AUDITED ANNUAL FINANCIAL STATEMENTS 2018

CLICKS GROUP
LIMITED

CONTENTS

AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

These are the audited annual financial statements of the group and the company for the year ended 31 August 2018. They have been prepared under the supervision of the chief financial officer, M Fleming CA (SA).

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the annual financial statements and group annual financial statements of Clicks Group Limited, comprising the statements of financial position at 31 August 2018; the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and including the audit and risk committee report on page 3. In addition, the directors are responsible for preparing the directors' report.

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

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

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

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements of Clicks Group Limited, as identified in the first paragraph, were approved by the board of directors on 7 November 2018 and signed by:

DM Nurek
Independent non-executive chairman

DA Kneale
Chief executive officer

Cape Town
7 November 2018

CERTIFICATE BY THE COMPANY SECRETARY

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

M Welz
Company secretary

Cape Town
7 November 2018

DIRECTORS' REPORT

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

GROUP FINANCIAL RESULTS

The results of operations for the year are set out in the consolidated statement of comprehensive income on page 10. The profit attributable to ordinary shareholders for the year is R1 475 million (2017: R1 278 million).

SHARE CAPITAL

During the year under review the company had the following movements in share capital:

245 968 968	Ordinary shares issued at 31 August 2017
7 979 384	Issue of shares on 5 February 2018
253 948 352	Ordinary shares issued at 31 August 2018
29 153 295	"A" shares issued at 31 August 2017
(14 576 647)	Repurchase of "A" shares on 27 February 2018
14 576 648	"A" shares issued at 31 August 2018

DIVIDENDS TO SHAREHOLDERS

Interim

The directors approved an interim ordinary dividend of 102.5 cents per ordinary share (2017: 88 cents per ordinary share) from distributable reserves. The dividend was paid on 2 July 2018 to shareholders registered on 29 June 2018.

Final

The directors have approved a final ordinary dividend of 277.5 cents per ordinary share (2017: 234 cents per ordinary share) and a dividend of 38 cents per "A" share (2017: 32.2 cents) for participants in the employee share ownership programme. The source of such dividends will be from distributable reserves. The dividend will be payable on 28 January 2019 to shareholders registered on 25 January 2019.

EVENTS AFTER THE FINANCIAL YEAR-END

Other than the declaration of the final dividend, no significant events took place between the end of the financial year and the date of this report.

DIRECTORS AND SECRETARY

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

Independent non-executive directors

David Nurek (chairman)
Fatima Abrahams
John Bester
Fatima Daniels
Nonkululeko Gobodo
Martin Rosen

Executive directors

David Kneale (chief executive officer)
Michael Fleming (chief financial officer)
Bertina Engelbrecht

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

RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with the company's memorandum of incorporation David Nurek and Fatima Abrahams retire by rotation at the forthcoming annual general meeting. Both of these directors, being eligible, offer themselves for re-election at the 2019 AGM. Vikesh Ramsunder, having been appointed by the board as chief executive officer from 1 January 2019, is also standing for election at the 2019 AGM.

DIRECTORS' INTEREST IN SHARES

On 26 April 2018 Bertina Engelbrecht sold 30 000 ordinary shares on the open market at R208 per share.

INCENTIVE SCHEMES

Information relating to the incentive schemes is set out on pages 45 to 47.

SPECIAL RESOLUTIONS

Special resolutions passed at the annual general meeting held on 31 January 2018:

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 67.

AUDIT AND RISK COMMITTEE REPORT

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

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 IV 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; and
- Recommend the integrated report for approval by the board.

Combined assurance

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

Finance function

- Consider the expertise and experience of the chief financial officer; and
- 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; and
- Ensure the internal audit function is subject to independent quality review as appropriate.

Risk management

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

External audit

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

COMPOSITION OF THE COMMITTEE

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

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

Independent non-executive director	Qualifications
John Bester (Chairman)	B Com (Hons), CA (SA), CMS (Oxon)
Fatima Daniels	B Sc, CA (SA)
Nonkululeko Gobodo	B Compt (Hons), CA (SA)

Biographical details of the committee members appear on pages 28 and 29 of the integrated annual report, with supplementary information contained in annexure 2 to the notice of annual general meeting on page 8.

Fees paid to the committee members for 2018 and the proposed fees for 2019 are disclosed in the rewarding value creation on pages 76 and 77 of the integrated annual report.

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

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

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

INTERNAL AUDIT

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

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

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

The internal audit function is established by the board and its responsibilities are determined by the committee. Administratively the group head of internal audit reports to the chief financial officer who, in turn, reports to the chief executive officer. The group head of internal audit has direct and unrestricted access to the chairman of the committee. The group head of internal audit is appointed and removed by the committee, which also determines and recommends remuneration for the position. The chairman of the committee meets with the group head of internal audit on a regular 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 is responsible for the internal control systems and for reviewing their effectiveness, responsibility for their actual implementation and maintenance rests with executive management. The systems of internal control are based on established organisational structures, together with written policies and procedures, and provide for suitably qualified employees, segregation of duties, clearly defined lines of authority and accountability. They also include cost and budgeting controls, and comprehensive management reporting.

INTERNAL FINANCIAL CONTROLS

The committee has considered the results of the formal documented review of the company's system of internal financial controls and risk management, including the design, implementation and effectiveness of the internal financial controls, conducted by the internal audit function during the 2018 year. The committee has also assessed information and explanations given by management and discussions with the external auditor on the results of the audit. Through this process no material matter has come to the attention of the audit and risk committee or the board that has caused the directors to believe that the company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

EXTERNAL AUDIT

The committee appraised the independence, expertise and objectivity of EY as the external auditor, as well as approving the terms of engagement and the fees paid to EY.

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 audit partner in charge of the audit is rotated off the audit after five years. In terms of this policy, the current audit partner rotated in this year and is in the first year of tenure. The group has received confirmation from the external auditor that the partners and staff responsible for the audit comply with all legal and professional requirements with regard to rotation and independence. The committee is satisfied that the external auditor is independent of the company and complies with the JSE Listings Requirements.

POLICY ON NON-AUDIT SERVICES

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

During the year EY received fees of R538 050 (2017: R495 069) for non-audit services, equating to 11.9% (2017: 12.2%) of the total audit remuneration. These services related mainly to agreed-upon procedures for third-party confirmation and the assurance of the systems related to distribution services provided by UPD to third parties.

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

ACTIVITIES OF THE COMMITTEE

The committee met four times during the financial year and attendance at the meetings is detailed in creating value through good governance in the integrated annual report on page 58. Members of the committee, the external auditor and the group head of internal audit may request a non-scheduled meeting if they consider this necessary. The chairman of the committee will determine if such a meeting should be convened.

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

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

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

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

Refer to the corporate governance report on the website for an overview of the risk management process and function.

EVALUATION OF CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

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

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

APPROVAL OF THE AUDIT AND RISK COMMITTEE REPORT

The committee confirms that it has functioned in accordance with its terms of reference for the 2018 financial year and that its report to shareholders has been approved by the board.

John Bester
Chairman: Audit and risk committee

7 November 2018

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CLICKS GROUP LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Clicks Group Limited set out on pages 10 to 67, which comprise the statements of financial position as at 31 August 2018, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' shareholding on page 69.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Clicks Group Limited as at 31 August 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of Clicks Group Limited in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Clicks Group Limited. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Clicks Group Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements for the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have determined that there are no key audit matters to communicate in our audit report with regard to the separate financial statements of the company for the period.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Inventory valuation and supplier contracts</td></tr>
<tr><td>At 31 August 2018 inventory to the value of R4.2 billion is held on the group's balance sheet (2017: R3.8 billion). Inventory is disclosed in note 17 – Inventories.

In order to carry inventory at the lower of cost and net realisable value, management has identified slow moving, obsolete and damaged inventories and made adjustments to the carrying value of these items, the calculation of which requires certain estimates and assumptions.

These judgements include projected likely future sales and estimated selling costs, using factors existing at the reporting date.

The valuation of inventory is also impacted by rebates received from suppliers, which are off-set against the cost of inventory or recognised as a reduction in cost of sales. Other contracts with suppliers give rise to amounts recognised as "other income". Additional audit effort was required to assess the classification of income and rebates received from suppliers.</td><td>Our procedures included the following to assess inventory provisions:
• Assessing the reasonableness of the methodologies applied by management for consistency with prior years and our knowledge of industry practice.
• Evaluating the assumptions and estimates applied to the methodologies for slow moving, obsolete and damaged inventories by:
– testing the identification of such inventory for each business;
– testing the accuracy of historical information and data trends;
– assessing the impact of changing customer trends identified in historic sales data; and
– performing analytical procedures on obsolescence levels and write-down rates.
• Testing the estimated future sales values, less estimated costs to sell, against the carrying value of the inventories.
• Recalculating the arithmetical accuracy of the computations.

Our procedures included the following to assess the classification of income from suppliers:
• Evaluating management's assessment of different supplier income streams.
• Inspecting, on a sample basis, agreements with suppliers to determine whether the income was appropriately classified.
• Recalculating adjustments made to inventory for supplier rebates.</td></tr>
</table>

Key audit matter	How the matter was addressed in the audit
Share-based compensation arrangements and associated hedge accounting	
The group operates an Employee Share Ownership Programme (ESOP) that gives rise to a share option reserve of R578.2 million at 31 August 2018 (2017: R747.6 million), as set out in note 20. In addition, the group has a long-term incentive (LTI) scheme which includes a total shareholder return (TSR) component that gives rise to employee benefit liabilities as at 31 August 2018 of R182.3 million recognised in current liabilities (2017: R165.6 million) and R108.2 million recognised in non-current liabilities (2017: R98.6 million), as set out in note 23. Both the ESOP and the TSR component of the LTI scheme are considered to be share-based compensation arrangements and are accounted for in terms of IFRS 2 – Share-based Payments. The group uses derivative financial instruments to hedge market risk relating to the LTI scheme. This is classified as a cash flow hedge. The share-based compensation arrangements and associated hedging require the use of judgement and estimates, including, where applicable, to determine fair value at grant date and at the reporting date. Management uses a valuation specialist to determine the fair value at the reporting date. Cash flow hedge accounting requires management to make an assessment of the effective and ineffective portion of the hedge. In relation to the ESOP, the group operates a recharge arrangement between the company, Clicks Group Limited, and subsidiary companies whose employees benefit under the scheme. This arrangement results in the recognition of deferred taxation assets that give rise to accounting complexity on consolidation. During the current year the group settled half of the share options issued under the ESOP. Consequently, additional audit effort was required to assess the accuracy of the allocations to employees.	Our procedures included the following to assess share-based compensation arrangements and associated hedge accounting: • Evaluating the arrangements and accounting consequences in terms of the requirements of IFRS. • Assessing the methodology, models and assumptions employed by management in determining the values for ESOP options, the derivative financial instruments and cash-settled liabilities and relying on the work of the valuation specialist engaged by management. • Recalculating the values determined by management, including, where appropriate, through the use of our quantitative advisory specialists and relying on the work of the valuation specialist engaged by management. • Testing the hedge effectiveness of the derivative financial instrument using our quantitative advisory specialists. • Recalculating the recharge arrangement in terms of the company's accounting policy. • Assessing the taxation consequences, including by using our taxation specialists, and recalculating the deferred taxation assets. • Assessing whether the recognition and measurement criteria used in the accounting records was consistent with the requirements of IFRS. • Reperforming, on a sample basis, the allocation of ESOP share options to employees. • Considering the adequacy and accuracy of the related disclosures in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, the audit and risk committee's report and the certificate by the company secretary as required by the Companies Act of South Africa and the directors' responsibility statement, analysis of shareholders, shareholders' diary and corporate information, which we obtained prior to the date of this report, and the integrated annual report and five-year review, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the integrated annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's or company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements,

including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group or company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group's and company's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475, dated 4 December 2015, we report that Ernst &Young Inc. has been the auditor of Clicks Group Limited for six years.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Anthony Robert Cadman
Chartered Accountant
Registered Auditor

3rd Floor, Waterway House
3 Dock Road
V&A Waterfront
Cape Town
8001

7 November 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST

	Notes	2018 R'000	2017 R'000
Revenue	1	**30 982 592**	28 342 607
Turnover	1	**29 239 688**	26 809 101
Cost of merchandise sold		**(23 062 579)**	(21 185 124)
Gross profit		**6 177 109**	5 623 977
Other income	1	**1 717 147**	1 523 005
Total income		**7 894 256**	7 146 982
Expenses		**(5 852 575)**	(5 333 405)
Depreciation and amortisation	2	**(319 976)**	(283 227)
Occupancy costs	3	**(927 661)**	(794 796)
Employment costs	4	**(3 094 845)**	(2 845 838)
Other costs	5	**(1 510 093)**	(1 409 544)
Operating profit		**2 041 681**	1 813 577
Loss on disposal of property, plant and equipment		**(1 287)**	(4 868)
Profit before financing costs		**2 040 394**	1 808 709
Net financing income/(costs)	6	**2 065**	(37 337)
Financial income	1, 6	**25 757**	10 501
Financial expense	6	**(23 692)**	(47 838)
Profit before earnings from associate		**2 042 459**	1 771 372
Share of profit of an assocate	13	**2 541**	2 900
Profit before taxation		**2 045 000**	1 774 272
Income tax expense	7	**(569 790)**	(496 630)
Profit for the year		**1 475 210**	1 277 642
Other comprehensive income/(loss):			
Items that will not be subsequently reclassified to profit or loss		**–**	3 236
Remeasurement of post-employment benefit obligations	23	**–**	4 495
Deferred tax on remeasurement	7	**–**	(1 259)
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign subsidiaries	22	**9 242**	(6 561)
Cash flow hedges		**58 154**	(13 234)
Change in fair value of effective portion	21	**80 770**	(17 892)
Deferred tax on movement of effective portion	7	**(22 616)**	4 658
Other comprehensive income/(loss) for the year, net of tax		**67 396**	(16 559)
Total comprehensive income for the year		**1 542 606**	1 261 083
Earnings per share (cents)			
Basic	8	**611.9**	540.2
Diluted	8	**577.6**	505.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 AUGUST

