in terms of the Companies Act, the new MOI will replace the company's existing MOI in entirety. The proposed MOI has been approved by the JSE and the company's board.

   "Resolved that the new MOI of the company tabled at the meeting be approved and adopted, which once approved and adopted and filed in terms of the Companies Act, will replace the company's existing MOI."

12. **Special resolution number 2** – general authority to repurchase shares

Explanatory note

The reason for special resolution number 2 is to grant the directors of the company and subsidiaries of the company a general authority in terms of the Companies Act and the Listings Requirements to acquire the company's ordinary shares, subject to the terms and conditions set out in the resolution. The directors require that such general authority should be implemented in order to facilitate the repurchase of the company's ordinary shares in circumstances where the directors consider this to be appropriate and in the best interests of the company and its shareholders.

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"Resolved that the company hereby approves, as a general approval contemplated in sections 46 and 48 of the Companies Act, the acquisition by the company or any of its subsidiaries from time to time of the issued ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the MOI, the provisions of the Companies Act and the Listings Requirements as presently constituted and which may be amended from time to time, and provided that:

- any such repurchase shall be implemented through the order book operated by the JSE trading system, without any prior understanding or arrangement between the company and the counterparty;
- authorisation thereto being given by the MOI;
- this general authority shall only be valid until the company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- a press announcement will be published as soon as the company and/or its subsidiaries has repurchased ordinary shares constituting, on a cumulative basis, 3% (three per cent) of the initial number of ordinary shares, and for each 3% (three per cent) in aggregate of the initial number of shares repurchased thereafter, containing full details of such repurchases;
- acquisitions by the company and its subsidiaries of shares in the capital of the company may not, in the aggregate, exceed in any one financial year 5% (five per cent) of the company's issued ordinary share capital of the class of the repurchased shares from the date of the grant of this general authority;
- in determining the price at which the company's shares are acquired by the company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% (ten per cent) of the weighted average of the market price at which such shares are traded on the JSE for the 5 (five) business days immediately preceding the date the repurchase transaction is effected;
- in the case of a derivative (as contemplated in the Listings Requirements) the price of the derivative shall be subject to the limits set out in section 5.84(a) of the Listings Requirements;
- the company's sponsor has confirmed the adequacy of the company's and the group's working capital for purposes of undertaking the repurchase of shares in writing to the JSE when the company entered the market to proceed with the repurchase;
- the company and/or its subsidiaries do not repurchase securities during a prohibited period as defined in paragraph 3.67 of the Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period; and
- the company only appoints one agent at any point in time to effect repurchases on its behalf."

When any such repurchase of the maximum number of ordinary shares in terms of the aforegoing general authority is made, the directors will give consideration to the following issues and at the time the repurchase is made, the directors must be of the opinion that:

- the company and the group will be able in the ordinary course of business to pay its debts for a period of 12 (twelve) months after the date of the repurchase;
- the assets of the company and group are to be in excess of the liabilities of the company and group for a period of 12 (twelve) months after the date of the repurchase fairly valued in accordance with the accounting policies used in the audited financial statements for the year ended 31 August 2012;
- the share capital and reserves of the company and group are adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the repurchase;
- the working capital of the company and the group are adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of the AGM; and
- having applied the solvency and liquidity test set out in section 4 of the Companies Act, that the company will satisfy the solvency and liquidity test immediately after completing the proposed repurchase.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the Listings Requirements for purposes of this general authority:

Directors and management – pages 12 and 13

Major beneficial shareholders – page 64

Directors' interests in ordinary shares – page 45

Share capital of the company – page 58

Litigation statement

In terms of section 11.26 of the Listings Requirements, the directors, whose names appear in the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names appear in the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the group since the date of signature of the audit report and up to the date of this notice.

13. **Special resolution number 3** – approval of directors' fees

Explanatory note

In terms of section 66(8) of the Companies Act the company may pay remuneration to its directors for their service as directors. Section 66(9) requires the remuneration to be paid in accordance with a special resolution approved by shareholders within the previous two years.

The effect of the special resolution is that the directors will be entitled to the fees paid for the period from 1 January 2013 until the AGM to be held in January 2014.

The proposed fees are set on page 45 in the Remuneration Report.

Invitation fee

All non-executive directors who attend committee meetings by invitation at the request of the board shall be eligible to receive the same fee as if they were a member of the committee.