	Notes	2018 R'000	2017 R'000
ASSETS			
Non-current assets		**3 232 664**	2 854 281
Property, plant and equipment	9	**1 843 402**	1 533 935
Intangible assets	10	**476 761**	457 603
Goodwill	11	**103 510**	103 510
Deferred tax assets	12	**477 352**	572 223
Investment in associate	13	**20 044**	20 039
Loans receivable	14	**15 003**	4 500
Financial assets at fair value through profit or loss	15	**82 482**	27 580
Derivative financial assets	16	**214 110**	134 891
Current assets		**8 331 413**	6 866 834
Inventories	17	**4 227 336**	3 753 794
Trade and other receivables	18	**2 331 531**	2 212 719
Loans receivable	14	**9 675**	9 000
Cash and cash equivalents		**1 523 815**	700 473
Derivative financial assets	16	**239 056**	190 848
Total assets		**11 564 077**	9 721 115
EQUITY AND LIABILITIES			
Equity		**4 427 868**	3 300 350
Share capital	19	**2 686**	2 752
Share premium	19	**513 848**	3 497
Treasury shares	19	**(702 703)**	(702 848)
Share option reserve	20	**578 184**	747 613
Cash flow hedge reserve	21	**73 536**	15 382
Foreign currency translation reserve	22	**8 486**	(756)
Distributable reserve		**3 953 831**	3 234 710
Non-current liabilities		**447 546**	402 257
Employee benefits	23	**245 407**	209 231
Operating lease liability	24	**202 139**	193 026
Current liabilities		**6 688 663**	6 018 508
Trade and other payables	25	**6 198 435**	5 475 182
Employee benefits	23	**418 216**	394 460
Provisions	26	**4 993**	6 733
Income tax payable		**67 019**	132 991
Derivative financial liabilities	16	**–**	9 142
Total equity and liabilities		**11 564 077**	9 721 115

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST

	Number of shares (Note 19) '000	Share capital (Note 19) R'000	Share premium (Note 19) R'000	Treasury shares (Note 19) R'000
Balance at 1 September 2016	236 526	2 754	3 497	(704 298)
Transactions with owners, recorded directly in equity				
Dividends paid to shareholders	–	–	–	–
Share-based payment reserve movement	–	–	–	–
Treasury shares cancelled	–	(2)	–	1 450
Total transactions with owners	–	(2)	–	1 450
Total comprehensive income for the year	–	–	–	–
Profit for the year	–	–	–	–
Remeasurement of post-employment benefit obligations	–	–	–	–
Cash flow hedge reserve	–	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–	–
Balance at 31 August 2017	236 526	2 752	3 497	(702 848)
Transactions with owners, recorded directly in equity				
Dividends paid to shareholders	**–**	**–**	**–**	**–**
Employee share option scheme vesting	**7 979**	**(66)**	**510 351**	**145**
Issue of ordinary shares from vesting of employee share scheme	**7 979**	**79**	**510 634**	**–**
"A" ordinary shares repurchased	**–**	**(145)**	**–**	**145**
Transaction cost on share issue	**–**	**–**	**(283)**	**–**
Share-based payment reserve movement	**–**	**–**	**–**	**–**
Net treasury share movement	**–**	**–**	**–**	**–**
Treasury shares acquired from vesting of employee share scheme	**(284)**	**–**	**–**	**(45 820)**
Disposal of treasury shares	**284**	**–**	**–**	**45 820**
Withholding tax on distribution to shareholders*	**–**	**–**	**–**	**–**
Total transactions with owners	**7 979**	**(66)**	**510 351**	**145**
Total comprehensive income for the year	**–**	**–**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**–**
Cash flow hedge reserve	**–**	**–**	**–**	**–**
Exchange differences on translation of foreign subsidiaries	**–**	**–**	**–**	**–**
Balance at 31 August 2018	**244 505**	**2 686**	**513 848**	**(702 703)**

* Release of withholding tax overprovision related to the 2012 interim dividend

Share option reserve (Note 20) R'000	Cash flow hedge reserve (Note 21) R'000	Foreign currency translation reserve (Note 22) R'000	Distributable reserve R'000	Total equity R'000
483 188	28 616	5 805	2 632 679	2 452 241
–	–	–	(677 399)	(677 399)
264 425	–	–	–	264 425
–	–	–	(1 448)	–
264 425	–	–	(678 847)	(412 974)
–	(13 234)	(6 561)	1 280 878	1 261 083
–	–	–	1 277 642	1 277 642
–	–	–	3 236	3 236
–	(13 234)	–	–	(13 234)
–	–	(6 561)	–	(6 561)
747 613	15 382	(756)	3 234 710	3 300 350
–	**–**	**–**	**(811 578)**	**(811 578)**
(510 713)	**–**	**–**	**–**	**(283)**
(510 713)	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**(283)**
341 284	**–**	**–**	**–**	**341 284**
–	**–**	**–**	**49 855**	**49 855**
–	**–**	**–**	**45 820**	**–**
–	**–**	**–**	**4 035**	**49 855**
–	**–**	**–**	**5 634**	**5 634**
(169 429)	**–**	**–**	**(756 089)**	**(415 088)**
–	**58 154**	**9 242**	**1 475 210**	**1 542 606**
–	**–**	**–**	**1 475 210**	**1 475 210**
–	**58 154**	**–**	**–**	**58 154**
–	**–**	**9 242**	**–**	**9 242**
578 184	**73 536**	**8 486**	**3 953 831**	**4 427 868**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST

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

	Notes	2018 R'000	2017 R'000
Cash effects from operating activities			
Profit before working capital changes		**2 273 606**	2 040 098
Working capital changes		**181 949**	(5 790)
Cash generated by operations		**2 455 555**	2 034 308
Interest received		**25 757**	10 501
Interest paid		**(9 456)**	(41 591)
Taxation paid		**(267 341)**	(472 023)
Cash inflow from operating activities before dividends paid		**2 204 515**	1 531 195
Dividends paid to shareholders	27	**(811 578)**	(677 399)
Net cash effects from operating activities		**1 392 937**	853 796
Cash effects from investing activities			
Investment in property, plant and equipment and intangible assets to maintain operations		**(121 286)**	(111 666)
Investment in property, plant and equipment and intangible assets to expand operations		**(549 947)**	(406 184)
Proceeds from disposal of property, plant and equipment		**2 179**	3 485
Disposal of investments		**16 744**	–
Acquisition of investments		**(62 414)**	–
Acquisition of unlisted investment in associate	13	**–**	(2 500)
(Increase)/decrease in loan receivables		**(12 176)**	4 497
Net cash effects from investing activities		**(726 900)**	(512 368)
Cash effects from financing activities			
Proceeds from sale of treasury shares		**49 855**	–
Acquisition of derivative financial asset		**(83 115)**	(39 064)
Transaction cost on the issue of shares		**(283)**	–
Settlement of derivative financial asset		**190 848**	28 309
Net cash effects from financing activities		**157 305**	(10 755)
Net increase in cash and cash equivalents		**823 342**	330 673
Cash and cash equivalents at the beginning of the year		**700 473**	369 800
Cash and cash equivalents at the end of the year		**1 523 815**	700 473

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST

	2018 R'000	2017 R'000
Cash flow information		
Profit before working capital changes		
Profit before taxation	**2 045 000**	1 774 272
Adjustment for:	**230 671**	228 489
Depreciation and amortisation	**339 142**	297 066
Movement in operating lease liability	**9 113**	2 617
Release of cash flow hedge to profit or loss	**(160 386)**	(123 779)
Loss on disposal of property, plant and equipment	**1 287**	4 868
Equity-settled share option costs	**50 752**	58 909
(Increase)/decrease in financial assets at fair value through profit or loss	**(9 232)**	1 161
Gain on consolidation of the New Clicks Foundation Trust	**–**	(12 596)
Net (distributed)/undistributed profits of an associate	**(5)**	243
Net financing (income)/cost	**(2 065)**	37 337
	2 273 606	2 040 098
Working capital changes		
Increase in inventories	**(473 542)**	(275 077)
Increase in trade and other receivables	**(118 812)**	(200 023)
Increase in trade and other payables	**730 347**	329 611
Increase in employee benefits	**45 696**	139 905
Decrease in provisions	**(1 740)**	(206)
	181 949	(5 790)
Taxation paid		
Income tax payable at the beginning of the year	**(132 991)**	(92 476)
Normal tax charged to profit or loss	**(207 003)**	(512 538)
Release of withholding tax overprovision directly through equity	**5 634**	–
Income tax payable at the end of the year	**67 019**	132 991
	(267 341)	(472 023)
Cash and cash equivalents at the end of the year		
Current accounts	**260 415**	232 873
Short-term deposits	**63 400**	467 600
Money market fund*	**1 200 000**	–
	1 523 815	700 473

* Low-risk corporate money market fund convertible into cash within one business day and held for short-term requirements

SEGMENTAL ANALYSIS

FOR THE YEAR ENDED 31 AUGUST

R'000		Retail (Note 34) 2018	Restated* 2017
Statement of financial position			
Property, plant and equipment		**1 584 924**	1 307 706
Intangible assets		**451 205**	440 280
Goodwill		**6 529**	6 529
Inventories		**2 926 887**	2 531 317
Trade and other receivables		**530 207**	393 303
Cash and cash equivalents		**1 482 311**	680 170
Other assets		**1 508 413**	1 416 002
Total assets		**8 490 476**	6 775 307
Employee benefits – non-current		**225 686**	192 637
Operating lease liability		**202 139**	193 026
Trade and other payables		**3 015 322**	2 592 058
Employee benefits – current		**374 671**	356 278
Other liabilities		**2 092 737**	1 650 895
Total liabilities		**5 910 555**	4 984 894
Net assets		**2 579 921**	1 790 413
Statement of comprehensive income			
Turnover		**21 062 952**	19 015 139
Gross profit		**6 056 384**	5 436 817
Other income		**1 022 930**	920 438
Total income		**7 079 314**	6 357 255
Expenses		**(5 374 753)**	(4 870 989)
Depreciation and amortisation		**(285 124)**	(252 327)
Occupancy costs		**(926 270)**	(793 245)
Employment costs		**(2 852 239)**	(2 621 601)
Other costs		**(1 311 120)**	(1 203 816)
Operating profit		**1 704 561**	1 486 266
Ratios			
Increase in turnover	(%)	**10.8**	13.5
Selling price inflation	(%)	**1.4**	4.9
Comparable stores turnover growth	(%)	**5.5**	8.0
Gross profit margin	(%)	**28.8**	28.6
Total income margin	(%)	**33.6**	33.4
Operating expenses as a percentage of turnover	(%)	**25.5**	25.6
Increase in operating expenses	(%)	**10.3**	12.8
Increase in operating profit	(%)	**14.7**	13.7
Operating profit margin	(%)	**8.1**	7.8
Inventory days		**71**	69
Trade debtor days		**5**	6
Trade creditor days		**44**	44
Number of stores		**837**	795
as at 31 August 2017/2016		**795**	689
opened		**56**	120
closed		**(14)**	(14)
Number of pharmacies		**510**	473
as at 31 August 2017/2016		**473**	400
new/converted		**42**	74
closed		**(5)**	(1)
Total leased area	(m^2)	**418 638**	378 672
Weighted retail trading area	(m^2)	**324 643**	293 479
Weighted annual sales per m^2	(R)	**64 446**	64 167
Number of permanent employees		**14 557**	14 135

* The segmental analysis for the year ended 31 August 2017 has been restated due to a change in the composition of reporting segments. Clicks Direct Medicines was previously included in Distribution and is now included in Retail due to a change in management reporting. This has resulted in an increase in turnover of R121.6 million, R24.0 million in total assets and R15.4 million in total liabilities for the Retail segment whilst turnover was increased by R13.8 million, total assets was decreased by R3.6 million and total liabilities was increased by R4.9 million for the Distribution segment. The intragroup elimination for turnover was increased by R135.4 million and the elimination relating to total assets and total liabilities was increased by R20.3 million.

Distribution (Note 34)		Intragroup elimination		Total operations	
2018	Restated* 2017	2018	Restated* 2017	2018	2017
258 478	226 229	**–**	–	**1 843 402**	1 533 935
25 556	17 323	**–**	–	**476 761**	457 603
96 981	96 981	**–**	–	**103 510**	103 510
1 367 417	1 264 251	**(66 968)**	(41 774)	**4 227 336**	3 753 794
2 481 132	2 428 142	**(679 808)**	(608 726)	**2 331 531**	2 212 719
41 504	20 303	**–**	–	**1 523 815**	700 473
2 030 279	1 503 303	**(2 480 970)**	(1 960 224)	**1 057 722**	959 081
6 301 347	5 556 532	**(3 227 746)**	(2 610 724)	**11 564 077**	9 721 115
19 721	16 594	**–**	–	**245 407**	209 231
–	–	**–**	–	**202 139**	193 026
3 869 561	3 496 699	**(686 448)**	(613 575)	**6 198 435**	5 475 182
43 545	38 182	**–**	–	**418 216**	394 460
458 562	458 303	**(2 479 287)**	(1 960 332)	**72 012**	148 866
4 391 389	4 009 778	**(3 165 735)**	(2 573 907)	**7 136 209**	6 420 765
1 909 958	1 546 754	**(62 011)**	(36 817)	**4 427 868**	3 300 350
13 376 110	12 334 386	**(5 199 374)**	(4 540 424)	**29 239 688**	26 809 101
141 316	188 094	**(20 591)**	(934)	**6 177 109**	5 623 977
840 267	721 936	**(146 050)**	(119 369)	**1 717 147**	1 523 005
981 583	910 030	**(166 641)**	(120 303)	**7 894 256**	7 146 982
(619 269)	(581 318)	**141 447**	118 902	**(5 852 575)**	(5 333 405)
(34 852)	(30 900)	**–**	–	**(319 976)**	(283 227)
(2 679)	(2 604)	**1 288**	1 053	**(927 661)**	(794 796)
(242 606)	(224 237)	**–**	–	**(3 094 845)**	(2 845 838)
(339 132)	(323 577)	**140 159**	117 849	**(1 510 093)**	(1 409 544)
362 314	328 712	**(25 194)**	(1 401)	**2 041 681**	1 813 577
8.4	11.4	**14.5**	25.0	**9.1**	10.9
2.9	5.8	**–**	–	**1.9**	5.3
–	–	**–**	–	**5.5**	8.0
1.1	1.5	**–**	–	**21.1**	21.0
7.3	7.4	**–**	–	**27.0**	26.7
4.6	4.7	**–**	–	**20.0**	19.9
6.5	2.7	**–**	–	**9.7**	11.2
10.2	19.6	**–**	–	**12.6**	15.4
2.7	2.7	**–**	–	**7.0**	6.8
38	38	**–**	–	**67**	65
55	57	**–**	–	**38**	40
87	86	**–**	–	**69**	68
–	–	**–**	–	**837**	795
–	–	**–**	–	**795**	689
–	–	**–**	–	**56**	120
–	–	**–**	–	**(14)**	(14)
–	–	**–**	–	**510**	473
–	–	**–**	–	**473**	400
–	–	**–**	–	**42**	74
–	–	**–**	–	**(5)**	(1)
–	–	**–**	–	**418 638**	378 672
–	–	**–**	–	**324 643**	293 479
–	–	**–**	–	**64 446**	64 167
510	538	**–**	–	**15 067**	14 673

The intragroup turnover elimination for the year comprises R5 090.8 million (2017: R4 496.3 million) of sales from Distribution to Retail and R108.6 million (2017: R44.1 million) of sales from Retail to Distribution.

ACCOUNTING POLICIES

Clicks Group Limited is a company domiciled in South Africa. The consolidated financial statements as at and for the year ended 31 August 2018 comprise the company, its subsidiaries and associate (collectively referred to as “the group”).

BASIS OF PREPARATION

The consolidated financial statements for the group and for the company are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants’ Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Companies Act, No. 71 of 2008 and the JSE Listings Requirements.

The financial statements are presented in South African Rands (Rands), rounded to the nearest thousand. They are prepared on the basis that the group and the company are going concerns, using the historical cost basis of measurement, except for certain financial instruments which have been measured at fair value. The accounting policies set out below have been applied consistently in all material respects to all periods presented in these consolidated financial statements.

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Allowance for net realisable value of inventories

The group evaluates its inventory to ensure that it is carried at the lower of cost or net realisable value. Provision is made against slow moving, obsolete and damaged inventories. Damaged inventories are identified and written down through the inventory counting procedures conducted within each business.

Allowance for slow moving and obsolete inventories is assessed by each business as part of their ongoing financial reporting. Obsolescence is assessed based on comparison of the level of inventory holding to the projected likely future sales less selling costs using factors existing at the reporting date. Refer to note 17 for further detail.

Rebates received from vendors

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

Impairment of financial assets

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

Trade receivables: An allowance for impairment loss is made against accounts that in the judgement of management may be impaired. The impairment is assessed monthly, with a detailed formal review of balances and security being conducted at the reporting date. Determining the recoverability of an account involves estimates and judgement as to the likely financial condition of the customer and their ability to make payment. Refer to note 18 for further detail.

Impairment of non-financial assets

Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually.

Intangible assets with a finite useful life and property, plant and equipment are considered for impairment when an indication of possible impairment exists. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified an appropriate valuation model is used.

Details of the assumptions used in the intangible assets’ impairment test are detailed in note 10.

Goodwill: Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated.

The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable pre-tax discount rate that is reflective of the cash-generating unit’s risk profile, in order to calculate the value in use. Details of the assumptions used in the impairment test are detailed in note 11.

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

Income taxes

The group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the provision for tax as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax issues based on estimates of the taxes that are likely to become due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted. Refer to notes 7 and 12 for further detail.

Provision for employee benefits

Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are performed to assess the financial position of the relevant funds and are based on assumptions which include mortality rates, healthcare inflation, the expected long-term rate of return on investments, the discount rate and current market conditions. Refer to note 23 for further detail, including a sensitivity analysis.

Measurement of share-based payments

The cumulative expense recognised in terms of the group's share-based payment schemes reflects the extent, in the opinion of management, to which the vesting period has expired and the number of rights to equity instruments granted that will ultimately vest. At the end of each reporting date the unvested rights are adjusted by the number forfeited during the period to reflect the actual number of instruments outstanding. Management is of the opinion that this represents the most accurate estimate of the number of instruments that will ultimately vest. The fair value attached to share options granted is valued using the Monte Carlo option pricing model. The key assumptions used in the calculation include estimates of the group's expected share price volatility, dividend yield, risk-free interest rate and forfeiture rate.

Clicks ClubCard customer loyalty scheme

The fair value of the credits awarded recognised as deferred income includes an expected redemption rate based on historical experience, which is subject to uncertainty.

Insurance cell captive

The group has determined that it does not have control over its insurance cell captive as the assets and liabilities are considered to belong to the insurer and not the investee. The cell captive has therefore not been consolidated and as the group is exposed to financial risk rather than insurance risk, the group has accounted for its investment as a financial asset at fair value through profit or loss in accordance with IAS 39.

Measurement of financial instruments

The fair value of financial instruments that are not traded in an active market and are material to the group, is determined by using valuation techniques, which may include the use of external independent valuators, to value these unquoted financial instruments.

BASIS OF CONSOLIDATION

The group financial statements include the financial statements of the company and subsidiaries that it controls. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The group considers all relevant facts and circumstances in assessing whether it has power over an investee and reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. The financial results of subsidiaries are included in the consolidated financial statements from the date that control was obtained and, where applicable, up to the date that control ceased. All intragroup transactions and balances, including any unrealised gains and losses arising from intragroup transactions, are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. The company carries its investments in subsidiaries at cost less accumulated impairment.

FAIR VALUE MEASUREMENT

The group measures financial instruments, such as derivatives and certain investments, at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are disclosed should it be determined that the carrying value of these instruments does not reasonably approximate their fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between the levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

GOODWILL

Goodwill is initially measured at cost, being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition goodwill is measured at cost less any accumulated impairment losses. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

INVESTMENT IN ASSOCIATE

An associate is an entity in which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. The group's interests in an associate are accounted for using the equity method. On initial recognition the investment in an associate is recognised at cost and subsequently the carrying amount is increased or decreased to recognise the group's share of the net assets of the associate after the date of acquisition. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The group's share of the associate's profit or loss is recognised in profit or loss outside of operating profit and represents profit or loss after tax of the associate. Where there has been a change recognised directly in other comprehensive income or equity of the associate the group recognises its share of any changes and discloses this, where applicable, in the group statement of other comprehensive income or group statement of changes in equity. Distributions received from the associate reduce the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the group's interest in the associate. After application of the equity method the group determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. The group determines at each reporting date whether there is objective evidence that the investment in the associate is impaired. If there is such evidence the group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value, and then recognises the loss in profit or loss. Where the group's interest in an associate is reduced but the equity method continues to be applied, the group reclassifies to profit or loss the proportion of the gain or loss previously recognised in other comprehensive income relative to that reduction in ownership interest. The use of the equity method should cease from the date that significant influence is lost. The company carries its investments in an associate at cost less accumulated impairment in its separate financial statements.

FOREIGN CURRENCY

Functional and presentation currency

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

Foreign currency transactions and balances

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

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rands at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Rands at the average exchange rates for the period. Gains and losses on translation are recognised in other comprehensive income and presented within equity in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the related amount in the FCTR is transferred to profit or loss.

FINANCIAL INSTRUMENTS

Initial recognition and measurement

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

Subsequent measurement

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

Financial instruments are classified at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Trade and other receivables and loans receivable

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

Financial assets at fair value through profit or loss

The net investment in the insurance cell captive and investments in unit trusts are designated as financial assets at fair value through profit or loss. This is classified as at fair value with any fair value gains and losses recognised in other costs.

Cash and cash equivalents

Cash and cash equivalents are categorised as loans and receivables and, subsequent to initial recognition, are measured at amortised cost.

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

Interest-bearing borrowings

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

Trade and other payables

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

Derivative financial instruments and hedging activities

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

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

Cash flow hedges

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

When the forecast transaction results in the recognition of a financial asset or financial liability the cumulative gain or loss is reclassified from other comprehensive income in the same period in which the hedged forecast cash flows/hedged item affect profit or loss. Otherwise the cumulative gain or loss is removed from other comprehensive income and recognised in profit or loss at the same time as the hedged transaction. When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment. Hedge accounting is discontinued if the hedge no longer meets the criteria for hedge accounting; if the hedging instrument expires or is sold, terminated or exercised; if the forecast transaction is no longer expected to occur; or if hedge designation is revoked. On the discontinuance of hedge accounting (except where a forecast transaction is no longer expected to occur), the cumulative unrealised gain or loss recognised in other comprehensive income is recognised in profit or loss when the forecast transaction occurs and affects profit or loss. Where a forecast transaction is no longer expected to occur the cumulative unrealised gain or loss is recognised immediately in profit or loss.

Derivatives not qualifying for hedge accounting

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

Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership or control of the financial asset are transferred. Where the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Financial liabilities

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

Offset

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

PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment, including owner-occupied buildings, are stated at historical cost less accumulated depreciation and accumulated impairment losses. Land is stated at cost less impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Installation and other costs, which comprise materials and direct labour costs necessarily incurred in order to acquire property, plant and equipment, are also included in cost. When parts of property, plant and equipment have different useful lives they are accounted for as separate items (major components) of property, plant and equipment.

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

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

Subsequent costs

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

Depreciation

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

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

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

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

LEASES

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

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets (other than goodwill) are initially recognised at cost if acquired externally, or at fair value if acquired as part of a business combination. Expenditure on internally generated development activity is capitalised if the product or process is technically and commercially feasible, the group has sufficient resources to complete development, the group has intention to complete and use or sell it, it is probable that future economic benefits relating to the asset will flow to the group and the cost can be measured reliably. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the associated intangible asset. Other research and development expenditure is recognised in profit or loss as an expense when incurred. No value is attached to internally developed and maintained trademarks or brand names. Expenditure incurred to maintain trademarks and brand names is recognised in profit or loss as incurred. Intangible assets which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment. Intangible assets that are assessed as having a finite useful life are amortised over their useful lives on a straight-line basis from the date they become available for use and are tested for impairment if indications exist that they may be impaired. Intangible assets with indefinite useful lives are not amortised and are tested annually for impairment. The estimated useful lives of intangible assets for the current and comparative periods are as follows:

Capitalised software development	5 to 10 years
Purchased computer software	3 to 5 years
Contractual rights	5 years
Clicks trademark	Indefinite useful life
Other trademarks	10 years

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

INVENTORIES

Merchandise for resale is valued on the weighted average cost basis and is stated at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition, and is stated net of purchase incentives.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and sell the product. The cost of merchandise sold includes normal shrinkage, wastage and inventory losses. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their net realisable value. The carrying amount of inventory is recognised as an expense in the period in which the related revenue is recognised.

IMPAIRMENT OF ASSETS

Non-financial assets

The carrying amounts of the group's non-financial assets other than inventories (see accounting policy note for inventories) and deferred tax assets (see accounting policy note for deferred tax), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date. Whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, an impairment loss is recognised in profit or loss. As goodwill is not capable of generating cash flows independently of other assets, in assessing the recoverable amount of goodwill, it is allocated to cash-generating units on a reasonable and consistent basis. Where appropriate, corporate assets are also allocated to cash-generating units on a reasonable and consistent basis. The recoverable amount of the cash-generating unit (including an allocation of goodwill and corporate assets) is assessed with reference to the future cash flows of the cash-generating unit. Where an impairment is identified for a cash-generating unit, the impairment is applied first to the goodwill allocated to the cash-generating unit and then to other assets on a pro rata basis comprising the cash-generating unit, provided that each identifiable asset is not reduced to below its recoverable amount.

Recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and its value in use. Recoverable amounts are estimated for individual assets or, if an asset does not generate largely independent cash flows, for a cash-generating unit. A cash-generating unit is the smallest collection of assets capable of generating cash flows independent of other assets or other cash-generating units. The fair value less costs of disposal is the amount obtainable from the sale of an asset or cash-generating unit in an orderly transaction between market participants at the measurement date. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. The estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversal of impairment losses

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

An impairment loss is reversed only to the extent that the carrying amount of the affected asset is not increased to an amount higher than the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior years. The reversal is recorded as income in profit or loss. An impairment loss in respect of goodwill is never reversed.

Financial assets

The group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty; default or delinquency in interest or principal payments; the probability that they will enter bankruptcy or other financial reorganisation; and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. For financial assets carried at amortised cost, the group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

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

SHARE CAPITAL

Share capital

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

Share premium

Share premium represents the excess consideration received by the company over the par value of ordinary shares issued and the accumulated IFRS 2 share-based payment expense relating to the employee share ownership scheme and is classified as equity.

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

Treasury shares

Ordinary shares in Clicks Group Limited which have been acquired by the group in terms of an approved share repurchase programme, held by the Share Incentive Trust or held by The Clicks Group Employee Share Ownership Trust, are classified as treasury shares. The cost of these shares is deducted from equity and the number of shares is deducted from the weighted average number of shares. Dividends received on treasury shares are eliminated on consolidation. When treasury shares are sold or reissued the amount received is recognised as an increase in equity and the resulting surplus or deficit over the cost of these shares on the transaction is transferred to or from distributable reserves.

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

EMPLOYEE BENEFITS

Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. Accruals for employee entitlements to wages, salaries, bonuses and annual leave represent the amount which the group has a present obligation to pay as a result of employees' services provided up to the reporting date.

The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

Other long-term employee benefits

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

Defined contribution retirement funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The group operates a retirement scheme comprising a number of defined contribution funds in South Africa, the assets of which are held in separate trustee administered funds. The retirement schemes are funded by payments from employees and the relevant group entity. Contributions to these funds are recognised as an expense in profit or loss as incurred.

Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

Post-retirement medical aid benefits – defined benefit plans

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

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

The calculation is performed by a qualified actuary using the projected unit credit method.

Past service costs are recognised in profit or loss at the earlier of the date of the plan amendment or curtailment, and the date that the group recognises restructuring-related costs. The group recognises actuarial gains or losses from defined benefit plans immediately in other comprehensive income.

Equity-settled share-based compensation benefits

The group grants share options to certain employees under an employee share plan. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted as part of the Clicks Group employee share option plan is measured using the Monte Carlo option pricing model, taking into account the terms and conditions under which the options were granted. The amount recognised as an expense with a corresponding increase in equity is adjusted at each reporting date to reflect the actual number of share options that vest or are expected to vest. Where an option is cancelled (other than by forfeiture when vesting conditions are not satisfied), it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the option is recognised immediately.

Group share scheme recharge arrangements

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

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

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

Cash-settled share-based compensation benefits

The group grants cash-settled appreciation rights to management in terms of a long-term incentive scheme. The value of these appreciation rights are linked to the total shareholder return (capital gain plus dividends) over the vesting period. The cost of cash-settled transactions is measured initially at fair value at the grant date, further details of which are given in note 23.1. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense (see note 4).

Cash-settled earnings-based compensation benefits

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

PROVISIONS

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is determined by discounting the anticipated future cash flows expected to be required to settle the obligation at a pre-tax rate that reflects the risks specific to the liability. A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the asset associated with that contract. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

GUARANTEES

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

REVENUE

Turnover

Turnover comprises net sales to customers. Turnover is measured at the fair value of the consideration received or receivable net of returns, trade discounts, discounts on ClubCard and volume rebates, and is stated exclusive of value-added tax.

Revenue from sales is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing managerial involvement, costs can be measured reliably and receipt of the future economic benefits is probable.

Revenue recognition – ClubCard

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

Financial income

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

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

Distribution and logistics fee income
Revenue in respect of services rendered is recognised in profit or loss as the services are rendered.

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

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

FINANCIAL EXPENSES
Financial expenses comprise interest payable on borrowings calculated using the effective interest method and unwinding of the discount on provisions and long-term employee benefits. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

INCOME TAXES
Income tax expense on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case the tax is recognised in other comprehensive income or in equity, respectively. Current tax is the expected tax payable on the taxable profit for the current year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Deferred tax is recognised for all temporary differences between the tax value of an asset or liability and the carrying amount for financial reporting purposes, except for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities, to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are off-set if there is a legally enforceable right to off-set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. Deferred tax assets are recognised for all deductible temporary differences and tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

SEGMENT REPORTING
The group has adopted the "management approach" to reporting segment information, basing this on the group's internal management reporting data used internally by the chief operating decision-maker (CODM). An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

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

RECENT ACCOUNTING DEVELOPMENTS

Standards, amendments and interpretations issued but not yet effective and under review as to their effect on the group
The International Accounting Standards Board (IASB) and IFRIC issued the following standards, amendments and interpretations, with an effective date after the date of these financial statements, which management believes could impact the group in future periods.