"Resolved that the fees of the directors as reflected in the Remuneration Report be approved for the period from 1 January 2013 until the AGM to be held in January 2014."

14. **Special resolution number 4** – general approval to provide financial assistance

Explanatory note

The reason for this special resolution is to provide general authority for the company to provide direct or indirect financial assistance to a related or interrelated company or corporation, subject to sub-sections 45(3) and 45(4) of the Companies Act.

Section 45 of the Companies Act provides, *inter alia*, that any direct or indirect financial assistance to a related or interrelated company or corporation must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients and the specific recipient falls within that category, and the board of directors must be satisfied that:

- immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test, as defined in section 4 of the Companies Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The company, when the need arises, *inter alia*, provides loans to and/or guarantees repayment or other obligations of subsidiaries or related or interrelated companies. The company requires the ability to continue providing financial assistance, if and when necessary, to its current and future subsidiaries and/or any other company or corporation that is or becomes related or interrelated, in accordance with section 45 of the Companies Act.

In the circumstances and in order to, *inter alia*, ensure that the company's subsidiaries and other related and interrelated companies and corporations have access to financing and/or financial backing from the company, it is necessary to obtain the approval of shareholders, as set out in special resolution number 4. The passing of this special resolution will have the effect of allowing the directors of the company to authorise the company to provide direct or indirect financial assistance to the company's subsidiaries and other related and interrelated companies and corporations to allow such persons or companies or corporations to have access to financing and/or financial backing from the company.

It is specifically recorded that the authority sought in this resolution does not authorise the company to provide financial assistance to directors or prescribed officers.

"Resolved that the board of directors of the company may, subject to compliance with the requirements of the company's MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, to any related or interrelated company or corporation, or to any future subsidiaries and/or any other company or corporation that is or becomes related or interrelated to the company, for any purpose or in connection with any matter. The financial assistance may be provided at any time during the period commencing on the date of the adoption of this resolution and ending 2 (two) years after such date."

15. **To transact such other business as may be transacted at an annual general meeting**

All shareholders of ordinary shares and "A" shares in the company are entitled to attend, speak and vote at the AGM. If you hold certificated shares (i.e. have not dematerialised your shares in the company) or are registered as an "own name" dematerialised shareholder (i.e. have specifically instructed your Central Securities Depository Participant ("CSDP") to hold your shares in your own name on the company's sub-register), then:

- you may attend and vote at the annual general meeting; alternatively
- you may appoint a proxy to represent you at the AGM by completing the attached form of proxy and returning it to the company's transfer secretaries or the registered office of the company by not less than 48 hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays). A proxy need not also be a shareholder; alternatively
- you may participate electronically in the manner set out below.

Please note that if you are the owner of dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE Limited's electronic settlement system ("STRATE")) held through a CSDP or broker and are not registered as an "own name" dematerialised shareholder, you are subject to the mandate between yourself and your CSDP or broker:

- if you wish to attend the annual general meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. You should not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.

CSDPs, brokers or their nominees, as the case may be, recorded in the company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold the dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the company's transfer secretaries or registered office of the company not less than 48 hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

The company intends to make provision for shareholders of the company to participate in the AGM by way of electronic communication. Should any shareholder wish to participate in the AGM by way of electronic communication, it is required to give written notice of such proposed participation to both the company at its registered office marked for the attention of the company secretary and the company's transfer secretaries, Computershare

Investor Services (Proprietary) Limited at PO Box 61051, Marshalltown, 2107, by no later than 12:00 on 10 January 2013. Such notice must be accompanied by the following:

(a) if the shareholder is an individual, a certified copy of his/her identity document;

(b) if the shareholder is not an individual, a certified copy of the resolution adopted by the relevant entity authorising the representative to represent the shareholder at the AGM and a certified copy of the authorised representative's identity document; and

(c) a valid e-mail address and/or facsimile number for the purpose of receiving notice of the manner in which the electronic participation will be conducted.

If a shareholder provides the company with the aforesaid notice and documents, the company shall use its reasonable endeavours to notify the shareholder of the relevant details of the electronic communication through which it can participate in the AGM, and will also inform such shareholder of the voting procedures applicable to him/her. The cost of participating electronically will be for the expense of the shareholder.