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

IFRS 9 – Financial Instruments

1 January 2018

IFRS 9, as issued, reflects the final phase of the IASB's work on the replacement of IAS 39. It applies to the following:

- classification and measurement of financial assets and financial liabilities as defined in IAS 39;
- a new general hedge accounting model; and
- a new expected loss impairment model and introducing limited amendments to the classification and measurement requirements for financial assets.

Management's preliminary assessment is that the standard will primarily relate to the impairment of trade receivables but is not expected to have a material impact on the financial statements.

IFRS 15 – Revenue from Contracts with Customers

1 January 2018

IFRS 15 specifies how and when to recognise revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. Management's preliminary assessment is that the standard will not have a material impact on the financial statements.

IFRS 16 – Leases

1 January 2019

IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance with the standard's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. An evaluation has been performed to determine the likely impact on the financial statements after the effective date of 1 January 2019, reporting period ending on 31 August 2020.

Management's assessment has indicated that changes to the statement of financial position line items and statement of comprehensive income can be expected. These include, but are not limited to, property, plant and equipment, lease liabilities, lease assets, depreciation, occupancy costs and financial expense. Refer to note 24 of the annual financial statements for disclosure of operating lease liabilities and lease commitments.

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

		Group	
		2018 R'000	2017 R'000
1	**Revenue**		
	Turnover	**29 239 688**	26 809 101
	Financial income	**25 757**	10 501
	Other income	**1 717 147**	1 523 005
	Distribution and logistics fees	**792 482**	683 022
	Rental income	**419**	437
	Advertising income, cost recoveries and other	**924 246**	839 546
		30 982 592	28 342 607
2	**Depreciation and amortisation**		
	Depreciation of property, plant and equipment (see note 9)	**289 239**	259 657
	Amortisation of intangible assets (see note 10)	**49 903**	37 409
	Total depreciation and amortisation	**339 142**	297 066
	Depreciation included in cost of merchandise sold and inventories	**(19 166)**	(13 839)
	Depreciation and amortisation included in expenses	**319 976**	283 227
3	**Occupancy costs**		
	Operating leases	**851 144**	746 130
	Turnover rental expense	**69 144**	46 255
	Movement in operating lease liability (see note 24)	**9 113**	2 617
	Movement in provision for onerous contracts (see note 26)	**(1 740)**	(206)
		927 661	794 796
4	**Employment costs**		
	Directors' emoluments (excluding incentives, see note 4.1)	**23 933**	21 630
	Non-executive fees	**3 773**	3 210
	Executive	**20 160**	18 420
	Salary	**18 685**	17 182
	Other benefits	**1 475**	1 238
	Equity-settled share option costs (see note 20)	**50 752**	58 909
	Long-term incentive scheme – TSR (see note 23)	**191 857**	149 020
	Release of gain on cash flow hedge to profit or loss (see note 21)	**(160 386)**	(123 779)
	Long-term incentive scheme – HEPS (see note 23)	**56 144**	49 113
	Staff salaries and wages	**2 731 521**	2 477 494
	Contributions to defined contribution plans	**155 178**	143 419
	Leave pay costs (see note 23)	**12 787**	16 480
	Bonuses (see note 23)	**146 727**	151 931
	Increase in liability for defined benefit plans (see note 23)	**1 304**	1 074
	Total employment costs	**3 209 817**	2 945 291
	Employment costs included in cost of merchandise sold and inventories	**(114 972)**	(99 453)
	Employment costs included in expenses	**3 094 845**	2 845 838

For further detail of directors' emoluments refer to rewarding value creation on pages 75 to 77 of the integrated annual report or note 4.1.

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

	2018 R'000	2017 R'000
	184 357	168 049
Short-term employee benefits	**31 895**	28 944
Post-employment benefits	**2 578**	2 217
Short-term incentive scheme	**15 940**	14 055
Long-term incentive scheme	**133 944**	122 743
Share-based payments	**–**	90
Non-executive directors' fees	**3 773**	3 210
	188 130	171 259

4 Employment costs (continued)

4.1 Directors' remuneration

Executive directors' remuneration

Director (R'000)	Salary	Pension fund	Other benefits	Total annual guaranteed pay	RONA short-term incentive	Performance-based long-term incentive*	Total variable pay	Total
2018								
Bertina Engelbrecht	**3 489**	**411**	**–**	**3 900**	**1 560**	**17 453**	**19 013**	**22 913**
Michael Fleming	**5 287**	**356**	**57**	**5 700**	**2 280**	**25 268**	**27 548**	**33 248**
David Kneale**	**9 909**	**649**	**2**	**10 560**	**6 336**	**52 800**	**59 136**	**69 696**
Total	**18 685**	**1 416**	**59**	**20 160**	**10 176**	**95 521**	**105 697**	**125 857**
2017								
Bertina Engelbrecht	3 220	380	–	3 600	1 508	17 081	18 589	22 189
Michael Fleming	4 879	284	57	5 220	2 186	25 883	28 069	33 289
David Kneale**	9 083	515	2	9 600	6 031	48 000	54 031	63 631
Total	17 182	1 179	59	18 420	9 725	90 964	100 689	119 109

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

** The LTI payment to Mr Kneale has been capped at five times annual guaranteed pay, in accordance with the rules of the scheme

The total number of ordinary shares in issue is 253 948 352 (2017: 245 968 968). The percentage of issued share capital held by directors is 0.20% (2017: 0.22%).

Details of all dealings in Clicks Group Limited shares by directors during the financial year are contained in the directors' report on page 2 and directors' shareholdings are set out on page 69, which has been audited.

Non-executive directors' remuneration

Director	2018 Directors' fees (R'000)	2017 Directors' fees (R'000)
David Nurek	**1 169**	1 059
Fatima Abrahams*	**630**	459
John Bester	**647**	581
Nonkululeko Gobodo	**450**	213
Fatima Daniels**	**523**	408
Nkaki Matlala***	**–**	161
Martin Rosen	**354**	329
Total	**3 773**	3 210
Total directors' remuneration		
Executive directors	**125 857**	119 109
Non-executive directors	**3 773**	3 210
Total directors' remuneration	**129 630**	122 319

* The fees paid to Professor Abrahams include an amount of R78 150 (2017: R24 610) for performing the role of chairperson of The Clicks Group Employee Share Ownership Trust and R72 917 (2017: nil) for her appointment as director of Clicks Retailers Proprietary Limited

** The fees paid to Fatima Daniels include an amount of R72 917 (2017: nil) for her appointment as director of Clicks Retailers Proprietary Limited

*** Retired with effect from 26 January 2017

		Group	
		2018 R'000	2017 R'000
5	**Other costs**		
	Other operating costs include:		
	Fees paid for outside services		
	Technical services	**18 282**	22 024
	Decrease in financial assets at fair value through profit or loss	**–**	1 161
	Foreign exchange losses – realised	**–**	1 996
	Impairment allowances raised – trade receivables (see note 18)	**5 115**	6 518
	Water and electricity	**177 403**	165 304
	Retail	**164 270**	152 562
	Distribution	**13 133**	12 742
6	**Net financing income/(costs)**		
	Recognised in profit or loss:		
	Interest income on bank deposits and investments	**24 429**	9 977
	Other interest income	**1 328**	524
	Financial income	**25 757**	10 501
	Interest expense on financial liabilities measured at amortised cost	**23 692**	47 838
	Cash interest expense	**9 456**	41 591
	Other interest expense	**14 236**	6 247
	Financial expense	**23 692**	47 838
	Net financing income/(costs)	**2 065**	(37 337)

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
7 Income tax expense				
South African normal tax				
Current tax				
Current year	**206 279**	513 303	**54**	31
Prior-year overprovision	**(14 679)**	(10 959)	**–**	–
Deferred tax				
Current year	**344 270**	(28 288)	**–**	–
Prior-year underprovision	**17 707**	18 431	**–**	–
Foreign tax				
Current tax				
Current year	**9 180**	4 706	**–**	–
Withholding tax	**6 223**	5 488	**–**	–
Deferred tax				
Current year	**1 224**	(5 611)	**–**	–
Prior-year overprovision	**(414)**	(440)	**–**	–
Taxation per income statement	**569 790**	496 630	**54**	31
Deferred tax – current year	**(267 916)**	(208 915)	**–**	–
Cash flow hedge recognised in other comprehensive income	**22 616**	(4 658)	**–**	–
Equity-settled transaction recognised in equity (see note 20)	**(290 532)**	(205 516)	**–**	–
Remeasurement of post-employment benefit obligations	**–**	1 259	**–**	–
Total income tax charge	**301 874**	287 715	**54**	31
Reconciliation of rate of tax	**%**	%	**%**	%
Standard rate – South Africa	**28.00**	28.00	**28.00**	28.00
Adjusted for:				
Disallowable expenditure	**0.31**	0.25	**0.02**	0.02
Exempt income and allowances	**(0.68)**	(0.97)	**(28.02)**	(28.02)
Foreign tax rate variations	**(0.24)**	–	**–**	–
Foreign withholding tax	**0.30**	0.31	**–**	–
Prior-year net underprovision	**0.17**	0.40	**–**	–
Effective tax rate	**27.86**	27.99	**–**	–

One of the subsidiaries of the group has an estimated tax loss of R51.9 million (2017: R42.2 million) available for set-off against future taxable income of that subsidiary. A deferred tax asset of R16.6 million (2017: R11.6 million) has been recognised in respect of the total estimated tax loss (see note 12).

8 Earnings per share

The calculation of basic and headline earnings per share at 31 August 2018 was based on profit for the year attributable to ordinary shareholders of Clicks Group Limited of R1 475.2 million (2017: R1 277.6 million) and headline earnings of R1 476.1 million (2017: R1 268.6 million) divided by the weighted average number of ordinary shares as follows:

	Group 2018 R'000	Group 2017 R'000
Reconciliation of headline earnings		
Profit attributable to equity holders of the parent	**1 475 210**	1 277 642
Adjusted for:		
	927	(9 090)
Loss on disposal of property, plant and equipment	**1 287**	4 868
Tax on disposal of property, plant and equipment	**(360)**	(1 362)
Gain on consolidation of the New Clicks Foundation Trust	**–**	(12 596)
Headline earnings	**1 476 137**	1 268 552

	2018 cents	2017 cents
Earnings per share	**611.9**	540.2
Headline earnings per share	**612.3**	536.3
Diluted earnings per share	**577.6**	505.7
Diluted headline earnings per share	**578.0**	502.1

	2018 '000	2017 '000
Reconciliation of shares in issue to weighted average number of shares in issue		
Total number of shares in issue at the beginning of the year	**245 969**	246 138
Treasury shares held for the full year and/or cancelled	**(9 443)**	(9 612)
Ordinary shares issued during the year weighted for the period held	**4 547**	–
Weighted average number of shares in issue for the year	**241 073**	236 526
Reconciliation of weighted average number of shares to weighted average diluted number of shares in issue		
Weighted average number of shares in issue for the year (net of treasury shares)	**241 073**	236 526
Dilutive effect of share options (net of treasury shares)	**14 312**	16 115
Weighted average diluted number of shares in issue for the year	**255 385**	252 641

	Group					
	2018		2017		2016	
	Cost R'000	Accumulated depreciation and impairment losses R'000	Cost R'000	Accumulated depreciation and impairment losses R'000	Cost R'000	Accumulated depreciation and impairment losses R'000
9 Property, plant and equipment						
Land	**25 809**	**–**	25 809	–	25 809	–
Buildings	**518 511**	**58 041**	409 525	54 038	398 102	48 402
Computer equipment	**496 298**	**329 100**	463 033	290 547	439 496	295 039
Equipment	**335 736**	**196 273**	282 149	174 130	269 975	166 331
Furniture and fittings	**2 122 936**	**1 100 554**	1 812 027	963 570	1 564 466	859 538
Motor vehicles	**52 309**	**24 229**	46 061	22 384	50 213	33 727
	3 551 599	**1 708 197**	3 038 604	1 504 669	2 748 061	1 403 037

All group property is owner-occupied.

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

	Land R'000	Buildings R'000	Computer equipment R'000	Equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Total R'000
Carrying amount at 1 September 2016	25 809	349 700	144 457	103 644	704 928	16 486	1 345 024
Additions	–	11 423	83 587	29 429	318 743	12 785	455 967
Disposals	–	–	(205)	(1 552)	(4 691)	(951)	(7 399)
Depreciation	–	(5 636)	(55 353)	(23 502)	(170 523)	(4 643)	(259 657)
Carrying amount at 31 August 2017	**25 809**	**355 487**	**172 486**	**108 019**	**848 457**	**23 677**	**1 533 935**
Additions	**–**	**109 567**	**53 968**	**59 524**	**367 472**	**11 149**	**601 680**
Disposals	**–**	**(259)**	**(502)**	**(338)**	**(1 209)**	**(666)**	**(2 974)**
Depreciation	**–**	**(4 325)**	**(58 754)**	**(27 742)**	**(192 338)**	**(6 080)**	**(289 239)**
Carrying amount at 31 August 2018	**25 809**	**460 470**	**167 198**	**139 463**	**1 022 382**	**28 080**	**1 843 402**

	Group					
	2018		2017		2016	
	Cost R'000	Accumulated amortisation and impairment losses R'000	Cost R'000	Accumulated amortisation and impairment losses R'000	Cost R'000	Accumulated amortisation and impairment losses R'000
10 Intangible assets						
Clicks trademark (see note 10.1)	**272 000**	**–**	272 000	–	272 000	–
Link trademark	**6 000**	**6 000**	6 000	6 000	6 000	6 000
Other trademarks	**1 116**	**693**	1 116	581	1 116	469
Capitalised and purchased computer software development	**385 973**	**187 255**	334 974	153 826	332 749	171 313
Contractual rights (see note 10.2)	**25 633**	**20 013**	22 015	18 095	17 020	17 020
	690 722	**213 961**	636 105	178 502	628 885	194 802

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

	Clicks trademark R'000	Other trademarks and contractual rights R'000	Capitalised software development R'000	Total R'000
Carrying amount at 1 September 2016	272 000	647	161 436	434 083
Additions	–	4 995	56 888	61 883
Amortisation	–	(1 187)	(36 222)	(37 409)
Disposals	–	–	(954)	(954)
Carrying amount at 31 August 2017	**272 000**	**4 455**	**181 148**	**457 603**
Additions	**–**	**3 619**	**65 934**	**69 553**
Amortisation	**–**	**(2 031)**	**(47 872)**	**(49 903)**
Disposals	**–**	**–**	**(492)**	**(492)**
Carrying amount at 31 August 2018	**272 000**	**6 043**	**198 718**	**476 761**

Assessment of impairment of intangible assets

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

In accordance with the group's accounting policy, an impairment test was performed on the carrying values of intangible assets with indefinite useful lives at year-end. The recoverable amount was determined based on the value in use.