Approvals required for resolutions

Ordinary resolutions numbers 1 to 7, contained in this Notice of AGM, require the approval of more than 50% of the total votes cast on the resolutions by shareholders present or represented by proxy at the AGM. Ordinary resolution number 7 is proposed for a non-binding advisory vote only and any failure to pass this resolution will not have any effect on the company's existing arrangements, but the outcome of the vote will be taken into consideration when considering the company's remuneration policy.

Special resolutions numbers 1 to 4 contained in this Notice of AGM require the approval by more than 75% of the total votes cast on the resolutions by shareholders present or represented by proxy at the AGM.

On a poll the holders of ordinary shares or "A" shares shall be entitled to one vote per share.

By order of the board

DW Janks
Company Secretary

13 November 2012

Brief curricula vitae of directors standing for re-election to the board

Fatima Jakoet (52)

Independent non-executive director

B Sc, CTA, CA (SA), Higher certificate in financial markets
Member of the audit and risk committee

Appointed March 2008

After spending six years in the auditing profession, Fatima went on to lecture in financial accounting and then spent over a decade in various positions in corporate South Africa. Fatima is a non-executive director of MMI Holdings, Tongaat Hulett, Rand Refinery and MTN West and Central Africa region.

David Kneale (58)

Chief executive officer

BA
Member of the social and ethics committee

Appointed as a director in April 2006

David was appointed chief executive officer of Clicks Group in January 2006. He was previously chief commercial officer of health and beauty retailer, Boots Group plc, in the United Kingdom. During his career at Boots David held positions in finance, buying and marketing before being appointed director of merchandise and marketing in 1995 and managing director of international retail development in 1997. After three years as managing director of Waterstone's Booksellers and a director of HMV Group, he returned to Boots in 2002 as director of trading and was appointed chief commercial officer in January 2003.

David Nurek (62)

Independent non-executive chairman

Dip Law, Grad Dip Company Law
Chairman of the social and ethics committee
Member of the remuneration and nominations committee

Appointed June 1997

David practised as an attorney with Sonnenberg Hoffman Galombik for 32 years, including 23 years as a partner and director. He joined Investec Group in 2000 and is regional chairman of the group's Western Cape businesses and global head of legal risk for the Investec Group. He is non-executive chairman of Distell Group, Lewis Group and The Foschini Group, and a non-executive director of Trencor.

Brief curricula vitae of directors standing for election to the audit and risk committee

John Bester (66)

Independent non-executive director

B Com (Hons), CA (SA), CMS (Oxon)
Chairperson of the audit and risk committee
Member of the remuneration and nominations committee

Appointed October 2008

John spent 16 years in the accounting profession, including serving as a partner of Ernst & Young for 10 years. He has been involved in commerce and industry for a further 30 years, holding a number of financial directorships during this time. He is a non-executive director of Personal Trust International, HomeChoice Holdings, Sovereign Food Investments and Western Province Rugby (Proprietary) Limited, as well as a trustee of the Children's Hospital Trust.

John currently chairs the audit and risk committees for HomeChoice Holdings, Western Province Rugby and the Children's Hospital Trust, and is a member of the Sovereign Foods audit committee. In the past he has chaired the committees of listed companies BJM and Paramount Properties. He also serves on the remuneration committees of these same companies. This involvement, together with John's position as a partner of a large audit firm, and his experience as financial director of a listed company and non-executive director of other listed companies, give him considerable working knowledge of the operations and responsibilities of an audit and risk committee.

Fatima Jakoet (52)

Independent non-executive director

B Sc, CTA, CA (SA), Higher certificate in financial markets
Member of the audit and risk committee

Appointed March 2008

After spending six years in the auditing profession, Fatima went on to lecture in financial accounting and then spent over a decade in various positions in corporate South Africa. Fatima is a non-executive director of MMI Holdings, Tongaat Hulett, Rand Refinery and MTN West and Central Africa Region.

Fatima has been a member or chairperson of audit committees since 1994. She has previously chaired the audit committee of the SA Reserve Bank and other listed companies. She is currently the chairperson of MMI Holdings' risk and compliance committee and chairs several audit and risk committees for MTN in the WECA region. Fatima has extensive knowledge of governance and risk management, in addition to her core financial skills.

Dr Nkaki Matlala (59)

Independent non-executive director

B Sc, M Sc, M D, M Med (Surgery), FCS
Member of the audit and risk, and social and ethics committees

Appointed in August 2010

Dr Matlala is an experienced teacher and surgeon and is currently executive director: government and stakeholder relations at Mediclinic Southern Africa. He was deputy president of the National Medical and Dental Association in the late eighties, and worked for a number of years in academic medicine and private surgical practice before establishing Safika Health in 1999. He joined Mediclinic in 2005. Dr Matlala is a member of the Hospital Association of South Africa board and a founding member and chairman of Phodiso Clinics, a healthcare investment company.

Dr Matlala has the experience of serving on several healthcare company boards and served on the audit committee of Umnotho weSizwe Group, a mining investment company of which he is non-executive chairman and co-founder.

ANNEXURE 3 – MEMORANDUM OF INCORPORATION

Summary of the salient features of the proposed new memorandum of incorporation ("the new MOI") to be adopted by Clicks Group Limited:

Theme and clause	Contents of new MOI
Amendments to the MOI (3.3)	Subject to the Companies Act, 2008 ("the Act") and the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), the new MOI may only be amended in accordance with section 16(1)(c) of the Act (i.e. there is a general requirement of a special resolution). The board is empowered to correct errors substantiated as such from objective evidence or which are self-evident errors in the new MOI.
Authorised securities (4 and 8)	The company is authorised to issue 600 000 000 ordinary par value shares of R0.01 each and 50 000 000 "A" par value shares of R0.01 each. Clauses 4 and 8 of the new MOI set out the voting, ranking, rights and privileges of the ordinary shares and "A" shares in accordance with section 36 to section 40 of the Act and Schedule 10 of the JSE Listings Requirements.
Shareholders' voting rights (4.2.2, 4.2.3, 6.8 and 8.2)	Every person entitled to attend, participate in and vote at shareholders' meetings shall have one vote for each ordinary share he/she holds, and each "A" shareholder has similar rights, which vest in the Employee Share Ownership Programme Trust for the first seven and eight years.
Authority to issue and repurchase securities (4.1 and 4.4)	In terms of clause 4 of the new MOI, the directors will have the authority to allot or issue shares, provided the requisite approval of the shareholders has been obtained as required by the Act and the JSE Listings Requirements. The directors may issue capitalisation shares without having to obtain the approval of shareholders. An allotment or issue to certain persons, such as directors and prescribed officers, may require the approval of shareholders by special resolution, as contemplated in section 41 of the Act. Clause 4.5 of the new MOI authorises the company to repurchase its securities, subject to the requirements of the Act and the JSE Listings Requirements.
Issue of shares for cash (4.1.1)	Subject to certain exceptions contemplated in the Act (e.g. where shares are issued in terms of an approved share incentive scheme), where the company contemplates an issue of shares for cash, such offer will be made to the existing holders of that class of shares pro rata, before being made to other holders of securities, except with the prior approval of shareholders in general meeting subject to the Act and the JSE Listings Requirements.
Holding of beneficial interest (4.7)	The company will allow securities to be held by one shareholder for the beneficial interest of another. These securities may be voted upon by the registered holder of the beneficial interest at a shareholders' meeting without a proxy.
Audit committee, social and ethics committee and other committees (7.11)	Section 94 of the Act prescribes that the company is required to have an audit committee elected by its shareholders at its annual general meeting ("AGM"). The company is required to have a social and ethics committee in terms of section 72 of the Act. Clause 7.11 of the new MOI does not vary (increase) obligations beyond those required by the Act or the JSE Listings Requirements.