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

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

(i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2018 financial year, whereafter a perpetuity growth rate of 7.0% (2017: 7.0%) is used.

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

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

(iv) A discount rate of 13.7% (2017: 14.0%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Distribution business, both businesses largely operate within South Africa and are subject to similar market risks.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts to exceed their recoverable amounts.

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

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

During the year the group also acquired contractual rights relating to medicine formulas.

		Group	
		2018 R'000	2017 R'000
11	**Goodwill**		
	Goodwill	**103 510**	103 510
	Goodwill comprises:		
	United Pharmaceutical Distributors Proprietary Limited ("UPD") (see note 11.1)	**96 277**	96 277
	Kalahari Medical Distributors Proprietary Limited ("Kalahari") (see note 11.2)	**704**	704
	Amalgamated Pharmacy Group Proprietary Limited ("Amalgamated Pharmacy Group") (see note 11.3)	**6 529**	6 529

Assessment of impairment of goodwill

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

The following key assumptions were made in determining the value in use of the UPD cash-generating unit:

(i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2018 financial year, whereafter a perpetuity growth rate of 6.5% (2017: 6.5%) is used.

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

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

(iv) A discount rate of 13.7% (2017: 14.0%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Clicks business, both businesses largely operate within South Africa and are subject to similar market risks.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts to exceed their recoverable amounts.

11.2 The same assumptions were applied to Kalahari as this company is in the same business as UPD and accordingly none of the assumptions would change significantly. The fact that Kalahari operates out of Botswana was considered, but this is also not expected to change the assumptions. The goodwill relating to Kalahari has been attributed to the UPD business as a cash-generating unit.

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

Applying IAS 36, goodwill relating to the above acquisition has been tested for impairment at the same level as the Clicks business unit.

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

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

(i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2018 financial year, whereafter a perpetuity growth rate of 7.0% (2017: 7.0%) is used.

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

11. Goodwill (continued)

Assessment of impairment of goodwill (continued)

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

(iv) A discount rate of 13.7% (2017: 14.0%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Clicks business, both businesses largely operate within South Africa and are subject to similar market risks.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts to exceed their recoverable amounts.

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

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
12 Deferred tax assets/(liabilities)				
Deferred tax assets	**477 352**	572 223	**–**	–
	477 352	572 223	**–**	–
Balance at the beginning of the year	**572 223**	347 400	**–**	–
Current deferred tax (debit)/credit to profit or loss (see note 7)	**(362 787)**	15 908	**–**	–
Current deferred tax credit to other comprehensive income or equity (see note 7)	**267 916**	208 915	**–**	–
Balance at the end of the year	**477 352**	572 223	**–**	–
Arising as a result of:				
Capital gains tax	**(48 110)**	(48 110)	**–**	–
Derivative financial assets and liabilities	**(122 892)**	(106 893)	**–**	–
Employee obligations	**646 188**	718 112	**–**	–
Income and expense accrual	**115 715**	125 767	**–**	–
Inventory	**36 447**	30 628	**–**	–
Onerous leases	**1 878**	1 940	**–**	–
Operating lease liability	**56 998**	54 471	**–**	–
Prepayments	**(20 995)**	(19 225)	**–**	–
Property, plant and equipment	**(120 993)**	(112 696)	**–**	–
Tax losses	**16 552**	11 665	**–**	–
Trademarks	**(76 172)**	(76 172)	**–**	–
Other	**(7 264)**	(7 264)	**–**	–
Balance at the end of the year	**477 352**	572 223	**–**	–

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

Derivative financial assets and liabilities include a debit of R22.6 million (2017: R4.7 million credit) recognised in other comprehensive income (see note 21).

Employee obligations include an asset of R414.8 million (2017: R471.7 million) recognised in equity.

In respect of the deferred tax asset recognised by one (2017: one) subsidiary company, the directors consider that sufficient future taxable income will be generated by that subsidiary company to utilise the deferred tax assets recognised.

13 Investment in an associate

The group acquired a strategic 25% interest in Sorbet Brands Proprietary Limited ("Sorbet Brands") on 1 September 2015. R15 million was paid on signing of the contract with two contingent payments of R2.5 million each, paid during 2016 and 2017 respectively on achievement of turnover targets.

Sorbet Brands holds all of the trademark rights of the Sorbet brand in South Africa.

The group's interest in Sorbet Brands is accounted for using the equity method in the consolidated financial statements.

The following amounts represent the assets and liabilities, income and expenses of the associate:

	Group	
	2018 R'000	2017 R'000
Assets		
Non-current assets	**80 000**	80 000
Current assets	**6 253**	2 744
Liabilities		
Current liabilities	**6 077**	2 146
Equity	**80 176**	80 598
Group's carrying amount of the investment	**20 044**	20 039
Summarised statement of comprehensive income		
Income	**19 428**	16 490
Expenses	**(5 691)**	(380)
Profit before taxation	**13 737**	16 110
Income tax expense	**(3 572)**	(4 511)
Profit for the year	**10 165**	11 599
Total comprehensive income for the year	**10 165**	11 599
Group's proportionate share of profit for the year	**2 541**	2 900
Dividends received from associate	**2 233**	3 143

14 Loans receivable

	Group	
	2018 R'000	2017 R'000
Sign and Seal Trading 205 Proprietary Limited ("Style Studio") (see note 14.1)	**4 500**	4 500
AfroBotanics Proprietary Limited (see note 14.1)	**1 500**	–
Brian Philippe Thomas Proprietary Limited shareholders (see note 14.2)	**1 971**	–
UPD Owner-driver Initiative (see note 14.3)	**6 728**	–
JGB Couriers Proprietary Limited (see note 14.4)	**304**	–
Non-current loans receivable	**15 003**	4 500
Brian Philippe Thomas Proprietary Limited shareholders (see note 14.2)	**588**	–
JGB Couriers Proprietary Limited (see note 14.4)	**87**	–
Triton Pharmacare Capital Investments Proprietary Limited ("Triton") (see note 14.5)	**9 000**	9 000
Current loans receivable	**9 675**	9 000
Total loans receivable	**24 678**	13 500

14 Loans receivable (continued)

14.1 These loans are unsecured, interest free and repayable within 10 business days of demand.

14.2 The shareholders of Brian Philippe Thomas Proprietary Limited are indebted to Clicks Retailers Proprietary Limited for the amount of R3 000 000. The loan is interest free and is repayable in five instalments. The loan is secured via a second mortgage bond.

14.3 The amount relates to loans to various couriers who participate in the UPD owner-driver initiative. The loans are interest free, were advanced on 1 August 2018 and are expected to be repaid after five years.

14.4 The loan is unsecured, interest free and repayable by 30 April 2023 in monthly instalments.

14.5 The loan to Triton is interest free and carried at amortised cost. A second mortgage bond over property purchased by Triton and a special notarial bond over movable assets serve as security for the loan. The loan was repaid on 9 October 2018.

	Group	
	2018 R'000	2017 R'000
15 Financial assets at fair value through profit or loss		
Investment in Guardrisk Insurance Company Limited (Cell number 171) (see note 15.1)	**16 850**	11 279
Listed equity instruments (see note 15.2)	**–**	10 941
Collective investment schemes (see note 15.2)	**65 632**	3 896
Listed preference shares (see note 15.2)	**–**	1 464
Total financial assets at fair value through profit or loss	**82 482**	27 580

15.1 The investment in Guardrisk Insurance Company Limited is the net investment in the group's insurance cell captive which is not deemed to be in the group's control in accordance with IFRS 10 – Consolidated Financial Statements.

15.2 In the prior year New Clicks Foundation Trust was consolidated in the group for the first time in accordance with IFRS 10. The trust primarily invests in collective investment schemes.

	Group			
	2018		2017	
	Assets R'000	**Liabilities R'000**	Assets R'000	Liabilities R'000
16 Derivative financial instruments				
Non-current				
Equity derivative hedge	**214 110**	**–**	134 891	–
Current				
Equity derivative hedge	**199 814**	**–**	190 848	–
Forward exchange contracts	**39 242**	**–**	–	(9 142)
	239 056	**–**	190 848	(9 142)

All derivatives noted above are classified as held for trading and measured at fair value through profit or loss.

Equity derivative hedge
European call options have been purchased to hedge the cash-settled share-based payment obligation relating to tranches 10, 11 and 12 of the total shareholder return long-term incentive scheme (refer to note 23.1). The expiration date of these hedging instruments and the vesting dates of the hedged items coincide on 31 August 2018, 2019 and 2020 respectively.

Refer to note 21 detailing the equity derivative hedges' impact on profit and loss and other comprehensive income.

The fair value of these equity derivative hedges are calculated using a Monte Carlo option pricing model with reference to the closing share price, 250-day historical volatility, the 12-month trailing dividend yield and the risk-free rate.

Forward exchange contracts
For currency derivatives, fair values are calculated using standard market calculation conventions with reference to the relevant closing market spot rates, forward foreign exchange and interest rates. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 August 2018 was R372.0 million (2017: R623.5 million). Refer to note 21 detailing the foreign exchange hedging impact on profit or loss and other comprehensive income.

17 Inventories

	Group 2018 R'000	Group 2017 R'000
Inventories comprise:		
Goods for resale	**4 088 593**	3 636 496
Goods in transit	**138 743**	117 298
	4 227 336	3 753 794
Inventories stated at net realisable value	**49 033**	40 685

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

18 Trade and other receivables

	Group 2018 R'000	Group 2017 R'000
Trade and other receivables comprise:		
Trade receivables	**1 770 139**	1 732 032
Less: impairment of trade receivables	**(27 610)**	(30 599)
Trade receivables – net	**1 742 529**	1 701 433
Prepayments	**152 285**	101 281
Income accruals	**272 446**	177 972
Logistics fees receivable	**138 080**	223 251
Other (refer to note 18.1)	**26 191**	8 782
	2 331 531	2 212 719

The carrying amount of trade and other receivables approximates their fair value. Trade and other receivables are predominantly non-interest bearing. Refer to note 29.4 for the credit risk management of trade and other receivables.

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

	Group 2018 R'000	Group 2017 R'000
Balance at 1 September	**30 599**	24 081
Impairment provision raised	**5 115**	6 518
Impairment loss utilised	**(8 104)**	–
Balance at 31 August	**27 610**	30 599

18.1 Other receivables consist primarily of sundry customer receivables.

	Group and Company	
	2018 R'000	2017 R'000
19 Share capital and share premium		
Authorised – group and company		
600 million (2017: 600 million) ordinary shares of one cent each	**6 000**	6 000
50 million (2017: 50 million) "A" ordinary shares of one cent each	**500**	500
Issued ordinary shares – group and company		
253.948 million (2017: 245.969 million) ordinary shares of one cent each and 14.577 million (2017: 29.153 million) "A" ordinary shares of one cent each	**2 686**	2 752
Share premium – group	**513 848**	3 497
Share premium – company	**1 581 634**	14 089

The company and the group have different values for share premium due to issue of ordinary shares at the 30-day VWAP on 2 February 2018 which was settled by The Clicks Group Employee Share Ownership Trust, a subsidiary of the group and eliminated on consolidation. Other differences arose in previous years, being preliminary expenses written off against share premium related to the acquisition of certain businesses in 1996 and the cancellation of shares at a holding company level at market value, while on consolidation the cancellation was carried out at cost.

			Group and Company	
	Ordinary shares '000	"A" ordinary shares '000	Total 2018 '000	Total 2017 '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	253 948	14 577	**268 525**	275 122
Treasury shares held at the end of the year	(9 443)	(14 577)	**(24 020)**	(38 596)
Net number of shares in issue at the end of the year	244 505	–	**244 505**	236 526

	R'000	R'000
Of the shares in issue, the group holds the following treasury shares:		
Shares held by a subsidiary – 9.443 million (2017: 9.443 million) ordinary shares of one cent each – cost	**702 556**	702 556
Shares held by the Clicks Group Employee Share Ownership Trust – 14.577 million (2017: 29.153 million) "A" ordinary shares of one cent each – cost	**147**	292
	702 703	702 848

No ordinary shares were cancelled during the current financial year (2017: 168 795).

In terms of the unwind of 50% of the Clicks Group Employee Share Ownership Scheme, 7 979 384 ordinary shares were issued to beneficiaries of the scheme and 14 576 647 ordinary "A" shares were repurchased by Clicks Group Limited from the Employee Share Ownership Trust. The New Clicks Foundation Trust sold 284 155 Clicks Group Limited ordinary shares subsequent to acquiring them through the unwind of the scheme. No other equity share transactions occurred during the year.

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.

20 Share option reserve

Equity-settled share-based payment
Options issued in terms of the Employee Share Ownership Programme ("ESOP")
In October 2010 Clicks Group Limited announced an employee share ownership programme.

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

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

	Group	
	Number of shares 2018	Number of shares 2017
"A" shares issued in terms of the ESOP	**14 576 648**	29 153 295

Details of share option allocations

Grant date	Option price	Balance at the beginning of the year	Granted during the year	Delivered during the year	Forfeited during the year	Balance at the end of the year
2018						
February 2011	**R41.54**	**12 857 307**	**–**	**(6 385 759)**	**(85 789)**	**6 385 759**
February 2012	**R41.11**	**1 917 329**	**–**	**(912 282)**	**(92 765)**	**912 282**
February 2013	**R60.00**	**3 084 161**	**–**	**(1 508 220)**	**(67 721)**	**1 508 220**
February 2014	**R56.78**	**2 121 432**	**–**	**(1 024 937)**	**(71 558)**	**1 024 937**
February 2015	**R90.32**	**2 091 394**	**–**	**(999 342)**	**(92 710)**	**999 342**
February 2016	**R86.75**	**336 098**	**–**	**(168 049)**	**–**	**168 049**
February 2017	**R120.29**	**209 163**	**–**	**(92 272)**	**(24 619)**	**92 272**
Unallocated share options						**3 485 787**
						14 576 648
2017						
February 2011	R41.54	13 031 548	–	–	(174 241)	12 857 307
February 2012	R41.11	2 186 475	–	–	(269 146)	1 917 329
February 2013	R60.00	3 736 083	–	–	(651 922)	3 084 161
February 2014	R56.78	2 526 052	–	–	(404 620)	2 121 432
February 2015	R90.32	2 337 431	–	–	(246 037)	2 091 394
February 2016	R86.75	385 383	–	–	(49 285)	336 098
February 2017	R120.29	–	209 163	–	–	209 163
Unallocated share options						6 536 411
						29 153 295

20 Share option reserve (continued)

Fair value of share-based payments in respect of options

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

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

	Share price at grant date	Risk-free rate (%)	Expected dividend yield (%)	Expected volatility (%)	Expected forfeiture rate (%)
February 2011 – seven-year vesting period	R41.54	8.45	3.89	24.56	15.33
February 2011 – eight-year vesting period	R41.54	8.60	4.11	24.56	15.33
February 2012 – six-year vesting period	R41.11	7.38	2.80	27.00	14.20
February 2012 – seven-year vesting period	R41.11	7.38	2.80	27.00	14.20
February 2013 – five-year vesting period	R60.00	7.17	2.70	24.00	14.20
February 2013 – six-year vesting period	R60.00	7.17	2.70	24.00	14.20
February 2014 – four-year vesting period	R56.78	8.55	2.50	23.00	11.00
February 2014 – five-year vesting period	R56.78	8.55	2.50	23.00	11.00
February 2015 – three-year vesting period	R90.32	6.46	2.40	23.00	11.00
February 2015 – four-year vesting period	R90.32	6.46	2.40	23.00	11.00
February 2016 – two-year vesting period	R86.75	7.85	2.00	25.00	10.00
February 2016 – three-year vesting period	R86.75	7.85	2.00	25.00	10.00
February 2017 – one-year vesting period	R120.29	7.36	2.00	24.00	9.00
February 2017 – two-year vesting period	R120.29	7.36	2.00	24.00	9.00

The risk-free rate is derived from the Swap BD curve published by the Bond Exchange of South Africa.

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

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

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

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

	Group	
	2018 R'000	2017 R'000
Share option reserve		
Balance at the beginning of the year	**747 613**	483 188
	(169 429)	264 425
Equity-settled share-based payment expense	**50 752**	58 909
Transferred to share premium	**(510 713)**	–
Deferred tax recorded directly in equity arising on consolidation	**290 532**	205 516
Balance at the end of the year	**578 184**	747 613
	163 356	275 959
Equity-settled share-based payment expense in opening retained earnings	**275 959**	217 050
Equity-settled share-based payment expense	**50 752**	58 909
Transferred to share premium	**(163 355)**	–
Deferred tax recorded directly in equity arising on consolidation	**414 828**	471 654
Estimate of options not yet vested but expected to vest	**578 184**	747 613

	Group 2018 R'000	Group 2017 R'000
21 Cash flow hedge reserve		
The cash flow hedge reserve represents the effective portion of fair value gains or losses in respect of cash flow hedges.		
Reconciliation of cash flow hedging reserve		
Balance at the beginning of the year	**15 382**	28 616
Movement in cash flow hedge	**80 770**	(17 892)
Movement in cash flow hedge relating to forward exchange contracts	**45 238**	22 145
Movement in cash flow hedge relating to the equity derivative hedge	**35 532**	(40 037)
Deferred tax recognised in other comprehensive income	**(22 616)**	4 658
Balance at the end of the year	**73 536**	15 382

The cash flow hedge reserve represents the cumulative portion of gains or losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects profit or loss. During the year there was a mark-to-market gain of R249.9 million (2017: R48.3 million) and R169.1 million was recycled to profit or loss (2017: R66.2 million). R8.8 million gain (2017: R57.6 million loss) of the recycled amount is included in cost of merchandise sold and R160.4 million gain (2017: R123.8 million gain) is included under employment costs. R47.5 million gain (2017: R2.2 million gain) will be recycled to profit or loss in 2019 relating to forward exchange contracts and R54.7 million gain (2017: R19.1 million gain) will be recycled to profit or loss as and when the related employment costs affect profit or loss relating to the equity derivative hedge.

Refer to note 16 – Derivative financial instruments for further information.

	Group 2018 R'000	Group 2017 R'000
22 Foreign currency translation reserve		
Unrealised gain/(loss) on the translation of assets and liabilities of subsidiaries whose financial statements are denominated in foreign currencies	**8 486**	(756)
	8 486	(756)
Reconciliation of foreign currency translation reserve		
Balance at the beginning of the year	**(756)**	5 805
Exchange differences on translation of foreign subsidiaries	**9 242**	(6 561)
Balance at the end of the year	**8 486**	(756)

	Group 2018 R'000	Group 2017 R'000
23 Employee benefits		
Long-term incentive schemes	**182 170**	150 628
Post-retirement medical obligations	**63 237**	58 603
Total long-term employee benefits	**245 407**	209 231
Accounted for as follows:		
Long-term employee benefits recognised in terms of IFRS 2 – Share-based Payments (see note 23.1)	**108 167**	98 567
Long-term employee benefits recognised in terms of IAS 19 – Employee Benefits (see note 23.2)	**137 240**	110 664
Total long-term employee benefits	**245 407**	209 231

Long-term employee benefits recognised in terms of IFRS 2 – Share-based Payments

Long-term cash-settled share-based payment liability	Long-term incentive scheme – TSR (note 23.1) R'000
Balance at 1 September 2016	116 947
Expense from cash-settled share-based payment	149 020
Early settlement	(1 751)
Reclassification to short-term benefits	(165 649)
Balance at 31 August 2017	**98 567**
Expense from cash-settled share-based payment	**191 857**
Reclassification to short-term benefits	**(182 257)**
Balance at 31 August 2018	**108 167**

23 Employee benefits (continued)

23.1 Long-term incentive scheme – total shareholder return (TSR)

During 2018 the group issued 0.9 million (2017: 0.9 million) cash-settled appreciation rights to management. The value of these appreciation rights are linked to the TSR (capital gain plus dividends) over a three-year vesting period. These appreciation rights are classified as cash-settled share-based payment benefits and the liability has been valued using the Monte Carlo option pricing model by an independent, external valuator.

The September 2014 options were settled during the year.

The September 2015 options outstanding at year-end are due for settlement.

The contractual life of the September 2016 options outstanding at year-end was one year.

The contractual life of the September 2017 options outstanding at year-end was two years.

Details of share option allocations – 2018

	Option price	Balance at the beginning of the year	Granted during the year	Delivered during the year	Forfeited during the year	Balance at the end of the year
September 2014 options	–	1 175 857	–	(1 175 857)	–	–
September 2015 options	R200.28	964 020	–	–	(53 999)	910 021
September 2016 options	R144.76	821 270	–	–	(39 016)	782 254
September 2017 options	R144.97	–	866 513	–	(57 982)	808 531

The assumptions used in estimating the fair value at year-end is listed below:

	Share price at grant date	Risk-free rate (%)	Expected dividend yield (%)	Expected volatility (%)	Expected forfeiture rate (%)
September 2015 options – three-year vesting period	R93.82	7.60	1.68	30.66	4.00
September 2016 options – three-year vesting period	R126.03	7.60	1.68	30.66	4.00
September 2017 options – three-year vesting period	R146.10	7.60	1.68	30.66	4.00

Details of share option allocations – 2017

	Option price	Balance at the beginning of the year	Granted during the year	Delivered during the year	Forfeited during the year	Balance at the end of the year
September 2014 options	R159.52	1 225 514	–	–	(49 657)	1 175 857
September 2015 options	R114.72	1 012 390	–	–	(48 370)	964 020
September 2016 options	R53.51	–	861 807	–	(40 537)	821 270

The assumptions used in estimating the fair value at year-end is listed below:

	Share price at grant date	Risk-free rate (%)	Expected dividend yield (%)	Expected volatility (%)	Expected forfeiture rate (%)
September 2014 options – three-year vesting period	R66.34	6.75	1.92	20.10	4.00
September 2015 options – three-year vesting period	R93.82	6.75	1.92	20.10	4.00
September 2016 options – three-year vesting period	R126.03	6.75	1.92	20.10	4.00

The risk-free rate is derived from the zero coupon curve published by the Bond Exchange of South Africa.

The dividend yield is the 12-month trailing yield (nominal annual and compounded annuity).

The implied volatility is the 250-day historic volatility of the share price.

The expected exercise rate is based on the historic trend of option forfeitures and excludes options already exercised or forfeited.

23 Employee benefits (continued)

23.2 Long-term employee benefits recognised in terms of IAS 19 – Employee Benefits

Long-term employee benefits	Long-term incentive scheme – HEPS (note 23.3) R'000	Post-retirement medical obligations (note 23.4) R'000	Total R'000
Balance at 1 September 2016	39 541	58 644	98 185
Current service cost	49 733	1 074	50 807
Benefit payments	(516)	(1 170)	(1 686)
Interest cost	6 710	4 550	11 260
Actuarial gain recognised in profit or loss	(620)	–	(620)
Actuarial gain recognised in other comprehensive income	–	(4 495)	(4 495)
Reclassification to short-term employee benefits	(42 787)	–	(42 787)
Balance at 31 August 2017	**52 061**	**58 603**	**110 664**
Current service cost	**62 038**	**1 304**	**63 342**
Benefit payments	**–**	**(1 800)**	**(1 800)**
Interest cost	**9 106**	**5 130**	**14 236**
Actuarial gain recognised in profit or loss	**(5 894)**	**–**	**(5 894)**
Reclassification to short-term employee benefits	**(43 308)**	**–**	**(43 308)**
Balance at 31 August 2018	**74 003**	**63 237**	**137 240**

23.3 Long-term incentive scheme – headline earnings per share (HEPS)

During 2018 the group issued 2.1 million (2017: 2.1 million) cash-settled appreciation rights to management. The value of these appreciation rights are linked to the performance of diluted HEPS over a three-year period. The amount to be provided in the current year is based on a three-year projection of diluted HEPS.

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

The exercise price of each appreciation right was determined as R60.25 (2017: R52.62) per right ("base value"). In order to determine the amount to be provided a fixed factor of 12 is applied to the HEPS at the end of the three-year period. The differential between the factor multiplied by HEPS and the base value is the amount that will be paid out per right.

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

23 Employee benefits (continued)

23.4 Post-retirement medical obligations

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

An actuarial valuation of the Clicks post-retirement medical aid scheme has determined that the unfunded liability in respect of pensioner post-retirement medical benefits amounts to R63.2 million (2017: R58.6 million). Provision has been made for the full unfunded liability.

The principal actuarial assumptions at the last valuation date (31 August 2017) are:

(i) a discount rate of 8.7% per annum;

(ii) general increases to medical aid contributions of 7.2%;

(iii) a retirement age of 65;

(iv) husbands are on average four years older than their spouses;

(v) mortality of pensioners determined in accordance with PA90 ultimate tables; and

(vi) mortality of in-service members determined in accordance with SA 85-90 ultimate table.

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

	2018 R'000	2017 R'000
– Medical aid inflation increases by 1% per annum over assumptions made	**7 641**	10 163
– Medical aid inflation decreases by 1% per annum over assumptions made	**(5 460)**	(8 258)
– Discount rate increases by 1% per annum over assumptions made	**(5 998)**	(7 990)
– Discount rate decreases by 1% per annum over assumptions made	**6 927**	9 975
– Retirement age decreases by two years	**7 156**	6 920
– Life expectancy of male pensioners increases by one year	**964**	1 171
– Life expectancy of male pensioners decreases by one year	**(943)**	(1 176)
– Life expectancy of female pensioners increases by one year	**1 299**	1 349
– Life expectancy of female pensioners decreases by one year	**(1 286)**	(1 332)
The following undiscounted payments are expected contributions in future years from post-retirement medical obligations.		
Within 12 months	**2 094**	1 800
Between 2 and 5 years	**10 619**	9 330
Between 5 and 10 years	**21 051**	18 397
Between 10 and 20 years	**99 421**	89 631
Between 20 and 30 years	**164 344**	159 301
Between 30 and 40 years	**144 943**	148 732
Beyond 40 years	**86 783**	98 278
Total expected payments	**529 255**	525 469

The average duration of the post-retirement medical obligations at year-end is 18.5 years (2017: 19.2 years).

23 Employee benefits (continued)

23.4 Post-retirement medical obligations (continued)

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

	Post-retirement medical obligations				
	2018 R'000	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Defined benefit obligation	**63 237**	58 603	58 644	53 903	49 380
Experience adjustments on plan liabilities	**–**	–	–	(1 063)	–

Short-term employee benefits	Long-term incentive scheme – TSR (note 23.1) R'000	Long-term incentive scheme – HEPS (note 23.3) R'000	Leave pay accrual (note 23.5) R'000	Bonus accrual (note 23.6) R'000	Overtime accrual (note 23.7) R'000	Total R'000
Balance at 1 September 2016	–	68 936	61 328	108 733	2 989	241 986
Reclassification from long-term employee benefits	165 649	42 787	–	–	–	208 436
Benefit payments	–	(71 022)	(8 316)	(143 954)	(8 067)	(231 359)
Charge included in profit or loss	–	–	16 480	151 931	6 986	175 397
Balance at 31 August 2017	**165 649**	**40 701**	**69 492**	**116 710**	**1 908**	**394 460**
Reclassification from long-term employee benefits	**182 257**	**43 308**	**–**	**–**	**–**	**225 565**
Benefit payments	**(165 649)**	**(38 277)**	**(10 435)**	**(148 738)**	**(7 000)**	**(370 099)**
Charge included in profit or loss	**–**	**–**	**12 787**	**146 727**	**8 776**	**168 290**
Balance at 31 August 2018	**182 257**	**45 732**	**71 844**	**114 699**	**3 684**	**418 216**

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

23.6 The bonus accrual includes a guaranteed thirteenth cheque and an incentive bonus based on the business's or group's performance. The bonus is provided for all employees who qualify in respect of the expected cash payment.

23 Employee benefits (continued)

23.7 The overtime accrual is in respect of overtime worked in August 2018 which is paid in September 2018.

Pension and provident funds

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

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

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

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

The funds are all defined contribution schemes and the group carries no liability in relation to these funds. All funds provide death and disability cover, while the negotiated funds also include a funeral benefit. Combined membership across the funds was 14 816 (2017: 14 307) at year-end.

Medical aid funds

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

At year-end 2 416 (2017: 2 464) South African employees were principal members of a medical aid scheme, of whom 1 832 (2017: 1 817) were principal members with Horizon, 528 (2017: 535) were principal members of a Discovery Health medical aid scheme, and 56 (2017: 112) were principal members of various other medical aid schemes.

At year-end six (2017: six) Botswana employees were principal members with BOMaid and one with PULA, 13 (2017: 15) Namibian employees were principal members of Namibia Health Plan and 17 (2017: 17) Swaziland employees were principal members of Swazimed.

At year-end 30.0% (2017: 29.4%) of the permanent full-time employees were members of a medical aid scheme. Increasing the health benefits available to employees will be a focus area for the group in the years ahead.