Theme and clause	Contents of new MOI
Shareholders' meetings (6.4, 6.5, 6.6, 6.8, 6.9 and 6.10)	No shareholders' resolutions may be dealt with by round robin resolution unless permitted by the JSE in any specific instance, and all shareholders' meetings must be convened in accordance with the Act and the JSE Listings Requirements. Shareholders may not resolve to ratify any act which is contrary to the Act or the JSE Listings Requirements. A shareholder may appoint a proxy, who need not be a holder of the company's securities. Provision is made for shareholders to participate in meetings by electronic communication as required in section 61(10) of the Act. The quorum for a shareholders' meeting is at least 25% of all the voting rights that are entitled to be exercised, provided at least three holders are present at the meeting. The quorum requirements must continue to be present throughout a meeting. The chairman can demand voting by poll.
Record date	The new MOI does not vary the obligations of the board to determine the record dates to ascertain participation and rights of shareholders, in accordance with the applicable rules of the Central Securities Depository, the JSE Listings Requirements and the Act.
Election of directors and alternate directors and filling of vacancies (7.1, 7.2 and 7.5)	The minimum number of directors shall be four. The appointment of alternate directors is permitted. The board is authorised to fill any vacancy occurring on the board. Any director appointed by the board must have his appointment confirmed by shareholders at the next shareholders' meeting held after his appointment.
Cessation of office as director or alternate director (7.4)	A director or alternate director shall cease to hold office as such if, amongst other things, he becomes ineligible or disqualified in terms of the Act, or if he resigns.
Remuneration of directors (7.9)	In terms of clause 7.9 of the new MOI, directors shall be entitled to such remuneration for their services as may have been determined from time to time by shareholders' special resolution within the previous two years. The directors and members of board committees may also be paid all their travelling and other expenses, properly and necessarily incurred by them in attending to the business of the company. If any such person is required to perform extra services or be specially occupied about the company's business, he shall be entitled to receive remuneration determined by a disinterested quorum of directors.
Retirement of directors in rotation (7.3)	One-third of the non-executive directors shall retire from office at each AGM. The non-executive directors so to retire at each AGM shall be those who have been longest in office since their last election. In addition to the requirements of the Companies Act, the MOI also requires the retirement of executive directors: each executive director shall retire on the third year anniversary after which his/her appointment was confirmed by shareholders, if he/she was appointed, or the third year anniversary of his/her election or re-election, as the case may be. Retiring directors shall be eligible for re-election.
Executive directors (7.9.3)	A director may be employed in any capacity in the company including as a director or employee of the company or by a subsidiary of the company. In such event, his appointment and remuneration in respect of such other office will be determined by a disinterested quorum of directors.
Personal financial interest	The Act defines a personal financial interest as a direct material interest of a person of a financial, monetary or economic nature. The Act imposes a duty to disclose personal financial interests and this applies to a director, an alternate director, prescribed officer and a member of a board committee.

Theme and clause	Contents of new MOI
Proceedings of directors (7.7)	The quorum for a directors' meeting shall be more than 50% of all directors appointed to the board. The directors will elect a chairperson of their meetings and determine the period for which he is to hold office. Each director has one vote on a matter before the board and a majority of the votes cast on a resolution is sufficient to approve that resolution. In the case of a tied vote, the chairperson may not cast a deciding vote. A decision that could be voted on at a directors' meeting may, instead, be adopted by written consent of a majority of the directors, provided that each director has received notice of the matter to be decided. Such resolution, inserted in the minute book, shall be as valid and effective as if it had been passed at a directors' meeting and may be signed in counterparts.
Distributions (4.5)	The company shall be entitled to make distributions (including dividends) subject to the terms of the Act and the JSE Listing Requirements, including that it reasonably appears that the company will satisfy the solvency and liquidity test (as contained in section 4 of the Act) and the board, by resolution, has acknowledged that it has applied the solvency and liquidity test and reasonably concluded that the company will satisfy the solvency and liquidity test immediately after completing the proposed distribution. The MOI authorises the forfeiture of dividends which have been unclaimed for three years, and stipulates that distributions to any shareholder of R50 or less payable by cheque in respect of certificated shares will be forfeited and paid to a charity nominated by the directors. This is in accordance with the amendments to the previous articles, previously approved by the board and shareholders.
Financial assistance to directors and to related or interrelated companies (4.3 and 7.9.2)	The board is empowered to authorise direct or indirect financial assistance to directors and prescribed officers of the company, and to related or interrelated companies, provided the granting of any such financial assistance is in compliance with section 45 of the Act, which requires a special resolution of shareholders and declaration that the board is satisfied that the solvency and liquidity test is satisfied, and that the terms of such financial assistance are fair and reasonable to the company.
Notices (6.4 and 6.5)	The company must give notice as required of a meeting or other matter to each person entitled to vote at such meeting.
Indemnity (7.10)	The Act stipulates that the company may not directly or indirectly pay any fine that may be imposed on a director (which includes a former director, an alternate director, a prescribed officer and a member of a board committee or audit committee) as a consequence of an offence, but may advance expenses to the director to defend litigation arising out of the director's service to the company, unless the liability arose in terms of section 77(3)(a), (b) or (c) of the Act, or from wilful misconduct or wilful breach of trust on the part of the director. The company may purchase insurance in respect of these indemnities.
Rights attaching to "A" shares	The amendments made to the previous articles in relation to the creation of "A" shares and rights attaching to "A" shares for the Employee Share Ownership Programme scheme, previously approved by shareholders, have been incorporated in the new MOI.