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

	Group 2018 R'000	Group 2017 R'000
24 Lease commitments		
Operating lease liability	**202 139**	193 026
Operating leases with fixed escalations are charged to profit or loss on a straight-line basis.		
The associated provision will reverse during the latter part of each lease term when the actual cash flow exceeds the profit or loss charge.		
Operating lease commitments The group leases all its retail premises and certain of its pharmaceutical distribution centre sites under operating leases. The lease agreements provide for minimum payments together, in certain instances, with contingent rental payments determined on the basis of achieving a specified threshold turnover.		
Future minimum lease payments under non-cancellable operating leases due*:		
– Not later than one year	**733 697**	652 212
– Later than one year, not later than five years	**1 629 639**	1 613 413
– Later than five years	**57 531**	120 842
	2 420 867	2 386 467
Future minimum lease payments receivable under non-cancellable operating leases due, which relate to Intercare Management Healthcare Proprietary Limited:		
– Not later than one year	**3 405**	3 183
– Later than one year, not later than five years	**2 374**	5 779
	5 779	8 962
The net future minimum lease payments under non-cancellable operating leases due*:		
– Not later than one year	**730 292**	649 029
– Later than one year, not later than five years	**1 627 265**	1 607 634
– Later than five years	**57 531**	120 842
	2 415 088	2 377 505

* Comparative operating lease commitments have been restated to exclude optional lease terms when it is not reasonably certain, at the inception of the lease, that the option will be exercised.

Generally, leases are taken out on five-year lease terms with an option to extend for a further five years in the instance of Clicks while shorter periods are committed to for Musica, The Body Shop and Claire's.

		Group	
		2018 R'000	2017 R'000
25	**Trade and other payables**		
	The following are included in trade and other payables:		
	Trade payables	**5 019 885**	4 500 821
	Loyalty programme deferred income (see note 25.1)	**66 084**	97 190
	Non-trade payables and accruals (see note 25.2)	**1 112 466**	877 171
		6 198 435	5 475 182

25.1 **Loyalty programme deferred income**

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

Based on the historic redemption rate, it is assumed that 68% of all points in issue are ultimately redeemed.

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

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

		Group 2018 R'000	Group 2017 R'000
26	**Provisions**		
	Provision for onerous contracts		
	Balance at the beginning of the year	**6 733**	6 939
	Movement in provision during the year recognised in occupancy costs	**(1 740)**	(206)
	Balance at the end of the year	**4 993**	6 733
	Current	**4 993**	6 733
	Non-current	**–**	–
		4 993	6 733

Onerous contracts are identified where the present value of future obligations in terms of the contracts in question exceeds the estimated benefits accruing to the group from the contracts. The provision relates to certain leases where the site is either vacant or the commercial activity on the site is incurring losses.

Future cash flows are determined in accordance with the contractual lease obligations and are adjusted by market-related sub-let rentals and discounted at a risk-adjusted pre-tax rate.

The provision is further reduced to the extent that a straight-line operating lease accrual has already been recognised (see note 24).

	Group 2018 R'000	2017 R'000
27 Dividends to shareholders		
Previous year final cash dividend out of distributable reserves – 234 cents per share paid 29 January 2018 (2017: 196 cents per share paid 30 January 2017 out of distributable reserves)	**575 568**	482 430
Current year interim cash dividend out of distributable reserves – 102.5 cents per share paid 2 July 2018 (2017: 88 cents per share paid 3 July 2017 out of distributable reserves)	**260 297**	216 452
"A" shares – previous year final cash dividend out of distributable reserves – 32.2 cents per share paid 29 January 2018 (2017: 27.2 cents per share paid 30 January 2017)	**9 387**	7 930
Total dividends to shareholders	**845 252**	706 812
Dividends on treasury shares	**(31 777)**	(28 507)
Dividends on "A" shares held in trust	**(1 897)**	(906)
Dividends paid outside the group	**811 578**	677 399

On 23 October 2018 the directors approved the final proposed dividend of 277.5 cents per share and 38.0 cents per "A" share.

The source of such a dividend will be from distributable reserves and paid in cash and will be recognised in the statement of changes in equity in 2019.

Dividend payout ratio
The dividend payout ratio is 62%.

For further details refer to the directors' report on page 2.

28 Financial risk management

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

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

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

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

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

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

The group buys derivatives to hedge economic exposures in the ordinary course of business to manage certain market risks.

28 Financial risk management (continued)

Currency risk

The group is exposed to foreign exchange risk through its imports of merchandise. The currencies in which these transactions are primarily denominated are USD, EUR, GBP and CNY. The group's treasury risk management policy is to take out forward exchange contracts, to cover both committed and anticipated exposures.

The impact of a 10% strengthening or weakening of the currency against the USD, EUR, GBP and CNY with all other variables held constant is disclosed in note 29.2. The effect of this movement is based on the outstanding forward foreign exchange contracts held by the group at year-end.

Interest rate risk

The group has interest-bearing assets and liabilities in the form of call deposits, money market investments and short-term borrowings.

Interest-bearing assets and liabilities have variable rates which are impacted by market factors and expose the group to cash flow interest rate risk.

There were no material interest rate sensitivities at year-end.

Price risk

The group's exposure to other price risk relates to fluctuations in the share price of the company as a result of the options that have been granted to employees in terms of the long-term incentive scheme (refer to note 23.1). The group uses derivative financial instruments in the form of options to hedge exposure in respect of fluctuations in the share scheme obligation arising from movements in the company's share price. Sufficient options were purchased in order to settle the total expected future obligation. As a result of the hedging relationship, movements in the company share price will not have a material impact on either profit or loss or equity of the group.

Credit risk

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

Trade and other receivables

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

In relation to the Distribution business, the risk management has been delegated to the management of the subsidiary business.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers.

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

Goods are sold subject to retention of title clauses in Distribution so that in the event of non-payment the group may have a secured claim.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The main components of this allowance are specific loss components that relate to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The collective loss allowance is determined based on historical data of payment statistics of similar financial assets.

28 Financial risk management (continued)

Liquidity risk

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

The group's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the group's reputation. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by holding availability through credit lines. At year-end the group's total uncommitted facilities available was R2 092 million and USD44 million (2017: R2 173 million and USD46 million) of which the full balance remained undrawn (2017: nil drawn down).

See note 29.5 for details for maturity analysis of the group's financial liabilities.

Capital risk management

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

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

In 2018 the shareholders' interest to total assets was 38.3% (2017: 34.0%).

29 Financial instruments

Market risk

29.1 Treasury risk management

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

29.2 Foreign exchange risk management

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

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

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

	31 August 2018				31 August 2017			
Exposure to currency risk – foreign exchange contracts	**USD '000**	**GBP '000**	**EUR '000**	**CNY '000**	USD '000	GBP '000	EUR '000	CNY '000
Forecast purchases and payables due at the end of the year	**15 550**	**1 278**	**3 322**	**73 611**	27 634	4 653	4 913	90 941
Forward exchange contracts subject to cash flow hedging	**12 288**	**1 968**	**2 525**	**69 526**	26 574	2 382	2 785	87 153
Net exposure	**3 262**	**(690)**	**797**	**4 085**	1 060	2 271	2 128	3 788

The following exchange rates applied during the year:

	Average rate		Reporting date mid-spot rate	
	2018	2017	**2018**	2017
USD	**12.97**	13.46	**14.71**	13.02
GBP	**17.61**	17.24	**18.89**	16.98
EUR	**15.62**	14.99	**17.01**	15.79
CNY	**1.99**	1.97	**2.15**	1.97

29 Financial instruments (continued)

29.2 Foreign exchange risk management (continued)

Foreign exchange rate sensitivity analysis

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

	USD impact		GBP impact		EUR impact		CNY impact	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Decrease in pre-tax other comprehensive income	**(15 974)**	(36 640)	**(3 474)**	(4 130)	**(3 964)**	(4 236)	**(13 791)**	(17 344)
Increase/(decrease) in profit before tax	**4 798**	1 392	**(1 304)**	3 857	**1 355**	3 359	**878**	830

For a 10% weakening of the South African Rand against the relevant currency, there would be an increase in pre-tax other comprehensive income and decrease in profit before tax.

29.3 Fair values of financial instruments

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

		31 August 2018		31 August 2017	
		Carrying value R'000	Fair value R'000	Carrying value R'000	Fair value R'000
Financial assets					
Trade receivables (see note 18)	Loans and receivables	**1 742 529**	**1 742 529**	1 701 433	1 701 433
Logistics fees receivable (see note 18)	Loans and receivables	**138 080**	**138 080**	223 251	223 251
Other receivable (see note 18)	Loans and receivables	**26 191**	**26 191**	8 782	8 782
Loans receivable (see note 14)	Loans and receivables	**24 678**	**24 678**	13 500	13 500
Financial assets at fair value through profit or loss (see note 15)	Assets at fair value	**82 482**	**82 482**	27 580	27 580
Cash and cash equivalents	Loans and receivables	**1 523 815**	**1 523 815**	700 473	700 473
Equity derivative contracts used for cash flow hedging (see note 16)	Assets at fair value	**413 924**	**413 924**	325 739	325 739
Forward exchange contracts used for cash flow hedging (see note 16)	Assets at fair value	**39 242**	**39 242**	–	–
Financial liabilities					
Forward exchange contracts used for cash flow hedging (see note 16)	Financial liabilities measured at fair value	**–**	**–**	9 142	9 142
Trade and other payables (see note 25)	Financial liabilities measured at amortised cost	**5 961 490**	**5 961 490**	5 260 353	5 260 353

29 Financial instruments (continued)

29.3 Fair values of financial instruments (continued)

Basis for determining fair values

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

Derivatives

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

Non-derivative financial assets and liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date except for the insurance cell captive where fair value is determined based on the net asset value at the reporting date.

The fair value of investments held by the New Clicks Foundation Trust is determined by reference to the quoted price in an active market.

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

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

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

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

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

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

29 Financial instruments (continued)

29.3 Fair values of financial instruments (continued)

Financial assets and financial liabilities measured at fair value

Group	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2018				
Financial assets				
Financial assets at fair value through profit or loss (see note 15)	**–**	**16 850**	**–**	**16 850**
Financial assets at fair value through profit or loss (see note 15)	**65 632**	**–**	**–**	**65 632**
Equity derivative contracts used for cash flow hedging (see note 16)	**–**	**413 924**	**–**	**413 924**
Forward exchange contracts used for cash flow hedging (see note 16)	**–**	**39 242**	**–**	**39 242**
Total	**65 632**	**470 016**	**–**	**535 648**
2017				
Financial assets				
Financial assets at fair value through profit or loss (see note 15)	16 301	11 279	–	27 580
Equity derivative contracts used for cash flow hedging (see note 16)	–	325 739	–	325 739
Total	16 301	337 018	–	353 319
Financial liabilities				
Forward exchange contracts used for cash flow hedging (see note 16)	–	9 142	–	9 142
Total	–	9 142	–	9 142

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

29.4 Credit risk management

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

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

	Carrying amount 2018 R'000	2017 R'000
Derivative financial assets (see note 16)	**453 166**	325 739
Trade receivables (see note 18)	**1 742 529**	1 701 433
Logistics fees receivable (see note 18)	**138 080**	223 251
Other receivable (see note 18)	**26 191**	8 782
Cash and cash equivalents	**1 523 815**	700 473
Loans receivable (see note 14)	**24 678**	13 500
	3 908 459	2 973 178

29 Financial instruments (continued)

29.4 Credit risk management (continued)

Trade receivables

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

Trade receivables can be categorised into Distribution customers and Retail customers.

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

	Carrying amount	
	2018 R'000	2017 R'000
Retail customers	101 725	103 035
Distribution customers	1 640 804	1 598 398
	1 742 529	1 701 433

Retail customers

The ageing of trade receivables at the reporting date was:

	2018			2017		
	Gross R'000	Impairment R'000	Net R'000	Gross R'000	Impairment R'000	Net R'000
Not past due	110 738	(9 013)	101 725	101 605	(4 700)	96 905
Past due 0 – 30 days	–	–	–	2 347	(100)	2 247
Past due more than 31 days	–	–	–	7 083	(3 200)	3 883
Total	110 738	(9 013)	101 725	111 035	(8 000)	103 035

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

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

Distribution customers

The ageing of trade receivables at the reporting date was:

	2018			2017		
	Gross R'000	Impairment R'000	Net R'000	Gross R'000	Impairment R'000	Net R'000
Not past due	1 530 085	–	1 530 085	1 431 141	–	1 431 141
Past due 0 – 30 days	111 477	(758)	110 719	145 774	–	145 774
Past due more than 31 days	17 839	(17 839)	–	44 082	(22 599)	21 483
Total	1 659 401	(18 597)	1 640 804	1 620 997	(22 599)	1 598 398

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

Distribution customers are primarily hospitals and independent pharmacists.

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

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

29 Financial instruments (continued)

29.4 Credit risk management (continued)

The split between insured and uninsured gross distribution debtors is as follows:

	Gross amount 2018 R'000	Gross amount 2017 R'000
Insured	**1 654 919**	1 563 908
Uninsured	**4 482**	57 089
	1 659 401	1 620 997

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

The exposure to credit risk in respect of these debtors is managed through credit evaluations.

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

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

	Retail		Distribution	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Balance at the beginning of the year	**(8 000)**	(4 300)	**(22 599)**	(19 781)
Additional allowances made	**(1 013)**	(3 700)	**(4 102)**	(2 818)
Trade receivables written off during the year as uncollectible	**–**	–	**8 104**	–
Balance at the end of the year	**(9 013)**	(8 000)	**(18 597)**	(22 599)

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

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

Cash and cash equivalents
The group's current accounts, short-term deposits and money market fund are with reputable institutions, all of which have a strong credit rating.

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

29.5 Liquidity risk management

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

29 Financial instruments (continued)

29.5 Liquidity risk management (continued)

Liquidity and interest risk tables

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

	Carrying amount R'000	Contractual cash flows R'000	One year or less R'000
2018			
Liabilities			
Trade and other payables (see note 25)	**5 961 490**	**5 961 490**	**5 961 490**
	5 961 490	**5 961 490**	**5 961 490**
2017			
Liabilities			
Derivative financial liabilities (see note 16)	9 142	9 142	9 142
Trade and other payables (see note 25)	5 260 353	5 260 353	5 260 353
	5 269 495	5 269 495	5 269 495

30 Capital commitments

	Group	
	2018 R'000	2017 R'000
Capital expenditure approved by the directors		
Contracted	**133 337**	184 028
Not contracted	**565 612**	496 485
	698 949	680 513

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

31 Financial guarantees

Group companies provide surety for other group companies to the value of R2 092 million and USD44 million (2017: R2 173 million and USD46 million) with respect to facilities held with various banks. At year-end these facilities had no drawings by group companies (2017: nil). The fair values of the financial guarantees are considered negligible.

32 Related party transactions

32.1 Group

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

Transactions between group subsidiaries

During the year, in the ordinary course of business, certain companies within the group entered into transactions with one another. These intragroup transactions have been eliminated on consolidation. For a list of the group's main subsidiaries, see page 67.

Related party transactions include:

(i) dividends paid and received from subsidiary companies and associates;
(ii) interest received from or paid to subsidiary companies;
(iii) loans to or from subsidiary companies;
(iv) sale of goods between subsidiary companies; and
(v) repurchase of "A" ordinary shares from the Employee Share Ownership Trust.

Directors and key management

Certain non-executive directors are also non-executive directors of other public companies which transact with the group. The relevant directors do not believe that they have control, joint control or significant influence over the financial or operating policies of those companies.