The new MOI should be read in its entirety for a full appreciation of the contents thereof. It is available on the company's website.

The directors have pleasure in presenting their report for the year ended 31 August 2012.

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 595 stores in southern Africa. The company's subsidiaries cover the pharmaceutical supply chain from wholesale distribution to retail pharmacy as well as beauty and cosmetic products. The company operates primarily in southern Africa.

Group financial results

The results of operations for the year are set out in the consolidated statement of comprehensive income on page 8 of the annual financial statements. The profit attributable to ordinary shareholders for the year is R689 million (2011: R651 million).

Share capital

In terms of the specific authority granted by shareholders in the general meeting held on 1 June 2011 as contemplated in section 38 of the Companies Act No. 71 of 2008 (as amended), the company elected to issue 5 471 386 shares for a subscription price of 1 cent and a premium thereon of R45.05 each to New Clicks South Africa Proprietary Limited in order to raise cash to make distributions to its shareholders.

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

17 197 177	shares held by a subsidiary of the company as treasury shares at 1 September 2011
5 471 386	shares issued to a subsidiary of the company in order to raise cash to make distributions
217 661	shares in terms of general repurchase between 1 September 2011 and 31 August 2012 by a subsidiary of the company
22 886 224	held by a subsidiary of the company as treasury shares at 31 August 2012

Distributions to shareholders

Interim

The directors approved a distribution of 44.1 cents per share (2011: 37.0 cents per share) comprising a dividend from distributable reserves ("the distribution"). The distribution was paid on 2 July 2012 to shareholders registered on 29 June 2012.

Final

The directors have approved a final distribution of 107.9 cents per share (2011: 88.0 cents per share). A distribution of 15.2 cents per "A" share (2011: 12.5 cents) was declared for participants in the employee share ownership programme. The source of such distributions will be from distributable reserves. The distributions will be payable on 28 January 2013 to shareholders registered on 25 January 2013.

Events after the financial year-end

No significant events, other than the declaration of the final distribution, 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 set out on pages 12 and 13, and the company secretary's details are set out on the inside back cover.

Resignation

Michael Harvey resigned as an executive director with effect from 12 June 2012.

Retirement and re-election of directors

In accordance with the company's memorandum of incorporation ("MOI") Fatima Jakoet, David Kneale and David Nurek retire by rotation at the forthcoming annual general meeting. The retiring directors, being eligible, offer themselves for re-election.

Directors' interest in shares

David Nurek, indirectly through a family trust, sold 39 682 shares at a price of R39.79 per share on 25 October 2011.

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 12 December 2011 at a price of R45.22 per share: David Kneale purchased 50 080 shares, Michael Harvey purchased 20 144 shares, Bertina Engelbrecht purchased 15 666 shares and David Janks purchased 3 736 shares.

David Janks, indirectly through a family trust, sold 712 shares at a price of R54.60 per share and 4 288 shares at a price of R55.15 per share on 27 July 2012.

Details of Directors' shareholdings are disclosed on page 45.

Incentive schemes

Information relating to the incentive schemes is set out on page 43.

Special resolutions

Special resolutions passed at the annual general meeting held on 17 January 2012:

Special Resolution No. 1: General authority to repurchase shares

Special Resolution No. 2: Approval of directors' fees

Special Resolution No. 3: 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.

The interest of the company in the aggregate income after taxation is R689 million (2011: R651 million).

CLICKS GROUP LIMITED
Reg No. 1996/000645/06 • Share code: CLS • ISIN: ZAE000134854

FORM OF PROXY

For use by certificated Clicks Group shareholders and "own name" dematerialised Clicks Group shareholders only, at the annual general meeting of shareholders of the company to be held on Wednesday, 23 January 2013 at 09:30 at the registered office of Clicks Group Limited, corner Searle and Pontac Streets, Cape Town.

I/We (full names – in block letters) ____________________

of (address) ____________________

being the registered holder of ____________________ordinary shares (see note 1) in Clicks Group Limited hereby appoint:

1. ____________________or failing him/her
2. ____________________or failing him/her
3. the chairman of the meeting, as my/our proxy to attend, speak and vote either for or against a resolution or to abstain from voting on my/our behalf, as indicated below, at the annual general meeting to be held on Wednesday, 23 January 2013 at 09:30 and at any adjournment thereof.