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

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

Shares held by directors and their related entities

The audited percentage of shares held by directors of the company at year-end is disclosed on page 69.

	Group	
	2018 R'000	2017 R'000
Transactions with Sorbet Brands Proprietary Limited		
Dividends received	**2 233**	3 143
Management fee received	**1 688**	–
Royalties paid	**4 105**	2 984
Other related parties The group has identified The Clicks Helping Hand Trust as a related party because of the group's involvement in the charitable and developmental activities of the trust. The group has not consolidated the trust as it is not exposed to variable returns and any non-financial benefit is considered to be insignificant. The total net assets for the trust is R33 457 (2017: R2.5 million) and a net loss of R2.4 million (2017: R5.4 million) was incurred. Donations to the trust during the year from subsidiary companies were:		
The Clicks Helping Hand Trust	**9 562**	4 087

No financial benefits were derived by the group from this relationship.

Contributions to pension and provident fund

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

32 Related party transactions (continued)

32.2 Company

The company has the following related party transactions:

	Company 2018 R'000	Company 2017 R'000
32.2.1 Dividends received		
New Clicks South Africa Proprietary Limited	**845 300**	706 812
Total dividends received from related parties	**845 300**	706 812
32.2.2 Dividends paid		
New Clicks South Africa Proprietary Limited	**31 777**	28 507
Clicks Group Employee Share Ownership Trust	**9 387**	7 930
New Clicks Holdings Share Trust	**–**	331
Total dividends paid to related parties	**41 164**	36 768
32.2.3 Loans to/(by) subsidiary companies		
New Clicks South Africa Proprietary Limited	**1 165 199**	(217 997)
Clicks Group Employee Share Ownership Trust	**146**	291
Clicks Centurion Proprietary Limited	**9 000**	9 000
New Clicks Holding Share Trust	**–**	(19 682)
	1 174 345	(228 388)

32.2.4 Repurchase of 14 576 647 ordinary "A" shares from the Employee Share Ownership Trust.

32.2.5 Issue of 284 155 Clicks Group Limited ordinary shares to the New Clicks Foundation Trust through the unwind of the scheme.

A schedule of the loans and investments in related parties is included on page 67.

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

33 Borrowing powers

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

34 Operating segments

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

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

Retail

Retail comprises Clicks, a specialist health, beauty and homeware retailer; Claire's, a speciality retailer of fashionable jewellery and accessories at affordable prices; GNC, a speciality retailer of health and wellness products; Musica, a retailer of entertainment-related merchandise; and The Body Shop, which specialises in naturally inspired luxury toiletries, cosmetics, gifting and grooming, with stores in the Republic of South Africa, Namibia, Swaziland, Botswana and Lesotho.

Distribution

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

The information regarding the results of each reportable segment is included on page 16. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the group's chief operating decision-makers. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment transactions are on an arm's length basis.

Major customers

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

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST

	Notes	2018 R'000	2017 R'000
Dividend income – subsidiary		**845 300**	706 812
Bank charges		**(5)**	(6)
Operating costs		**(237)**	(522)
Profit before financing cost		**845 058**	706 284
Financial income		**196**	117
Profit before taxation		**845 254**	706 401
Income tax expense	7	**(54)**	(31)
Profit for the year		**845 200**	706 370
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**845 200**	706 370

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST

	Notes	2018 R'000	2017 R'000
Assets			
Non-current assets			
Interest in subsidiary companies (see page 67)		**1 799 095**	345 610
Current assets		**1 604**	653
Cash and cash equivalents		**1 604**	653
Total assets		**1 800 699**	346 263
Equity		**1 792 000**	337 676
Share capital	19	**2 686**	2 752
Share premium	19	**1 581 634**	14 089
Share option reserve	20	**163 856**	276 959
Distributable reserve		**43 824**	43 876
Current liabilities		**8 699**	8 587
Trade and other payables		**2 220**	2 115
Income tax payable		**6 479**	6 472
Total equity and liabilities		**1 800 699**	346 263

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST

	Number of shares (Note 19) '000	Share capital (Note 19) R'000	Share premium (Note 19) R'000	Share option reserve (Note 20) R'000	Distributable reserve R'000	Total R'000
Balance at 1 September 2016	275 291	2 754	14 089	218 050	63 998	298 891
Total comprehensive income for the year	–	–	–	–	706 370	706 370
Equity-settled capital contribution to subsidiary	–	–	–	58 909	–	58 909
Treasury shares cancelled	(169)	(2)	–	–	(19 680)	(19 682)
Dividends to shareholders (see note 27)	–	–	–	–	(706 812)	(706 812)
Balance at 31 August 2017	**275 122**	**2 752**	**14 089**	**276 959**	**43 876**	**337 676**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**845 200**	**845 200**
Employee share option scheme vesting	**(6 597)**	**(66)**	**1 567 545**	**(163 855)**	**–**	**1 403 624**
Issue of ordinary shares from vesting of employee share scheme	**7 979**	**79**	**1 567 828**	**(163 855)**	**–**	**1 404 052**
"A" ordinary shares repurchased	**(14 576)**	**(145)**	**–**	**–**	**–**	**(145)**
Transaction cost on share issue	**–**	**–**	**(283)**	**–**	**–**	**(283)**
Equity-settled capital contribution to subsidiary	**–**	**–**	**–**	**50 752**	**–**	**50 752**
Dividends to shareholders (see note 27)	**–**	**–**	**–**	**–**	**(845 252)**	**(845 252)**
Balance at 31 August 2018	**268 525**	**2 686**	**1 581 634**	**163 856**	**43 824**	**1 792 000**

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST

	2018 R'000	2017 R'000
Cash effects of operating activities		
Loss before working capital changes	**(242)**	(528)
Dividends received	**845 300**	706 812
Financial income	**196**	117
Working capital changes	**105**	–
Cash generated by operations	**845 359**	706 401
Taxation paid	**(47)**	(152)
Cash inflow from operating activities before dividends paid	**845 312**	706 249
Dividends paid to shareholders	**(845 252)**	(706 812)
Net cash effects of operating activities	**60**	(563)
Cash effects of investing activities		
(Decrease)/increase in subsidiary loans	**(1 402 878)**	1 094
Net cash effects of investing activities	**(1 402 878)**	1 094
Cash effects of financing activities		
Proceeds from the issue of shares	**1 404 052**	–
Transaction cost on the issue of shares	**(283)**	–
Net cash effects of financing activities	**1 403 769**	–
Net movement in cash and cash equivalents	**951**	531
Cash and cash equivalents at the beginning of the year	**653**	122
Cash and cash equivalents at the end of the year	**1 604**	653

NOTES TO THE COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST

	2018 R'000	2017 R'000
Loss before working capital changes		
Profit before taxation	**845 254**	706 401
Adjustment for:		
Dividend received	**(845 300)**	(706 812)
Financial income	**(196)**	(117)
	(242)	(528)
Working capital changes		
Increase in trade and other payables	**105**	–
	105	–
Taxation paid		
Income tax payable at the beginning of the year	**6 472**	6 593
Current tax charge	**54**	31
Income tax payable at the end of the year	**(6 479)**	(6 472)
	47	152

INTEREST IN SUBSIDIARY COMPANIES

AT 31 AUGUST

Name of company/entity and nature of business	Country of incorporation	Ordinary issued share capital/ trust capital	Shares at cost less amounts written off 2018 R'000	Shares at cost less amounts written off 2017 R'000	Amount owing (to)/by subsidiaries 2018 R'000	Amount owing (to)/by subsidiaries 2017 R'000
Directly held						
(i) Trading						
New Clicks South Africa Proprietary Limited	South Africa	R500	**272 439**	272 439	**1 165 199**	(217 997)
(ii) Property owning						
Clicks Centurion Proprietary Limited	South Africa	R10	*	*	**9 000**	9 000
(iii) Clicks Group Employee Share Ownership Trust	South Africa	R1 000	**–**	–	**146**	291
(iv) New Clicks Holding Share Trust	South Africa	R16 673 700	**–**	–	**–**	(19 682)
(v) New Clicks Foundation Trust	South Africa	R5 000	**–**	–	**–**	–
Indirectly held						
(i) Trading						
Safeway (Swaziland) Proprietary Limited	Swaziland	E2	**–**	–	**–**	–
The Clicks Organisation (Botswana) Proprietary Limited	Botswana	BWP3 000	**–**	–	**–**	–
Clicks Group (Namibia) Proprietary Limited	Namibia	N$100	**–**	–	**–**	–
Clicks Stores (Lesotho) Proprietary Limited	Lesotho	M1 000	**–**	–	**–**	–
Unicorn Pharmaceuticals Proprietary Limited	South Africa	R10	**–**	–	**–**	–
Clicks Retailers Proprietary Limited	South Africa	R200	**–**	–	**–**	–
Clicks Investments Proprietary Limited	South Africa	R16 685 175 000	**–**	–	**–**	–
BTB Media Proprietary Limited	South Africa	R120	**–**	–	**–**	–
Kalahari Medical Distributors Proprietary Limited	Botswana	BWP200	**–**	–	**–**	–
(ii) Name protection and dormant						
Two companies (2017: Two companies)			**–**	–	**–**	–
			272 439	272 439	**1 174 345**	(228 388)

	2018	2017
Shares at cost less amounts written off	**272 439**	272 439
Amounts owing to subsidiary companies	**1 174 345**	(228 388)
Share-based payments capitalised	**352 311**	301 559
Interest in subsidiaries	**1 799 095**	345 610

All other loans are interest free, unsecured and repayable by agreement.

* Values less than R1 000

ANALYSIS OF SHAREHOLDERS

AT 31 AUGUST

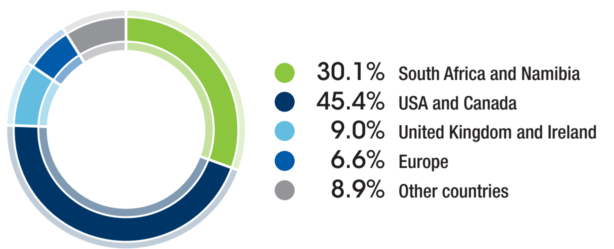
Public and non-public shareholders	Number of shares	Percentage of shares
Public shareholders	243 990 048	96.1%
Non-public shareholders		
Shares held by directors	514 859	0.2%
Treasury stock held by New Clicks South Africa Proprietary Limited	9 443 445	3.7%
Total non-public shareholders	9 958 304	3.9%
Total shareholders	253 948 352	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 2018:

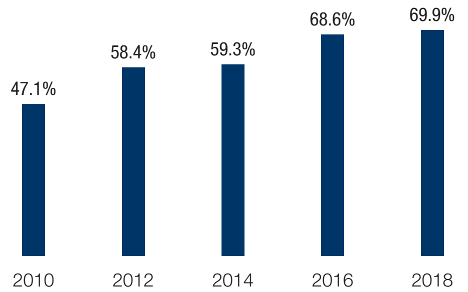
Major beneficial shareholders holding 3% or more	2018 Percentage of shares	2017 Percentage of shares
Government Employees Pension Fund	12.8%	15.5%
GIC Private Limited	3.3%	4.3%
Fidelity International Growth Fund	3.2%	3.4%

Major fund managers managing 3% or more	2018 Percentage of shares	2017 Percentage of shares
Public Investment Corporation (SA)	13.3%	14.2%
Fidelity Management & Research (US)	6.5%	5.2%
Baillie Gifford & Co (UK)	5.2%	5.5%
BlackRock (US and UK)	4.1%	1.7%
The Vanguard Group (US)	3.6%	3.4%
Mawer Investment Management (CA)	3.4%	3.8%
GIC (Singapore)	3.3%	4.3%
JPMorgan Asset Management (UK and US)	3.1%	4.1%
Fund managers no longer managing over 3%:		
MFS Investment Management (US)	0.1%	3.3%

GEOGRAPHIC DISTRIBUTION OF SHAREHOLDERS



OFFSHORE SHAREHOLDING



Classification of registered shareholdings	Number of shares	Percentage of shares
Banks/Brokers	163 083 872	64.2
Retirement funds	38 999 490	15.4
Mutual funds	29 636 904	11.7
Treasury shares	9 443 445	3.7
Insurance companies	5 719 299	2.3
Individuals	3 956 210	1.6
Trusts	1 640 852	0.6
Endowment funds	794 739	0.3
Other	673 541	0.2
	253 948 352	100.0

Distribution of registered shareholdings	Number of holders	Percentage of holders	Number of shares	Percentage of shares
1 – 1 000	3 965	70.9	1 004 588	0.4
1 001 – 10 000	1 089	19.5	3 415 668	1.3
10 001 – 100 000	356	6.4	11 377 471	4.5
100 001 – 1 000 000	145	2.6	55 039 216	21.7
1 000 001 shares and over	35	0.6	183 111 409	72.1
	5 590	100.0	253 948 352	100.0

Directors' shareholdings

	2018			2017		
Director	Direct beneficial shares	Indirect beneficial shares	Total	Direct beneficial shares	Indirect beneficial shares	Total
David Nurek	–	100 000	100 000	–	100 000	100 000
John Bester	12 000	10 000	22 000	12 000	10 000	22 000
Bertina Engelbrecht	75 068	–	75 068	105 068	–	105 068
Michael Fleming	30 421	–	30 421	30 421	–	30 421
David Kneale	285 370	–	285 370	285 370	–	285 370
Martin Rosen	–	2 000	2 000	–	2 000	2 000
Total	402 859	112 000	514 859	432 859	112 000	544 859

The total number of ordinary shares in issue is 253 948 352 (2017: 245 968 968). The percentage of issued share capital held by directors is 0.20% (2017: 0.22%). Details of all dealings in Clicks Group shares by directors during the financial year are contained in the directors' report on page 2.

SHAREHOLDERS' DIARY

Annual general meeting	30 January 2019
Preliminary results announcements	
Interim results to February 2019	on or about 17 April 2019
Final results to August 2019	on or about 24 October 2019
Publication of 2019 Integrated Annual Report	November 2019
Ordinary share dividend	
2018 final dividend	
Last day to trade with dividend included	22 January 2019
Date of dividend payment	28 January 2019
2019 interim dividend	
Last day to trade with dividend included	July 2019
Date of dividend payment	July 2019
2019 final dividend	
Last day to trade with dividend included	January 2020
Date of dividend payment	January 2020

CORPORATE INFORMATION

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

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

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
Matthew Welz, LLB
E-mail: companysecretary@clicksgroup.co.za

Auditors
Ernst & Young Inc. (EY)

Principal bankers
The Standard Bank of South Africa

JSE sponsor
Investec Bank Limited

Transfer secretaries
Computershare Investor Services Proprietary Limited
Business address: Rosebank Towers,
15 Biermann Avenue, Rosebank 2196
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 at
www.clicksgroup.co.za

GROUNDPEPPER

www.clicksgroup.co.za

CLICKS GROUP
LIMITED