		Number of votes (one vote per ordinary share)		
		Vote for	Vote against	Abstain from voting
1.	**Ordinary resolution number 1** – adoption of financial statements			
2.	**Ordinary resolution number 2** – appointment of auditors			
3.	**Ordinary resolution number 3** – re-election of Fatima Jakoet as a director			
4.	**Ordinary resolution number 4** – re-election of David Kneale as a director			
5.	**Ordinary resolution number 5** – re-election of David Nurek as a director			
6.	**Ordinary resolution number 6** – election of members of the audit and risk committee (separate voting)			
	6.1 John Bester			
	6.2 Fatima Jakoet			
	6.3 Nkaki Matlala			
7.	**Ordinary resolution number 7 (non-binding advisory vote)** – approval of the company's remuneration policy			
8.	**Special resolution number 1** – approval of memorandum of incorporation of Clicks Group			
9.	**Special resolution number 2** – general authority to repurchase shares			
10.	**Special resolution number 3** – approval of directors' fees			
11.	**Special resolution number 4** – general approval to provide financial assistance to related or interrelated companies			

Unless otherwise instructed above, my/our proxy may vote as he/she deems fit.

Signed by me/us this ____________________day of ____________________

Signature(s) ____________________

NOTES

1. On a poll, a shareholder is entitled to one vote for every share held.
2. Any alteration or correction made on this form must be initialled by the signatory/ies.
3. This proxy form must be lodged with the company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) or at the registered office of the company, Cnr Searle and Pontac Streets, Cape Town, no later than 48 hours (09:30, Monday, 21 January 2013) before the commencement of the meeting or posted to the company secretary at PO Box 5142, Cape Town 8000, to arrive no later than 48 hours (09:30, Monday, 21 January 2013) before the commencement of the meeting (excluding Saturdays, Sundays and public holidays).
4. A proxy need not be a shareholder of the company.
5. If this proxy is signed under power of attorney or on behalf of a company, such powers of authority, unless previously registered with the company, must accompany it.
6. If you are a dematerialised shareholder and are not an own name dematerialised shareholder and you are unable to attend the annual general meeting, you must contact your Central Securities Depository Participant ("CSDP") or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting in accordance with the mandate between yourself and the CSDP or broker, as the case may be. You should not complete the attached form of proxy. If your CSDP or broker does not obtain your voting instructions from you in respect of the annual general meeting, it will be obliged to act in terms of your mandate, or if your mandate is silent, to abstain from voting. The instruction must be provided within the time period required by your CSDP or broker, as the case may be.

SHAREHOLDERS' DIARY

Annual general meeting	23 January 2013
Preliminary profit announcements	
Interim results to February 2013	On or about 25 April 2013
Final results to August 2013	On or about 24 October 2013
Publication of 2013 Integrated Annual Report	November 2013
Ordinary share dividend	
2012 final dividend	
Last day to trade with dividend included	18 January 2013
Date of dividend payment	28 January 2013
2013 interim dividend	
Last day to trade with dividend included	July 2013
Date of dividend payment	July 2013
2013 final dividend	
Last day to trade with payment included	January 2014
Date of dividend payment	January 2014

CORPORATE INFORMATION

Clicks Group Limited
Incorporated in the Republic of South Africa
Registration number 1996/000645/06
JSE share code: CLS
ISIN: ZAE000134854

Registered address
Cnr Searle and Pontac Streets
Cape Town 8001
Telephone: +27 (0)21 460 1911

Postal address
PO Box 5142
Cape Town 8000

Company secretary
David Janks, BA, LL B
E-mail: David.Janks@clicksgroup.co.za

Auditors
KPMG Inc.

Principal bankers
The Standard Bank of South Africa

Attorneys
Cliffe Dekker Hofmeyr Inc.
Bowman Gilfillan Inc.

JSE sponsor
Investec Bank Limited

Transfer secretaries
Computershare Investor Services Proprietary Limited
Business address: 70 Marshall Street, Johannesburg 2001
Postal address: PO Box 61051, Marshalltown 2107
Telephone: +27 (0)11 370 5000

Investor relations consultants
Tier 1 Investor Relations
Telephone: +27 (0)21 702 3102
E-mail: ir@tier1ir.co.za

For more information, please visit our website on www.clicksgroup.co.za

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